

**FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES**)
First Regular Session)

HOUSE OF REPRESENTATIVES
House Bill No. 4554

Introduced by : **MA. THERESA B. BONOAN-DAVID**
Representative, 4th District, City of Manila

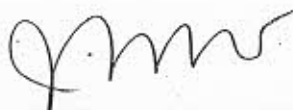
EXPLANATORY NOTE

This last few days, we have experienced the steepest climb of oil prices in the world market. Oil prices have been peaking progressively higher and stabilizing or settling down at higher and higher levels. The giant appetites of China, India and the United States, and the instability in the Middle East all exert upward pressure on oil prices.

The problem is that increasing oil prices and the additional impact of VAT translates to higher consumer prices. Monitoring of consumer prices shows that consumer prices are following on the heels of oil prices. Prices of food, beverages & Tobacco, clothing, housing and repair services, and fuel, light and water all tract the price of oil. All increase in electricity rates also results to rising cost of production, rising prices and rising consumer expenditures.

The RVAT has made crude and petroleum products and electricity highly-taxed commodities. Increased collection from RVAT is a gain for government coffers but it has caused much pain to consumers since its imposition. Every peso raked in by government is an additional burden shouldered by the consumer especially in times of rising oil prices.

This bill seeks to offer relief to the consumers by restoring the Value-Added Tax exemption on sales of petroleum products and electricity.



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**AN ACT RESTORING THE EXEMPTION FROM EXPANDED VAT THE SALE
OF PETROLEUM PRODUCTS BY AMENDING THE NATIONAL INTERNAL
REVENUE CODE OF 1997**

Be enacted by the House of Representatives of the Philippines in Congress assembled:

SECTION 1. – Section 109, Chapter 1 of the Title IV – Value Added Tax of the NIRC,
as amended, is hereby amended to read as follows:

Section 109. Exempt Transactions – the following shall be exempt from the Value
Added Tax:

- (a) xxx
- (b) xxx
- (c) xxx
- (d) xxx

After paragraph (d), insert the following paragraph (e)

- (e) SALE OR IMPORTATION OF COAL AND NATURAL GAS, IN
WHATEVER FORM OR STATE, AND PETROLEUM PRODUCTS (EXCEPT
LUBRICATING OIL, PROCESSED GAS, GREASE, WAX AND
PETROLATUM) SUBJECT TO EXCISE TAX IMPOSED UNDER TITLE VI;

And re-letter the succeeding paragraphs, from (f) to (r) and insert the following
paragraph (s) after the re-lettered (r).

- (s) SALES BY DISTRIBUTION UTILITIES RELATIVE TO THE
GENERATION AND DISTRIBUTION OF ELECTRICITY AS WELL AS
THEIR IMPORTATION OF MACHINERIES AND EQUIPMENT,
INCLUDING SPARE PARTS, WHICH SHALL BE DIRECTLY USED IN THE
GENERATION AND DISTRIBUTION OF ELECTRICITY.

And re-letter the succeeding paragraphs.

Sec. 2. Section 119 Title V - Other Percentage Taxes is hereby amended to read as
follows:

Section 119. Tax on Franchises – any provision of general and special law to the
contrary notwithstanding, there shall levied, assessed and collected in respect to all
franchises on radio and/or television broadcasting companies whose annual gross receipts
of the preceding year do not exceed Ten Million pesos (P10,000,000.00), subject to
Section 236 of this Code, a Tax of three percent (3%) and on ELECTRIC, gas and water
utilities, a tax of two percent (2%) on the gross receipts derived from the business
covered by the law granting the franchise; Provided, However, that the radio and
television broadcasting companies referred in this Section shall have an option to be
registered as a value-added taxpayer and pay the tax due thereon: Provided, further, that
once the option is exercised, the said option shall be irrevocable.

The grantee shall file the return with, and pay the tax due thereon to the Commissioner or his duly authorized representative, in accordance with the provision of Section 128 of this Code, and the return shall be subject to audit by the Bureau of Internal Revenue, any provision of any existing law to the contrary notwithstanding.

SEC. 3 Section 148, Chapter V of Title VI – Excise taxes on Certain Goods is hereby amended as follows:

Chapter V – Excise Tax on Petroleum Products

Sec. 148 Manufactured Oils and other fuels – There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such.

- (a) xxx;
- (b) xxx;
- (c) xxx;
- (d) xxx;
- (e) Naptha, regular gasoline and other similar products of distillation, per liter of volume capacity, {Four pesos and thirty five centavos (P4.35)} **FOUR PESOS AND EIGHTY CENTAVOS (P4.80)**: Provided, however, that naphtha, when used as raw material in the production of petrochemical products or replacement fuel for natural –gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations promulgated by the Secretary of Energy, in consultation with the Secretary of the Department of Finance, per liter of volume capacity, **ZERO (P0.00)**: Provided, further, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gas and similar oils having more the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;
- (f) xxx;
- (g) xxx;
- (h) Kerosene per liter of volume capacity, {zero centavos (0.00)} **SIXTY CENATVOS (0.60)**: Provided, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;
- (i) Diesel Fuel oil, and other similar fuel oils having more or less the same generating power, per liter of volume capacity, {zero centavos (0.00)} **ONE PESO AND SIXTY THREE CENTAVOS (P1.63)**;
- (j)
- (k)
- (l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, {zero centavos (0.00)} **THIRTY CENTAVOS (P0.30)**

Sec. 4. Implementing Rules and Regulations – The Secretary of Finance shall upon the recommendation of the Commissioner of Internal Revenue, promulgate not later than 90 days upon the effectivity of this Act, the rules and regulations for the effective implementation of this Act.

Sec. 5. – Repealing Clause – All laws, executive orders, rules or regulations, or any part thereof, inconsistent with any provisions of this Act are hereby repealed or modified accordingly.

Sec. 6. – This Act shall take effect immediately upon its approval.

in hereby declared the policy of the State to protect and promote the right to health of the people. It is the policy of the State to protect the interests of the consumer, promote his general welfare and to establish standards of conduct for business and industry. Towards this end, the State shall protect and safeguard the people from adulterated meat products that is harmful to the health of the general public and protect them against this deceptive and unconscionable sales practice.

SEC. 3. Art. 40. of Republic Act No. 7394, otherwise known as the "Consumer Act of the Philippines" is hereby amended in part to read as follows:

"Art. 41. Penalties. - (a) Any person who violates any of the provisions of Article 40 hereof shall, upon conviction, be subject to imprisonment of not less than [one (1)] TWO (2) years but not more than [five (5)] SIX (6) years, or a fine of not less than [Five] TEN thousand pesos [(P5,000.00)] (10,000.00) but not more than [Ten] ONE HUNDRED thousand pesos [(P10,000.00)] (P100,000.00), or both such imprisonment and fine, in the discretion of the Court. "

SEC. 4. Separability Clause. - If any provision or part hereof is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC. 5 Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provision of this act is hereby repealed, modified or amended accordingly.

SEC. 6. Effectivity Clause. - This Act shall take effect fifteen (15) days from the date of its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.