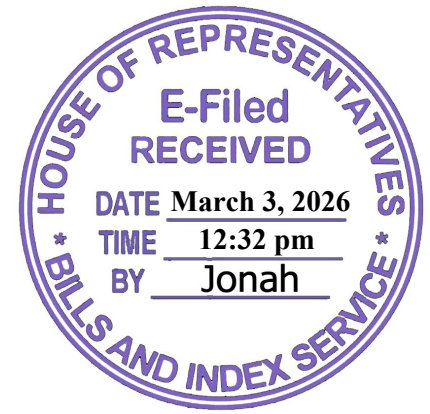


1 Republic of the Philippines  
2 **HOUSE OF REPRESENTATIVES**  
3 Constitution Hills, Quezon City

4  
5 **TWENTIETH CONGRESS**  
6 First Regular Session  
7

8 **HOUSE BILL NO. 8244**  
9



10  
11 Introduced by REP. JESUS “BONG” C. SUNTAY  
12

13 **EXPLANATORY NOTE**  
14

15 The Philippines remains deeply vulnerable to fluctuations in global oil markets. As a  
16 country that imports the vast majority of its petroleum requirements, any disruption  
17 in international oil supply—whether caused by armed conflict, geopolitical instability,  
18 or disruptions in key shipping routes—immediately reverberates through the  
19 domestic economy.  
20

21 Recent developments in the Middle East have again underscored this vulnerability.  
22 Armed hostilities involving the United States, Israel, and Iran have heightened  
23 tensions in a region that sits at the heart of global oil production and transport. The  
24 threat of disruption in vital maritime corridors, particularly the Strait of Hormuz  
25 through which a substantial portion of the world’s petroleum supply transits daily,  
26 has already begun to generate volatility in global energy markets. History has shown  
27 that even the perception of instability in such regions can trigger rapid increases in  
28 crude oil prices.  
29

30 For the Philippines, such increases translate directly into higher pump prices for  
31 gasoline, diesel, kerosene, and liquefied petroleum gas. These increases do not remain  
32 confined to the fuel sector. They ripple outward—raising transportation costs,  
33 pushing electricity prices upward, increasing the cost of food production and  
34 distribution, and ultimately imposing a heavy burden on Filipino households.  
35

36 In times of geopolitical crisis beyond our control, the government must act decisively  
37 to mitigate the immediate economic consequences on the Filipino people. One of the  
38 most direct tools available to the State is fiscal relief through the temporary  
39 suspension of taxes that compound the price of fuel.  
40

41 At present, petroleum products are subject not only to excise taxes imposed under  
42 Section 148 of the National Internal Revenue Code, as amended by Republic Act No.  
43 10963 or the TRAIN Law, but also to the twelve percent (12%) value-added tax  
44 imposed on the sale and importation of such products. While these taxes are part of  
45 the government’s revenue framework, they also significantly increase the retail price  
46 of fuel regardless of global market conditions.  
47

48 During periods of extraordinary global oil price shocks, the continued imposition of  
49 both excise tax and value-added tax on petroleum products amplifies the burden on

1 consumers and on sectors of the economy that rely heavily on fuel, including  
2 transportation, agriculture, fisheries, and manufacturing.

3  
4 This measure therefore seeks to establish an emergency mechanism that temporarily  
5 suspends both the excise tax and the value-added tax on petroleum products during  
6 periods of global oil supply shocks. By doing so, the government can immediately  
7 cushion the impact of rising international oil prices and help stabilize domestic fuel  
8 costs during times of international crisis.

9  
10 The bill likewise provides objective mechanisms to ensure that such intervention is  
11 applied responsibly. The suspension of taxes is tied to international crude oil price  
12 thresholds based on the Brent benchmark, and will automatically cease once global  
13 prices stabilize. Safeguards are also introduced to prevent oil companies from  
14 capturing windfall profits from the tax suspension without corresponding relief to  
15 consumers.

16  
17 In addition, the measure establishes the groundwork for a Strategic Petroleum  
18 Reserve Program in order to enhance the country's long-term energy security and  
19 reduce the Philippines' exposure to sudden supply disruptions in the future.

20  
21 This proposal is not merely a fiscal measure. It is a recognition of the economic reality  
22 faced by a nation whose prosperity and stability remain closely linked to forces  
23 beyond its shores. In moments of global uncertainty and conflict, government policy  
24 must stand firmly with the Filipino people.

