

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 8166



Introduced by Rep. Ray T. Reyes

EXPLANATORY NOTE

This bill seeks to impose an excise tax on power generation plants that use fossil fuels or non-renewable energy sources, and increase the excise tax on automobiles to increase the revenue of the government for the implementation of Republic Act No. 11223, otherwise known as the *Universal Health Care Act*.

Contrary to the goals of the Paris Agreement to limit global warming by reducing emissions, the energy consumption worldwide, including energy-related carbon (CO₂) emissions, rose strongly in 2018. As a signatory to the Paris Agreement, the Philippines undertook a conditional commitment to reduce its greenhouse gas emissions by 70% from energy, transport, waste, forest, and industry sectors by 2030.

One of the effective ways of reducing emissions is to tax polluting sources of energy such as fossil fuel-based power plants that utilize coal, natural gas, and oil. These power plants remain the primary source of power generation in the country, contributing 77.6% of the country's total electricity production in 2021. The private generation companies owning these power plants are only taxed as ordinary corporations under the National Internal Revenue Code. Thus, this bill proposes to impose an excise tax on power generation plants that utilize fossil fuels or non-renewable energy sources.

Likewise, one of the polluting sources of greenhouse gas emissions is automobiles powered by internal combustion engine, which produce methane (CH₄) and nitrous oxide (N₂O) apart from CO₂. Thus, it is proposed under this bill to increase the tax on automobiles.

Taxing the sources of greenhouse gases will mitigate the effects of climate change, including climate-sensitive health risks such as heart-related illness, respiratory illness and water-borne diseases, among others.

This bill seeks to advance health equity by generating revenue for the government, which is proposed to finance the implementation of the Universal Health Care Act. With additional budget, the objectives of the Universal Health Care Act to promote the Filipinos' right to health, equitable access to quality and affordable health care, and healthy living conditions will be realized.

Further, this proposed bill will lead to improved use of alternative energy and more remarkable sustainable development outcomes similar to the impact of increased excise taxes on coal and petroleum under Republic Act No. 10963, otherwise known as the *Tax Reform for Acceleration and Inclusion (TRAIN)*. This will also support the revenue streams under the Universal Health Care Act from premiums paid by direct contributors and direct government funding and appropriations.

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


RAY REYES
Representative, Anakalusugan Party-List

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AN ACT
IMPOSING AN EXCISE TAX ON POWER GENERATION PLANTS THAT USE
FOSSIL FUELS OR NON-RENEWABLE ENERGY SOURCES AND INCREASING
THE EXCISE TAX ON AUTOMOBILES, AMENDING FOR THE PURPOSE THE
NATIONAL INTERNAL REVENUE CODE, AS AMENDED

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

SECTION 1. A new section denominated as Section 148-B is hereby inserted after Section 148-A of the National Internal Revenue Code, as amended, to read as follows:

“SEC. 148-B. – POWER GENERATION PLANTS. – THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED AN EXCISE TAX OF ONE PESO (P1.00) PER KILOWATT OF POWER PRODUCED BY POWER GENERATION PLANTS THAT UTILIZE FOSSIL FUELS OR NON-RENEWABLE ENERGY SOURCES SUCH AS COAL, NATURAL GAS AND OIL-BASED MATERIAL, INCLUDING COMBINED CYCLE, DIESEL, GAS TURBINE AND OIL THERMAL.

THE SECRETARY OF FINANCE IS AUTHORIZED TO ADJUST THE COST OF EXCISE TAX UNDER THIS SECTION BASED ON THE RECOMMENDATION OF THE ENERGY REGULATORY COMMISSION.

SECTION 2. Section 149 of the National Internal Revenue Code, as amended, is further amended to read as follows:

“SEC. 149. *Automobiles.* – There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer’s or importer’s selling price, net of excise and value-added tax, in accordance with the following schedule:

Effective January 1, [2018] **2024**

“Net manufacturer’s price/importer’s selling price	Rate
“Up to Six hundred thousand Pesos ((P600,000.00)	~~[Four percent (4%)]~~ FIVE PERCENT (5%)
“Over Six hundred thousand pesos (P600,000.00) to One million pesos (1,000,000.00)	~~[Ten percent (10%)]~~ FIFTEEN PERCENT (15%)
“Over One million (P1,000,00.00) to Four million pesos (P4,000,000.00)	~~[Twenty percent (20%)]~~ TWENTY-FIVE PERCENT (25%)
“Over Four million pesos (P4,000,000.00)	~~[Fifty percent (50%)]~~ SIXTY PERCENT (60%)

“Provided, That hybrid vehicles shall be subject to fifty percent (50%) of the applicable excise tax rates on automobiles under this Section: Provided, further, That purely electric vehicles and pick-ups shall be exempt from excise tax on automobiles.

“XXX.”

SECTION 3. A new section denominated as Section 288-B is hereby inserted after Section 288-A of the National Internal Revenue Code, as amended, to read as follows:

“SEC. 288-B. – DISPOSITION OF REVENUES FROM EXCISE TAX ON AUTOMOBILES AND POWER GENERATION PLANTS USING NON-RENEWABLE ENERGY.
– THE PROVISIONS OF EXISTING LAWS TO THE CONTRARY NOTWITHSTANDING, FIFTY PERCENT (50%) OF THE REVENUES COLLECTED FROM THE EXCISE TAX ON AUTOMOBILES AND ONE HUNDRED PERCENT (100%) OF THE REVENUES COLLECTED FROM THE EXCISE TAX ON POWER GENERATION PLANTS USING NON-RENEWABLE ENERGY SHALL BE ALLOCATED TO THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) TO BE USED EXCLUSIVELY FOR THE IMPLEMENTATION OF REPUBLIC ACT NO. 11223, OTHERWISE KNOWN AS THE “*UNIVERSAL HEALTH CARE ACT.*”

SECTION 4. All laws, decrees, orders, and issuances, or portions thereof, which are inconsistent with the provisions of this Act, are hereby repealed, amended or modified accordingly.

SECTION 5. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,