



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Nineteenth Congress
Third Regular Session

HOUSE BILL NO. **11369**

**Introduced by Representative Ferdinand Martin G. Romualdez,
Aurelio “Dong” D. Gonzales, Jr., Manuel Jose “Mannix” M. Dalipe,
Yedda Marie K. Romualdez and Jude A. Acidre**

EXPLANATORY NOTE

This bill seeks to remove the excise tax on fuels, thereby amending Republic Act (RA) No. 10963, otherwise known as the “*Tax Reform for Acceleration and Inclusion (TRAIN) Law*.”

RA 10963 was signed into law on December 19, 2017 as one of the components of the Comprehensive Tax Reform Program during the administration of former President Rodrigo R. Duterte. The TRAIN law was aimed at making the Philippine tax system simpler, fairer, and more efficient. The main objectives of the TRAIN law are the generation of sustainable revenues that will support government projects, public investments, and social services, creation of jobs, and ultimately, eradication of extreme poverty.

Section 43 of RA 10963 amended Section 148 of the National Internal Revenue Code, as amended, and provided in three tranches from January 1, 2018 to January 1, 2020 the excise tax rates on petroleum products such as lubricating oils and greases; processed gas; waxes and petroleum; denatured alcohol to be used for motive power; naphtha, regular gasoline, pyrolysis gasoline and similar products used as raw material in the production of petrochemical products; unleaded premium gasoline; aviation turbo jet fuel, aviation gas; kerosene, diesel fuel oil; liquefied petroleum gas; asphalts; bunker fuel oil; and petroleum coke.

At the beginning of the implementation of the TRAIN law, the effect of the lowering of individual income tax rates, as provided under Section 24 (A) (2), had translated to the increase of the disposable income and purchasing power of salaried Filipinos.

However, the negative and undesirable effects of the same law outweighed the workers' enjoyment of the increased disposable income. The excise tax for petroleum products provided under Section 43 of RA 10963 did not just result in the higher prices of fuels and other petroleum products, but also brought about the escalation of the prices of goods and services which heavily rely on fuels for its production, operation, or distribution.

Thus, instead of the potential savings that could have been realized by salaried workers from the lowering of the personal income tax rates, the increase in the disposable income just go down the drain as buffer for the elevated household costs of food, utilities, transportation expenses, and other basic needs. Further, the disposable incomes of minimum wage earners and workers in the informal sector who, in the first place, are not covered by the TRAIN law's lowering of the individual income tax rates, are, all the more, becoming insufficient and severely depleted.

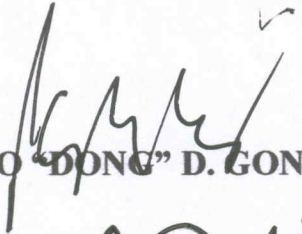
Aggravated by the tailing effect of the COVID-19 pandemic, the inflation driven by the rising costs of food, utilities, and basic services, and the economic ramifications of the wars and conflicts between oil-supplying countries, the Philippines continuously experience the brunt of the continuous fuel price spikes.

Thus, in addition to the government's anti-poverty measures provided through the *Pantawid Pamilyang Pilipino Program (4Ps)*, the Assistance to Individuals in Crisis Situation of the Department of Social Welfare and Development, the *Tulong Pngghanapbuhay sa Ating Disadvantaged/Displaced Workers (TUPAD)* of the Department of Labor, and other social amelioration programs of the government, this bill seeks to remove the excise tax on fuels that will certainly alleviate the dire conditions of our poor countrymen.

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



FERDINAND MARTIN G. ROMUALDEZ



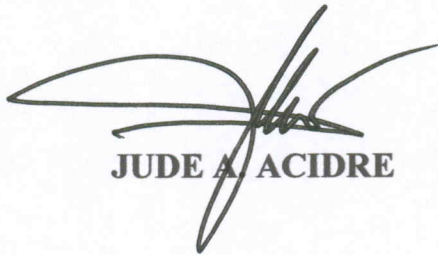
AURELIO "DONG" D. GONZALES, JR.



MANUEL JOSE "MANNIX" M. DALIPE



YEDDA MARIE K. ROMUALDEZ



JUDE A. ACIDRE



Republic of the Philippines
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Nineteenth Congress
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HOUSE BILL NO. 11369

**Introduced by Representatives Ferdinand Martin G. Romualdez,
Aurelio "Dong" D. Gonzales, Jr., Manuel Jose "Mannix" M. Dalipe,
Yedda Marie K. Romualdez and Jude A. Acidre**

AN ACT
REMOVING THE EXCISE TAX ON FUEL, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 10963, OTHERWISE KNOWN AS THE
"TAX REFORM FOR ACCELERATION AND INCLUSION (TRAIN)"
LAW

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

SECTION 1. *Short Title* – This Act shall be known as the "*Fuel Excise Tax
Repeal Act*".

SECTION 2. *Declaration of Policy* – It is hereby declared the policy of the
State to alleviate the economic burden on consumers by removing the excise tax
on fuel, thereby reducing the cost of petroleum products and promoting
equitable access to energy resources.

SECTION 3. *Amendment of Section 43 of Republic Act No. 10963.* – Section
43 of Republic Act No. 10963, otherwise known as the "Tax Reform for
Acceleration and Inclusion (TRAIN)" Law, is hereby amended to read as
follows:

"SEC. 43. Petroleum Products. - The excise tax on petroleum products under this Act is hereby repealed. Accordingly, no excise tax shall be imposed on the following products:

- (a) Lubricating oils and greases; processed gas; waxes and petrolatum; denatured alcohol to be used for motive power;*
- (b) Naphtha, regular gasoline, and other similar products of distillation;*
- (c) Leaded premium gasoline;*
- (d) Aviation turbo jet fuel;*
- (e) Kerosene;*
- (f) Diesel fuel oil;*
- (g) Liquefied petroleum gas;*
- (h) Asphalts;*
- (i) Bunker fuel oil and on similar products; and*
- (j) Any other products classified as petroleum products ."*

SECTION 4. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 5. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SECTION 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved .