

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 400



Introduced by Honorable Representatives
ARLENE D. BROSAS (Gabriela Women's Party),
FRANCE L. CASTRO (ACT Teachers Partylist),
and **RAOUL DANNIEL A. MANUEL** (Kabataan Partylist)

**AN ACT LOWERING THE PRICE OF OIL AND OTHER PETROLEUM PRODUCTS,
AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 10963 OR THE TAX REFORM
FOR ACCELERATION AND INCLUSION (TRAIN) LAW, AND REPUBLIC ACT 8424 OR
THE TAX REFORM ACT AS AMENDED BY RA 9337**

EXPLANATORY NOTE

Filipinos are left without any reprieve from the barrage of oil price hikes since the start of 2022 even as the COVID-19 pandemic already pushed 26.14 million people into poverty. The successive rounds of oil price hikes have pushed transportation and production costs higher, leading to a chain of commodity price hikes which severely affect low income earners. Unabated oil price hikes have significantly contributed to a two-year high inflation rate of 5.4 percent in May 2022.

Data from the Department of Energy (DOE) show that year-to-date adjustments of petroleum products stand at a net increase of P29.50 per liter for gasoline, P44.25 per liter for diesel, and P39.65 per liter for kerosene as of June 21, 2022. Local pump prices are expected to breach the P100 per liter mark, with more rounds of oil price hikes on the horizon under a deregulated regime. The Russia-Ukraine crisis is being used as scapegoat for the series of oil price hikes, as the country actually does not significantly source its oil supply from the two countries.

The nonstop oil price hikes are made worse by the imposition of excise taxes on petroleum under the Tax Reform for Acceleration and Inclusion (TRAIN) Law, and the 12 percent Value Added Tax (VAT) on petroleum products. These taxes aggravate the suffering of public utility (PUV) drivers, who can barely feed their families with a very meager take-home pay. Commuters meanwhile are made to shoulder the oil price hikes with fake hikes. Farmers and fisherfolk are also experiencing heavy losses due to skyrocketing diesel, gasoline and kerosene prices.

This proposed measure seeks to immediately lower the price of oil and other petroleum products by scrapping the excise tax on petroleum products imposed under the TRAIN Law, and by including petroleum products in the list of exemptions under the E-VAT Law.

Suspending the oil excise taxes under the TRAIN will provide immediate relief to Filipinos. This will remove Php3 from the price per kilo of liquefied petroleum gas (LPG), lowering the price of an 11-kilo tank by Php33 not including VAT. The price per liter of diesel can be immediately slashed by P6, and the price of unleaded gasoline by P5.35 per liter.

According to think tank IBON Foundation, oil revenue losses can be offset by also suspending corporate income tax (CIT) cuts under the Corporate Recovery and Tax Incentives for Enterprises Act or CREATE. The group noted that the government projects revenue losses of Php115.8 billion in 2021 and Php101.8 billion in 2022 from CREATE's CIT cuts. Reducing indirect consumption taxes such as on oil and increasing direct taxes on income makes the tax system more progressive.

SUMMARY OF PROPOSAL TO SCRAP TRAIN EXCISE TAXES ON OIL AND PETROLEUM PRODUCTS

	CURRENT EXCISE TAX (per kilo/ liter)	PROPOSED UNDER THIS BILL	REDUCTION
Lubricating oils and greases	P10.00	P4.50	P5.50
Processed gas	P10.00	P0.05	P9.55
Waxes and petrolatum	P10.00	P3.50	P6.50
Denatured alcohol	P10.00	P0.05	P9.55
Naphtha, regular gasoline	P10.00	P4.35	P5.65
Leaded premium gasoline	N/A	P5.35	P5.35
Unleaded premium gasoline	P10.00	P4.35	P5.65
Aviation fuel and gas	P4.00	P3.36	P0.64
Kerosene	P5.00	P0.00	P5.00
Diesel fuel oil	P6.00	P0.00	P6.00
Liquefied petroleum gas	P3.00	P0.00	P3.00
Asphalts	P10.00	P0.56	P9.44
Bunker fuel oil	P6.00	P0.00	P6.00
Petroleum coke	P6.00	P0.00	P6.00