25  
26 In view of the foregoing, the immediate passage of this bill is earnestly sought.  
27

28  
29  
30  
31  
32  
33  
  
**REP. JESUS "BONG" C. SUNTAY**  
**4th District, Quezon City**

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10 Introduced by REP. JESUS “BONG” C. SUNTAY  
11

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12  
13 **AN ACT**  
14 **PROVIDING FOR AN EMERGENCY OIL PRICE STABILIZATION**  
15 **MECHANISM DURING GLOBAL ENERGY SUPPLY SHOCKS,**  
16 **ESTABLISHING AUTOMATIC PRICE-TRIGGERED SUSPENSION OF**  
17 **EXCISE TAXES ON PETROLEUM PRODUCTS, PROVIDING**  
18 **SAFEGUARDS AGAINST WINDFALL PROFITS, CREATING A**  
19 **STRATEGIC PETROLEUM RESERVE PROGRAM, AND AMENDING FOR**  
20 **THIS PURPOSE SECTION 148 OF THE NATIONAL INTERNAL REVENUE**  
21 **CODE OF 1997, AS AMENDED**  
22

23 *Be it enacted by the Senate and House of Representative of the Philippines in*  
24 *congress assembled:*  
25

26 **SECTION 1. Short Title.**  
27

28 This Act shall be known as the “Emergency Oil Price Stabilization and Energy Security  
29 Act.”  
30

31 **SEC. 2. Declaration of Policy.**  
32

33 It is hereby declared the policy of the State to protect the Filipino people and the  
34 national economy from the adverse effects of sudden global oil price shocks arising  
35 from geopolitical conflicts, supply disruptions, or other international crises affecting  
36 petroleum supply.  
37

38 The Philippines remains highly dependent on imported petroleum products. Global  
39 geopolitical conflicts, particularly in the Middle East, have historically caused  
40 disruptions in oil supply routes and dramatic spikes in international crude oil prices.  
41 Armed conflict involving major oil-producing or oil-transit regions—including  
42 conflicts involving the United States, Israel, and Iran—poses a serious threat to global  
43 energy security. Such disruptions immediately translate into higher pump prices,  
44 increased transportation and logistics costs, inflation in food and basic commodities,  
45 and significant economic hardship for oil-import dependent countries such as the  
46 Philippines.  
47

48 It is therefore the policy of the State to adopt responsive fiscal and regulatory  
49 mechanisms that can be immediately activated during global oil supply disruptions

1 in order to stabilize domestic fuel prices and protect Filipino consumers, workers,  
2 farmers, fisherfolk, and industries that rely on petroleum products.

3  
4 **SEC. 3. Temporary Suspension of Excise Taxes During Global Oil Supply**  
5 **Shock.**

6  
7 Section 148 of the National Internal Revenue Code of 1997, as amended, is hereby  
8 supplemented by a mechanism allowing the temporary suspension of excise taxes on  
9 petroleum products during periods of global oil supply disruption.

10  
11 Upon the declaration of a Global Oil Supply Shock pursuant to this Act, the excise  
12 taxes imposed on the following petroleum products shall be temporarily suspended:

- 13  
14 (a) Diesel fuel oil  
15 (b) Unleaded gasoline  
16 (c) Kerosene  
17 (d) Liquefied petroleum gas (LPG)  
18 (e) Fuel oil  
19 (f) Aviation fuel and other refined petroleum products

20  
21 The suspension of excise taxes shall remain in effect for the duration of the declared  
22 global oil supply disruption or until the conditions provided under the sunset clause  
23 of this Act have been satisfied.

24  
25 **SEC. 4. Automatic Price-Trigger Mechanism.**

26  
27 The temporary suspension of excise taxes under this Act shall be automatically  
28 triggered when the international benchmark price of crude oil, based on the Brent  
29 crude oil index, reaches or exceeds Eighty United States Dollars (US\$80) per barrel  
30 for a continuous period of five (5) trading days.

31  
32 Upon the occurrence of such trigger, the Department of Finance, in coordination with  
33 the Department of Energy and the Bureau of Internal Revenue, shall immediately  
34 implement the suspension of excise taxes on petroleum products.

35  
36 The Department of Energy shall regularly monitor global oil market conditions and  
37 publish weekly reports on Brent crude oil price movements.

