

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **1719**



Introduced by **Rep. ANGELO MARCOS BARBA**
2nd District, Ilocos Norte

EXPLANATORY NOTE

Republic Act No. 8794 (R.A. No. 8794) is a legislation created to support road infrastructure and maintenance projects for efficient movement of people and goods and better access to employment, education, and social services¹ through tax imposition on motor vehicle user's charge (MVUC). While its intention is clearly to generate more funds for public works and highways projects, the 2004 version of the law, the implementing legislation at present, is anachronistic. The ambiguous provisions pertaining to its coverage, in addition to outdated tax rates, add up to the difficulties in the effective and efficient implementation of the MVUC law.

This Act seeks to address amendments to the MVUC law and proposes to determine the coverage for its imposition. Further, this Act proposes to simplify the existing MVUC system through applying a single rate for all types of motor vehicles. Lastly, this Act calls for implementing agencies to exercise, such as the Department of Transportation (DOTr), Department of Finance (DOF), and the Department of Budget and Management (DBM), facilitation of collecting revenues.

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



ANGELO MARCOS BARBA

¹ Napalang, M.S., Agatep, P., Navarro, A., and Detros, K. (2018). *Results of the Assessment of the Motor Vehicle User's Charge Utilization in the Philippines*. Philippine Institute for Development Studies. Retrieved 30 August, 2022, from <https://pidswebs.pids.gov.ph>

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**AN ACT AMENDING REPUBLIC ACT NO. 8794, ALSO KNOWN AS
“AN ACT IMPOSING A MOTOR VEHICLE USER’S CHARGE ON
OWNERS OF ALL TYPES OF MOTOR VEHICLES AND FOR OTHER
PURPOSES”, AS AMENDED BY REPUBLIC ACT NO. 11239**

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

SECTION 1. Short Title. – This Act shall be known as the “Motor Vehicle
Road User’s Tax Act.”

SECTION 2. – Section 2 of Republic Act No. 8794, as amended by
Republic Act No. 11239, is hereby amended to read as follows:

“SEC. 2. *Coverage.* – [In lieu of the registration fee under Section
8 of Republic Act No. 4136, as amended by Batas Pambansa Bilang 74,
and the Private Motor Vehicle Tax under Executive Order No. 43,
series of 1986, there is hereby] **THE MOTOR VEHICLE ROAD
USER’S TAX SHALL BE** imposed on every motor vehicle, whether
for hire or for private use, including government motor vehicles as
[more fully] provided in Section 3 hereof, [a Motor Vehicle User’s
Charge (MVUC)] which shall be collected from and paid by the owner
of the motor vehicle.”

SECTION 3. - Section 3 of Republic Act No. 8794, as amended by
Republic Act No. 11239, is hereby amended to read as follows:

“SEC. 3. [*Rates of the Motor Vehicle User’s Charge.* -] **RATES
OF MOTOR VEHICLE ROAD USER’S TAX.** – [(a) For private
passenger cars registered as of the date of effectivity of this Act, the
MVUC to be paid shall be the private motor vehicle tax under
Executive Order No. 43, series of 1986, plus twenty-five percent (25%)
for the first year, fifty percent (50%) for the second year, seventy-five
percent (75%) for the third year, and one hundred percent (100%) for
the fourth year and thereafter: *Provided, however,* That private
passenger cars to be registered for the first time after the effectivity of
this Act, shall be subject to the MVUC rates prescribed in Section 3(b)
hereof.]

“[(b) Except as provided under Section 3(a) hereof, for each motor vehicle under each of the categories as herein provided, the MVUC shall be collected from and paid by the vehicle owner, at the following base rates plus twenty-five percent (25%) in the first year from the effectivity of this Act; the said base rates plus fifty percent (50%) in the second year from the effectivity of this Act; the said base rates plus seventy-five percent (75%) in the third year from the effectivity of this Act; and the said base rates plus one hundred percent (100%) in the fourth year from the effectivity of this Act and thereafter: *Provided*, That the MVUC for sports utility vehicles shall be fifteen percent (15%) higher than the MVUC herein set for private utility vehicles: *Provided, further*, That motorcycles for hire with sidecars shall not pay more than Three hundred pesos (P300).]

[Type of Vehicle	Base Rates
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I. Private and Government

A. Passenger Cars

- | | |
|--|--------|
| (1) GVW up to 1,600 kgs. | P800 |
| (2) GVW more than 1,600 kgs. –
2,300 kgs. | P1,800 |
| (3) GVW more than 2,300 kgs. | P4,000 |

B. Utility Vehicles

- | | |
|---|--|
| (1) GVW more than 2,700 kgs. | P1,000 |
| (2) GVW more than 2,700 kgs. –
4,500 kgs | P1,000 + P20
per 100 kgs. of
GVW over 2,700 kgs. |

C. Motorcycles

- | | |
|---------------------|------|
| (1) Without sidecar | P120 |
| (2) With sidecar | P150 |

D. Buses

GVW more than 4,500 kgs.	P900 + P12 per 100 kgs. of GVW over 2,700 kgs.
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E. Trucks

GVW more than 4,500 kgs.	P900 + P12 per 100 kgs. of GVW over 2,700 kgs.
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F. Trailers

GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW
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II. For Hire

A. Passenger Cars

(1) GVW up to 1,600 kgs.	P450
(2) GVW more than 1,600 kgs. – 2,300 kgs.	P900
(3) GVW more than 2,300 kgs.	P2,500

B. Utility Vehicles

GVW up to 4,500 kgs. of GVW	P15 per 100 kgs.
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C. Motorcycles

(1) without sidecar	P150
(2) with sidecar	P240

D. Buses

GVW more than 4,500 kgs. of GVW	P15 per 100 kgs.
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E. Trucks

GVW more than 4,500 kgs. of GVW over 2,700 kgs.	P900 + P12 per 100 kgs.
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F. Trailers

GVW more than 4,500 kgs. of GVW]	P12 per 100 kgs.
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“[After the fourth year from the effectivity of this Act, the President of the Philippines may adjust the rates contained in Section 3 which shall be reflective of, but shall, not exceed the annual rate of increase of the Consumer Price Index (CPI). The President may adjust such rates not more than once every five (5) years.]

“THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON REGISTERED PRIVATE AND GOVERNMENT VEHICLES, A MOTOR VEHICLE ROAD USER’S TAX WHICH SHALL BE COLLECTED FROM AND PAID BY THE OWNER OF THE MOTOR VEHICLE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

TYPE OF VEHICLE				
	2020	2021	2022	2023 ON-WARDS
PRIVATE AND GOVERNMENT				
A. PASSENGER CARS:				
GROSS VEHICLE WEIGHT (GVW) UP TO 1,600 KILOGRAMS (KG)	2,080	2,560	3,040	5% INCREASE
GVW MORE THAN 1,600 KG UP TO 2,300 KG	4,680	5,760	6,840	
GVW MORE THAN 2,300 KG	10,400	12,800	15,200	
B1. UTILITY VEHICLES				
GVW UP TO 4,500 KG	1.40 PER KG OF GVW	2.50 PER KG OF GVW	3.40 PER KG OF GVW	5% INCREASE
B2. SPORTS UTILITY VEHICLES				
GVW UP TO 4,500 KG	1.40 PER KG OF GVW	2.50 PER KG OF GVW	3.40 PER KG OF GVW	5% INCREASE
C. MOTORCYCLES				
WITHOUT SIDECAR	0	0	0	0
WITH SIDECAR	0	0	0	0
D. BUSES				
GVW ABOVE 4,500 KG	1.40 PER KG OF GVW	2.50 PER KG OF GVW	3.40 PER KG OF GVW	5% INCREASE
E. TRUCKS				
GVW ABOVE 4,500 KG	1.40 PER KG OF GVW	2.50 PER KG OF GVW	3.40 PER KG OF GVW	5% INCREASE
F. TRAILERS				
GVW ABOVE 4,500 KG	1.40 PER KG OF GVW	2.50 PER KG OF GVW	3.40 PER KG OF GVW	5% INCREASE

“PROVIDED, THAT FOR HIRE VEHICLES SHALL BE SUBJECT TO FIFTY PERCENT (50%) OF THE ABOVE TAX RATES: PROVIDED, HOWEVER, THAT IN THE EVENT THE ABOVE TAX RATE WILL RESULT IN DOWNWARD ADJUSTMENT OF TAX RATES, THE APPLICABLE MOTOR VEHICLE ROAD USER’S TAX OF THE PRECEDING YEAR SHALL BE APPLIED.

“PROVIDED, FURTHER, THAT THE RATES OF MOTOR VEHICLE ROAD USER’S TAX SHALL BE INCREASED BY FIVE PERCENT (5%) ANNUALLY EFFECTIVE JANUARY 1, 2023 THROUGH REVENUE REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.

“AS USED IN THIS SECTION ---

“(A) MOTOR VEHICLE SHALL MEAN ANY VEHICLE PROPELLED BY ANY POWER OTHER THAN MUSCULAR POWER USING PUBLIC HIGHWAYS BUT EXCEPTING AIRCRAFTS, MOTOR BOATS, ROAD ROLLERS, TROLLEY CARS, STREET SWEEPERS, SPRINKLERS, LAWN MOWERS, BULLDOZERS, GRADERS, FORKLIFTS, AMPHIBIAN TRUCKS, AND CRANES NOT USED IN PUBLIC HIGHWAYS, VEHICLES WHICH RUN ONLY ON RAILS OR TRACKS, TRACTORS AND TRAILERS, AND TRACTION ENGINES OF ALL KINDS USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES.

“TRAILERS HAVING ANY NUMBER OF WHEELS, WHEN PROPELLED OR INTENDED TO BE PROPELLED BY ATTACHMENT TO A MOTOR VEHICLE SHALL BE CLASSIFIED AS SEPARATE MOTOR VEHICLE WITH NO POWER RATING.

“(B) GROSS VEHICLE WEIGHT SHALL MEAN THE MEASURED WEIGHT OF A MOTOR VEHICLE AS SPECIFIED BY THE MANUFACTURER PLUS THE MAXIMUM ALLOWABLE CARRYING CAPACITY IN MERCHANDISE, FREIGHT, OR PASSENGER AS DETERMINED BY THE ASSISTANT SECRETARY OF THE LAND TRANSPORTATION OFFICE (LTO).”

SECTION 4. - Section 4 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby amended to read as follows:

“[SEC. 4. GOVERNMENT MOTOR VEHICLES. -]

SEC. 4. PAYMENT OF MOTOR VEHICLE ROAD USER’S TAX. – The manner of payment of the [user’s charge] **MOTOR VEHICLE ROAD USER’S TAX** on government motor vehicles shall be in accordance with the procedure that shall be promulgated by the Secretary of the Department of Budget and Management (DBM)[.]:

“(A) MANNER OF PAYMENT. – THE MOTOR VEHICLE ROAD USER’S TAX SHALL BE PAID TO THE LTO ANNUALLY UPON REGISTRATION, CONFORMABLY WITH THE REGULATIONS ISSUED JOINTLY BY THE DEPARTMENT OF FINANCE (DOF) AND DEPARTMENT OF TRANSPORTATION (DOTr).

“(B) MANNER OF COLLECTION OF REVENUES. – THE MOTOR VEHICLE ROAD USER’S TAX SHALL BE COLLECTED BY THE LTO AS PART OF THE ANNUAL VEHICLE REGISTRATION IN ACCORDANCE WITH THE RATES SET FORTH IN SECTION 3 HEREOF. THE

DATES OF ANNUAL REGISTRATION OF MOTOR VEHICLES SHALL BE BASED ON THE REGISTRATION SCHEME PROVIDED BY THE LTO.

“(C) EFFECT OF FAILURE TO PAY MOTOR VEHICLE ROAD USER’S TAX. – ANY REGISTRATION OF MOTOR VEHICLES NOT RENEWED ON OR BEFORE THE DATE FIXED BY THE LTO SHALL BE CONSIDERED DELINQUENT AND INVALID.”

