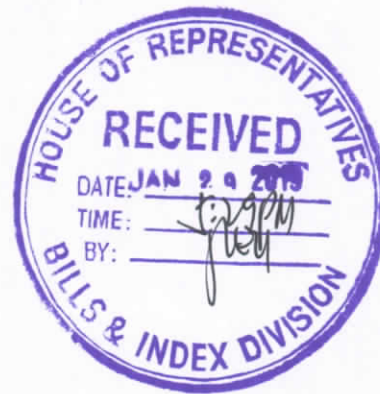


Republic of the Philippines  
House of Representatives  
Quezon City

SEVENTEENTH CONGRESS  
Third Regular Session

HOUSE BILL NO. 8894



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**INTRODUCED BY REPRESENTATIVE ALFRED VARGAS**

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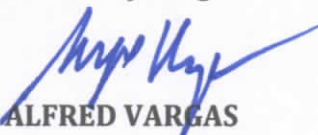
**EXPLANATORY NOTE**

This bill seeks to exempt petroleum products from value-added tax (VAT) as a measure to alleviate the burden of fuel price hikes on the Filipino people.

The implementation of the *Tax Reform for Acceleration and Inclusion (TRAIN) Law* coinciding with other factors such as the rise of global oil prices and inflation have resulted to the upsurge of fuel prices thereby diminishing the purchasing power of the public, especially those who belong to the lowest strata of our society.

The second tranche of TRAIN imposes an additional P2.24 per liter of gasoline and diesel, consisting of P2 in excise tax and P0.24 in value-added tax (VAT). Removing VAT on petroleum products would lighten the burden on the Filipino people who are presently saddled by high prices of fuel and other basic goods and services.

In view of the foregoing, the approval of this bill is earnestly sought.

  
ALFRED VARGAS

Republic of the Philippines  
House of Representatives  
Quezon City

SEVENTEENTH CONGRESS  
Third Regular Session

HOUSE BILL NO. **8894**

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INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

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AN ACT

**EXEMPTING PETROLEUM PRODUCTS FROM VALUE-ADDED TAX (VAT),  
AMENDING FOR THE PURPOSE SECTION 109 OF THE NATIONAL INTERNAL  
REVENUE CODE OF 1997, AS AMENDED**

*Be it enacted by the Senate and House of Representatives of the Philippines in  
Congress assembled.*

**Section 1.** Section 109 of the National Internal Revenue Code of 1997, as amended, is further amended to read as follows:

“SEC. 109. *Exempt Transactions.* – (1) Subject to the provisions of Subsection (2) hereof, the following transactions shall be exempt from the value-added tax:

x x x x

(Z) Sale of gold to the Bangko Sentral ng Pilipinas (BSP);

(AA) Sale of drugs and medicines prescribed for diabetes, high cholesterol, and hypertension beginning January 1, 2019; [and]

(BB) Sale or lease of goods or properties or the performance of services other the transactions mentioned in the preceding paragraphs, the gross annual sales and/or receipts do not exceed the amount of Three million pesos (P3,000,000); **AND**

**(CC) IMPORTATION OR SALE OF PETROLEUM PRODUCTS.**

x x x x”

**Sec 2. Implementing Rules and Regulations.** – Within thirty (30) days from the effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the rules and regulations necessary for its effective implementation.

**Sec. 3. Repealing Clause.** - All laws, decrees, rules and regulations inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

**Sec. 4. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation.

*Approved,*