



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

Twentieth Congress
First Regular Session

HOUSE BILL NO. 5779



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian 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

EXPLANATORY NOTE

This bill proposes the removal of the excise tax on fuels, thereby amending Republic Act (RA) No. 10963, also known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law."

RA 10963 was enacted on December 19, 2017, as part of the Comprehensive Tax Reform Program during the administration of former President Rodrigo R. Duterte. The TRAIN law aimed to simplify, make fairer, and improve the efficiency of the Philippine tax system.

The primary goals of the TRAIN law include generating sustainable revenue to fund government projects, public investments, and social services, promoting job creation, and ultimately eliminating extreme poverty.

Section 43 of RA 10963 revised Section 148 of the National Internal Revenue Code and introduced excise tax rates on petroleum products—such as lubricating oils and greases, processed gas, waxes and petroleum, denatured alcohol for motive power, naphtha, various types of gasoline, aviation fuels,

kerosene, diesel, liquefied petroleum gas, asphalts, bunker fuel oil, and petroleum coke in three phases from January 1, 2018, to January 1, 2020.

At the outset of the TRAIN law's implementation, the reduction in individual income tax rates under Section 24(A)(2) increased the disposable income and purchasing power of salaried Filipinos.

However, the negative impacts of the law outweighed the benefits experienced by workers. The excise tax on petroleum products under Section 43 of RA 10963 not only caused fuel prices to rise but also led to an increase in the cost of goods and services that depend heavily on fuel for their production, operation, or distribution.

As a result, the anticipated savings from the lowered personal income taxes were largely offset by the higher household expenses for food, utilities, transportation, and other essentials.

Moreover, minimum wage earners and workers in the informal sector, who were not beneficiaries of the TRAIN law's income tax reductions, face even greater financial challenges, with their disposable income becoming increasingly insufficient.

Compounded by the lingering effects of the COVID-19 pandemic, inflation driven by rising costs of food, utilities, and basic services, as well as economic impacts from conflicts among oil-producing countries, the Philippines continues to endure persistent fuel price increases.

Therefore, alongside existing government poverty alleviation programs such as the Pantawid Pamilyang Pilipino Program (4Ps), the Department of Social Welfare and Development's Assistance to Individuals in Crisis Situations, the Department of Labor's *Tulong Panghanapbuhay sa Ating Disadvantaged/Displaced Workers* (TUPAD), and other social amelioration efforts, this bill aims to remove the excise tax on fuels to help ease the difficult conditions faced by our poorest citizens.

In view of the foregoing, approval of this bill is earnestly requested.



FERDINAND MARTIN G. ROMUALDEZ



YEDDA MARIE K. ROMUALDEZ



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JUDE A. ACIDRE



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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.”

SEC. 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.

SEC. 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.”*

SEC. 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.

SEC. 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.

SEC. 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,