



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **4843**



Introduced by *Representative Caroline L. Tanchay, KAMALAYAN Party-List*

EXPLANATORY NOTE

Electricity is no longer a luxury but a necessity. Our daily routines are crippled without a reliant supply of electric power. In the latest Department of Energy Compendium of Philippine Energy Statistics and Information, electricity remains to be the most consumed energy in the residential sector ranging from 1,032 kWh in the National Capital Region to 260 kWh in Region IV-A.¹

This obvious dependence on electricity gave the power firms and inequitable leaders unrestrained control as to the charges imposed against the helpless consumers.

An electricity bill is riddled with various components with additional VAT imposition, such as generation, transmission, distribution, universal charge, and feed-in-tariff allowance. Except for universal, and feed-in-tariff allowance charges, the rest of the components include the imposition of VAT.² Under the TRAIN Law, or Republic Act (RA) No. 10963, a twelve percent (12%) VAT is imposed on the sale of electricity by generation companies, transmission by any entity, including the National Grid Corporation of the Philippines, and by distribution companies, including electric cooperatives.

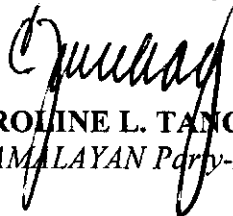
This stacking of VAT, most especially on one of the most basic needs of society cannot be tolerated by everyone. This is not even taking into consideration yet the unresolved issue of possible double taxation involved in the payment of electric bills.

¹ Department of Energy Compendium on Philippine Energy Statistics and Information for years 1990-2016
<https://www.doe.gov.ph/key-energy-statistics-2010?q=compendium-philippine-energy-statistics-and-information>.

² Tax Reform for Acceleration and Inclusion, R.A. 10963.

Thus, this bill seeks to mitigate the burden on those who need it the most by exempting residential households with 200kWh or less total consumption, from the imposition of VAT. The average consumption per household in the entire country is 562kWh, a far cry from the number of households consuming 200kWh or less.

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


CAROLINE L. TANCHAY
KAMALAYAN Party-List



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

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

SECTION 1. This Act shall be known as the “*VAT Exemption for Covered Electric Billing Act of 2025*”.

SECTION 2. Declaration of Policies and Objectives – It is the policy of the State to provide reliable and equitable electricity to the consuming public. Towards this end, the State shall endeavor to provide social justice to consumers of electricity, especially those living below the poverty line, the poor and marginalized sector of the community, and ensure a secure and affordable supply of electricity across the country.

SECTION 3. Value-Added Tax (VAT) Exemption for Covered Residential Households - Residential Households with 200kWh or less electricity consumption in a month, shall be exempt from the imposition of VAT on the sale of electricity by generation companies, transmission by any entity, including the National Grid Corporation of the Philippines, and distribution by companies, and electric cooperatives.

The exemption shall be automatically applied by the private distribution utilities and electric cooperatives in their statements of accounts without the need for application from the consumer.

SECTION 4. *Implementing Rules and Regulations (IRR)* - Within ninety (90) days from the effectivity of this Act, the Department of Energy (DOE), as the lead agency, together with the Energy Regulatory Commission (ERC), and in consultation with other public and private stakeholders representing consumers and sectors affected by this Act, including the Bureau of Revenue (BIR), shall promulgate the necessary implementing rules and regulations of this Act.

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

SECTION 5. *Threshold Adjustment by the Commissioner of Internal Revenue (CIR)* - Every three (3) years, or as often as necessary, the CIR, in accordance with his/her powers under the National Internal Revenue Code, as amended, and other pertinent laws, and upon recommendation by the ERC, shall adjust the monthly consumption threshold to ensure that the said threshold is reflective of the prevailing circumstances.

SECTION 6. *Penalty* - Non-compliance with any of the provisions of this Act and its IRR shall be met with an administrative penalty ranging from PhP1,000,000.00 to PhP50,000,000.00, after due notice and hearing by the ERC, and without prejudice to any administrative sanction that the BIR may take for violation of its pertinent revenue issuances.

SECTION 7. *Separability Clause* - If, for any reason, any provision of this Act or any part thereof shall be held unconstitutional and invalid, the other parts or provisions of this Act, which are not affected thereby, shall remain in full force and effect.

SECTION 8. *Repealing Clause* - All laws, decrees, issuances, orders, letters of instructions, administrative orders, rules and regulations or parts thereof contrary to or inconsistent with any of the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 9. *Effectivity* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved.