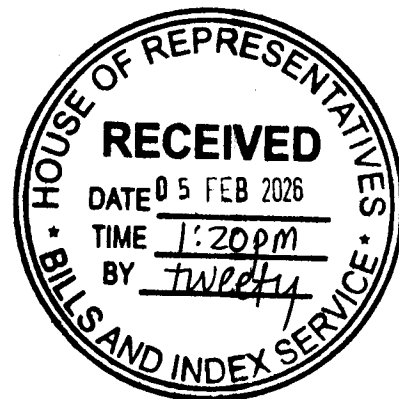




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 7638

Introduced by Representative Howard A. Guintu

EXPLANATORY NOTE

Section 9, Article II of the 1987 Constitution provides that “The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all.” This mandates the State to adopt timely measures to protect the welfare of citizens, especially during periods of extraordinary economic pressure.

Frequent and substantial increases in the prices of petroleum products continue to burden Filipino households and businesses. Fuel costs directly affect transportation, food distribution, and basic services. The rising price of petroleum, compounded by excise taxes, amplifies the cost of goods and services, disproportionately affecting low-income households and vulnerable sectors.

Petroleum products are key inputs in multiple sectors of the economy. As prices increase, inflationary pressures intensify, reducing household purchasing power and slowing economic activity. Reports and data from Philippine economic monitors confirm that fuel price hikes are significant drivers of overall cost-of-living increases.

Recent research by the Philippine Institute for Development Studies (PIDS) finds that higher excise taxes on fuel under the TRAIN Law increased general prices and slightly raised

poverty incidence, particularly affecting transport workers and other vulnerable sectors, highlighting how fuel tax burdens amplify economic pressure on ordinary Filipino households.

This bill seeks to address the compounding effect of fuel excise taxes during periods of significant oil price increases. While excise taxes under the TRAIN Law support government revenue, their continued imposition amid extraordinary price volatility worsens inflation and places undue burden on consumers.

Thus, this bill will serve to temporarily suspend the imposition of excise taxes on motor fuel and other petroleum products, providing immediate relief to consumers, stabilizing prices, and mitigating the rising cost of living, without permanently dismantling the existing tax structure.

By suspending fuel excise taxes, petroleum prices are expected to stabilize, resulting in lower transportation and production costs. This will help temper inflation, protect household incomes, and support economic stability, consistent with the principle that those who have less in life should have more in law.

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


HOWARD A. GUINTU
Representative, First District of Capiz



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HOUSE BILL NO. 7638

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**AN ACT SUSPENDING THE IMPOSITION OF EXCISE TAX ON MOTOR FUEL
AND OTHER PETROLEUM PRODUCTS**

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

SECTION 1. Suspension on the Imposition of Excise Tax on Fuel and Other Petroleum Products. - The imposition of excise tax on motor fuel, particularly leaded and unleaded premium gasoline, aviation turbo jet fuel, kerosene, and diesel, fuel oil, and other petroleum product involved in the manufacturing and production thereof, as enumerated under Sec. 148 of National Internal Revenue Code of the Philippines, as amended, is hereby suspended.

Accordingly, the provisions concerning the imposition of excise tax on the said motor fuel and petroleum products under Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion Law, and under BIR Revenue Regulation No. 2-2018, as well as other laws, executive orders, and decrees, insofar as they impose excise tax on the said products are likewise suspended from implementation.

SEC. 2. *Limitations.* - The suspension of the imposition of excise tax on the said motor fuel and other petroleum products shall not bar the imposition of customs taxes and duties and excise tax on imported petroleum products which are not directly used to provide power to the motor in a vehicle or involved in the manufacturing and production of motor fuel.

SEC. 3. *Separability Clause.* – Should any part of this Act be declared unconstitutional or invalid, other provisions hereof that are not affected thereby shall continue to be in full force and effect.

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

SEC. 5. *Effectivity.* – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazzette or in newspaper of general circulation.

Approved,