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



ARLENE D. BROSAS
Gabriela Women's Party



FRANCE L. CASTRO
Act Teachers Partylist



RAOUL DANNIEL A. MANUEL
Kabataan Partylist

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**AN ACT LOWERING THE PRICE OF OIL, PETROLEUM PRODUCTS,
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THE TAX REFORM ACT AS AMENDED BY RA 9337**

SECTION 1. Section 43 of Republic Act 10963 is hereby amended to read as follows:

Section 43. Section 148 of the NIRC, as amended, is hereby further amended to read as follows:

"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:

~~["Effective January 1, 2018]~~

"(a) Lubricating oils and greases, including but not limited to, base stock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, ~~[Eight pesos (P8.00)]~~ **FOUR PESOS AND FIFTY CENTAVOS (P4.50)**: Provided, That lubricating oils and greases produced from base stocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: Provided, further, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, refined or recycled shall likewise be subject to the tax imposed under this Subsection;

"(b) Processed gas, per liter of volume capacity, ~~[Eight pesos (P8.00)]~~ **FIVE CENTAVOS (P0.05)**;

"(c) Waxes and petrolatum, per kilogram, ~~[Eight pesos (P8.00)]~~ **THREE PESOS AND FIFTY CENTAVOS (P3.50)**;

"(d) On denatured alcohol to be used for motive power, per liter of volume capacity, ~~[Eight pesos (P8.00)]~~ **FIVE CENTAVOS (P0.05)**: Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax

herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

"(e) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation, per liter of volume capacity, [~~Seven pesos (P7.00)~~] **FOUR PESOS AND THIRTY CENTAVOS (P4.35)**: Provided, *however*, That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as 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 to be promulgated by **THE SECRETARY OF ENERGY, IN CONSULTATION WITH** the Secretary of Finance, per liter of volume capacity, zero (P0.00): Provided, further, That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: Provided, finally, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less 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) Unleaded premium gasoline, per liter of volume capacity, Seven pesos (P7.00);~~]

"(F) LEADED PREMIUM GASOLINE, PER LITER VOLUME CAPACITY, FIVE PESOS AND THIRY-FIVE CENTAVOS (P5.35); UNLEADED PREMIUM GASOLINE, PER LITER VOLUME CAPACITY, FOUR PESOS AND THIRTY-FIVE CENTAVOS (P4.35);"

"(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, [~~Four pesos (P4.00)~~] **THREE PESOS AND SIXTY-SEVEN CENTAVOS (P3.67)**;

"(h) Kerosene, per liter of volume capacity, [~~Three pesos (P3.00)~~] **ZERO (P0.00)**: 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 on similar fuel oils having more or less the same generating power, per liter of volume capacity, [~~Two pesos and fifty centavos (P2.50)~~] **ZERO (P0.00)**;

"(j) Liquefied petroleum gas, per kilogram, [~~One peso (P1.00)~~] **ZERO (P0.00)**: Provided, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, shall be taxed zero (P0.00) per kilogram:

"Provided, finally, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

"(k) Asphalts, per kilogram, [~~Eight pesos (P8.00)~~] **FIFTY-SIX CENTAVOS (P0.56)**;

"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [~~Two pesos and fifty centavos (P2.50)~~] **ZERO (P0.00)**: Provided, *however*, That the excise taxes paid on the purchased basestock

(bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and

"(m) Petroleum coke, per metric ton, [~~Two pesos and fifty centavos. (P2.50)~~] **ZERO (P0.00)**: Provided, however, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).

[~~Effective January 1, 2019~~

~~"(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, Nine pesos (P9.00): Provided, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: Provided, further, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, rerefined or recycled shall likewise be subject to the tax imposed under this Subsection.~~

~~"(b) Processed gas, per liter of volume capacity, Nine pesos (P9.00);~~

~~"(c) Waxes and petrolatum, per kilogram, Nine pesos (P9.00);~~

~~"(d) On-denatured alcohol to be used for motive power, per liter of volume capacity, Nine pesos (P9.00): Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;~~

~~"(e) Naphtha, regular gasoline, pyrolysis gasoline, and other similar products of distillation, per liter of volume capacity, Nine pesos (P9.00): Provided, however, That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as 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 to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): Provided, further, That the production of petroleum products, whether or not they are classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: Provided, finally, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum, gases and similar oils having more or less 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) Unleaded premium gasoline, per liter of volume capacity, Nine pesos (P9.00);~~

~~"(g) Aviation turbo jet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);~~

