

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City



TWENTIETH CONGRESS
First Regular Session

House Bill No. 84

Introduced by **HONORABLE RAMON JOLO B. REVILLA III,**
HONORABLE LANI MERCADO-REVILLA, and
HONORABLE BRYAN B. REVILLA

EXPLANATORY NOTE

The high cost of electricity remains a key contributor to household economic pressure in the Philippines. Energy expenses routinely compete with other basic needs such as food, education, and transportation, especially for low-income families. While electricity is an indispensable service in modern life, its accessibility must not come at the cost of economic exclusion.

Under the current tax regime, electricity sales, transmission, and distribution are subject to a twelve percent (12%) Value-Added Tax (VAT) pursuant to Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law. While the measure was enacted to rationalize the country's revenue structure, its uniform application across all residential sectors fails to consider the financial constraints of low-use, low-income households.

This bill introduces a targeted VAT exemption for residential electricity consumers whose total monthly consumption does not exceed 200 kilowatt-hours

(kWh). This threshold serves as a proxy for economic vulnerability and seeks to directly benefit households with modest energy usage. Importantly, the exemption is structured to be automatic and non-application-based, ensuring ease of implementation and protection against bureaucratic hurdles.

The proposed exemption is modest in fiscal impact but significant in social effect. It recognizes the need to shield vulnerable sectors from regressive taxation and supports the State's broader objective to create a more equitable economic environment. This proposal delivers precise economic relief, simplifies policy implementation, and strengthens the legal framework for inclusive utility access.

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


RAMON JOVITO B. REVILLA III


LANI MERCADO-REVILLA


BRYAN B. REVILLA

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AN ACT
AUTHORIZING EXEMPTION FROM IMPOSITION OF VALUE-
ADDED TAX (VAT) ON THE ELECTRICAL BILLINGS OF
RESIDENTIAL HOUSEHOLDS WITH A TOTAL MONTHLY
CONSUMPTION OF 200KWH AND LESS

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "VAT Exemption
2 for Covered Electric Billing Act"

3 **Sec. 2. Declaration of Policies and Objectives.** - It is the policy of the State
4 to provide reliable and equitable electricity to the consuming public.

5 Towards this end, the State shall endeavor to provide assistance to
6 consumers of electricity, especially those living below the poverty line, the poor
7 and marginalized sector of the community, and ensure a more equitable and
8 reliable distribution of electricity across the country.

9 **Sec. 3. Value-Added Tax (VAT) Exemption for Covered Residential**
10 **Households.** - Residential households with 200kWh and less electrical
11 consumption in a month is exempt from the imposition of VAT on the sale of
12 electricity, transmission by any entity, including the National Grid Corporation of
13 the Philippines, and distribution by companies, and electric cooperatives.

14 The exemption should be automatically applied by the private utilities and
15 rural electric cooperatives in their statements of accounts without the need for
16 application from the consumer.

17 **Sec. 4. Implementing Rules and Regulations (IRR).** - Within ninety (90)
18 days from the effectivity of this Act, the Department of Energy, as the lead agency,
19 together with the ERC, and in consultation with the Power Supply Agreements,
20 and other public and private stakeholders representing consumers and sectors
21 affected by this Act, including the Bureau of Revenue (BIR), shall promulgate the
22 necessary implementing rules and regulations of this Act.

23 The Department of Finance (DOF), through the BIR, shall come up with
24 the appropriate Revenue Regulations for the VAT exemption within thirty (30)
25 days from the effectivity of the IRR.

26 **Sec. 5. Penal Clause.** - Non-compliance to any of the provisions of this
27 Act and its IRR shall be held criminally liable, and/or penalized with a fine of not
28 less than One Hundred Thousand Pesos (PhP100,000.00).

29 **Sec. 6. Separability Clause.** - If, for any reason, any provision of this Act
30 or any part thereof shall be held unconstitutional and invalid, the other parts or
31 provisions of this Act, which are not affected thereby, shall remain in full force
32 and effect.

33 **Sec. 7. Repealing Clause.** - All laws, decrees, issuances, orders, letters of
34 instructions, administrative orders, rules and regulations or parts thereof contrary

35 to or inconsistent with any of the provisions of this Act are hereby repealed,
36 amended, or modified accordingly.

37 ***Sec. 8. Effectivity.*** - This Act shall take effect fifteen (15) days after its
38 publication in the Official Gazette or in a newspaper of general circulation.

Approved,