SECTION 5. - Section 7 of Republic Act No. 8794, as amended by Republic Act No. 12239, is hereby amended to read as follows:

“SEC. 7. *Disposition of Monies Collected.* – All monies collected under this Act shall be remitted to the National Treasury under a special account in the General Fund to be earmarked solely for the construction, upgrading, repair, and rehabilitation of roads, bridges, and road drainage to be included in the annual General Appropriations Act [.] *PROVIDED, THAT FIFTY PERCENT (50%) OF THE INCREMENTAL REVENUES COLLECTED UNDER THIS ACT SHALL BE ALLOCATED AND USED EXCLUSIVELY FOR THE FOLLOWING PURPOSES:*

“(1) FORTY-FIVE PERCENT (45%) FOR THE MODERNIZATION OF PUBLIC UTILITY VEHICLES, PARTICULARLY FOR THE EQUITY SUBSIDY OF PUBLIC TRANSPORT OPERATORS CONSOLIDATED AS TRANSPORT COOPERATIVES FOR THE ACQUISITION OF EURO-4 COMPLIANT PUBLIC UTILITY VEHICLES PLYING AUTHORIZED ROUTES AS DETERMINED BY THE DOTr AND THE LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD (LTFRB): *PROVIDED, THAT SAID INCREMENTAL REVENUES SHALL BE EARMARKED UPON APPROVAL OF THIS ACT UNTIL DECEMBER 31, 2024 FOR THE MODERNIZATION OF PUBLIC UTILITY VEHICLES: PROVIDED, FURTHER, THAT THE EARMARKED FUNDS SHALL REVERT TO THE SPECIAL ACCOUNT IN THE GENERAL FUND EFFECTIVE JANUARY 1, 2025;*

“(2) FIVE PERCENT (5%) FOR GOVERNMENT PROGRAMS TO BE UNDERTAKEN FOR PREVENTION OF DEATHS DUE TO ROAD ACCIDENTS, AND ACCIDENT VICTIMS’ ASSISTANCE, INCLUDING THE FOLLOWING:

(a) THE IMPROVEMENT OF EXISTING DRIVERS’ EDUCATION PROGRAMS, TRAINING ACADEMIES AND DRIVERS’ LICENSE EXAMINATIONS BY THE LTO;

(b) **THE ESTABLISHMENT OF ADDITIONAL MOTOR VEHICLE INSPECTION CENTERS BY THE LTO;**

(c) **THE IMPROVEMENT OF ROAD MANAGEMENT SYSTEMS BY THE DOTr;**

(d) **THE PROVISION OF SUPPLEMENTAL HOSPITALIZATION COVERAGE BY THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) FOR VICTIMS OF ROAD ACCIDENTS;**

(e) **THE PROVISION BY THE EMPLOYEES' COMPENSATION COMMISSION OF WORKMEN'S COMPENSATION FOR VICTIMS OF ROAD ACCIDENTS WHO ARE UNABLE TO BE GAINFULLY EMPLOYED FOR A CONTINUOUS PERIOD DUE TO DISABILITY, PURSUANT TO THE PROVISIONS OF REPUBLIC ACT NO. 772, AS AMENDED, OF THE WORKERS' COMPENSATION ACT; AND**

(f) **THE ESTABLISHMENT BY THE DEPARTMENT OF HEALTH (DOH) OF EMERGENCY CARE FACILITIES IN AREAS THAT HAVE HIGH INCIDENCE OF ROAD ACCIDENTS."**

SECTION 6. *Implementing Rules and Regulations.* – The DOTr, in coordination with the DOF, DOH, and the Land Transportation Franchising and Regulatory Board (LTFRB), shall promulgate the rules and regulations to implement this Act within thirty (30) days from its effectivity.

SECTION 7. *Repealing Clause.* – All laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 8. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SECTION 9. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least one (1) newspaper of general circulation.

Approved,