~~"(h) Kerosene, per liter of volume capacity, Four pesos (P4.00): 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 on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50);~~

~~"(j) Liquefied petroleum gas, per kilogram, Two pesos (P2.00): Provided, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, per kilogram, zero (P0.00): Provided, finally, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;~~

~~"(k) Asphalts, per kilogram, Nine pesos (P9.00);~~

~~"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50): Provided, however, That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and~~

~~"(m) Petroleum coke, per metric ton, Four pesos and fifty centavos (P4.50): Provided, however, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).~~

~~"Effective January 1, 2020~~

~~"(a) Lubricating oils and greases, including but not limited to, basestock for lube oils and greases, high vacuum distillates, aromatic extracts and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram, respectively, of volume capacity or weight, Ten pesos (P10.00): Provided, That lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: Provided, further, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, rerefined or recycled shall likewise be subject to the tax imposed under this Subsection.~~

~~"(b) Processed gas, per liter of volume capacity, Ten pesos (P10.00);~~

~~"(c) Waxes and petrolatum, per kilogram, Ten pesos (P10.00);~~

~~"(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Ten pesos (P10.00): Provided, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;~~

~~"(e) Naphtha, regular gasoline, pyrolysis gasoline and other similar products of distillation, per liter of volume capacity, Ten pesos (P10.00): Provided, however, That naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products or as 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 to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): Provided, further, That the production of petroleum products, whether or not they are~~

~~classified as products of distillation and for use solely for the production of gasoline shall be exempt from excise tax: Provided, finally, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less 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) Unleaded premium gasoline, per liter of volume capacity, Ten pesos (P10.00);~~

~~"(g) Aviation turbojet fuel, aviation gas, per liter of volume capacity, Four pesos (P4.00);~~

~~"(h) Kerosene, per liter of volume capacity, Five pesos (P5.00): Provided, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbojet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;~~

~~"(i) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00);~~

~~"(j) Liquefied petroleum gas, per kilogram, Three pesos (P3.00): Provided, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, per kilogram, zero (P0.00): Provided, finally, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;~~

~~"(k) Asphalts, per kilogram, Ten pesos (P10.00);~~

~~"(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00): Provided, however, That the excise taxes paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom; and~~

~~"(m) Petroleum coke, per metric ton, Six pesos (P6.00): Provided, however, That, petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).]~~

~~"Petroleum products, including naphtha, LPG, petroleum coke, refinery fuel and other products of distillation, when used as input, feedstock or as raw material in the manufacturing of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cyclepower plant in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the **SECRETARY OF ENERGY IN CONSULTATION WITH THE** Secretary of Finance, per liter of volume capacity, zero (P0.00): Provided, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases, and similar oils having more or less 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.~~

~~["For the period covering 2018 to 2020, the scheduled increase in the excise tax on fuel as imposed in this Section shall be suspended when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches or exceeds Eighty dollars (USD 80) per barrel.]~~

~~"Provided, That the [Department of Finance] DEVELOPMENT BUDGET COORDINATION COMMITTEE (DBCC) shall perform an annual review of the implementation of the excise tax on fuel and shall, based on projections provided and recommendations of the Development Budget Coordination Committee, [as reconciled from the conditions as provided above], recommend the [implementation or] suspension OR REDUCTION of the excise tax [on fuel] UNDER THIS SECTION: Provided, [further,] That the recommendation shall be given on a yearly basis[.]. [Provided, finally, That any suspension of the increase in excise tax shall not result in any reduction of the excise tax being imposed at the time of the suspension.]"~~

SECTION 2. Section 109 (1), Chapter 1, Title IV of the National Internal Revenue Code as amended is hereby amended to read as follows:

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

“(A) xxx

After paragraph A, insert paragraph (B),

“(B) THE SALE OF OIL, GASOLINE, LPG, KEROSENE AND OTHER PETROLEUM PRODUCTS;

And re-letter the succeeding paragraphs.

SECTION 3. Separability Clause. Any provision or portion of this Act that may be declared unconstitutional shall not have the effect of nullifying other parts thereof.

SECTION 4. Repealing Clause. All laws, acts, decrees, executive orders, issuances, and rules and regulations or parts thereof which are contrary to, and inconsistent with any provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 5. Effectivity Clause. This Act shall take fifteen (15) days after its complete publication in the Official Gazette or in newspaper of general circulation,

Approved,