38  
39  
40 **SEC. 5. Declaration of Global Oil Supply Shock.**

41  
42 A Global Oil Supply Shock may be declared when any of the following conditions  
43 exist:

44  
45 (a) Armed conflict, blockade, or disruption affecting major global oil supply routes,  
46 including but not limited to the Strait of Hormuz, the Suez Canal, or other  
47 internationally recognized oil transit chokepoints;

48  
49 (b) Sustained increases in global crude oil prices caused by geopolitical instability or  
50 supply disruptions; or

1 (c) Determination by the Department of Energy that international events have caused  
2 a severe disruption in global petroleum supply.

3  
4 The President of the Philippines, upon recommendation of the Department of Energy  
5 and the Department of Finance, may issue a declaration confirming the existence of  
6 such conditions.

7  
8 **SEC. 6. Sunset Clause.**

9  
10 The suspension of excise taxes under this Act shall automatically cease once the  
11 international benchmark price of Brent crude oil falls below Sixty-Five United States  
12 Dollars (US\$65) per barrel for a continuous period of thirty (30) calendar days.

13  
14 Upon stabilization of global oil prices under this threshold, the Department of  
15 Finance shall issue the appropriate order restoring the applicable excise taxes under  
16 Section 148 of the National Internal Revenue Code.

17  
18 Provided, That the President of the Philippines may extend the suspension if  
19 geopolitical conditions continue to threaten global oil supply.

20  
21 **SEC. 7. Windfall Profit Safeguards on Petroleum Companies.**

22  
23 During the implementation of the excise tax suspension provided under this Act, the  
24 Department of Energy shall monitor the retail and wholesale pricing behavior of  
25 petroleum companies operating in the Philippines.

26  
27 If it is determined that petroleum importers, refiners, distributors, or retailers have  
28 realized extraordinary profits resulting from the excise tax suspension without  
29 corresponding reductions in retail prices, the Department of Finance may  
30 recommend the imposition of a temporary windfall profit tax on such excess earnings.

31  
32 The windfall profit tax shall apply only to profits exceeding the historical average  
33 profit margins of the affected entities over the preceding three (3) years.

34  
35 Revenues collected from such windfall profit taxes shall be allocated exclusively for  
36 programs that mitigate the impact of high fuel prices on vulnerable sectors, including  
37 public transport operators, farmers, fisherfolk, and low-income households.

38  
39 **SEC. 8. Strategic Petroleum Reserve Program.**

40  
41 To strengthen national energy security and reduce the vulnerability of the Philippines  
42 to global supply disruptions, the Department of Energy shall establish a Strategic  
43 Petroleum Reserve (SPR) Program.

44  
45 The Strategic Petroleum Reserve shall consist of government-maintained stockpiles  
46 of crude oil and refined petroleum products sufficient to support domestic  
47 consumption for a period determined by the Department of Energy but not less than  
48 thirty (30) days of national fuel supply.

49  
50 The Department of Energy may acquire, store, and maintain petroleum reserves  
51 through:

- 1 (a) Government-owned storage facilities;
- 2 (b) Leased storage facilities; or
- 3 (c) Agreements with private oil companies for the maintenance of strategic reserves.

4  
5 The Strategic Petroleum Reserve may be released during periods of severe supply  
6 disruption, national emergencies, or global oil crises affecting domestic fuel supply.

## 7 8 **SEC. 9. Monitoring and Reporting.**

9  
10 The Department of Energy shall continuously monitor global oil supply conditions  
11 and shall submit periodic reports to Congress on:

- 12
- 13 (a) international crude oil price movements;
- 14 (b) supply disruptions affecting major oil transit routes;
- 15 (c) domestic fuel price trends; and
- 16 (d) the impact of the measures implemented under this Act.

## 17 18 **SEC. 10. Implementing Rules and Regulations.**

19  
20 Within thirty (30) days from the effectivity of this Act, the Department of Finance, in  
21 coordination with the Department of Energy and the Bureau of Internal Revenue,  
22 shall promulgate the implementing rules and regulations necessary for the effective  
23 implementation of this Act.

## 24 25 **SEC. 11. Congressional Oversight.**

26  
27 A Joint Congressional Oversight Committee on Energy Price Stabilization is hereby  
28 created to monitor the implementation of this Act.

29  
30 The Committee shall evaluate the effectiveness of the emergency price stabilization  
31 mechanisms and submit periodic reports to Congress.

## 32 33 **SEC. 12. Separability Clause.**

34  
35 If any provision of this Act is declared unconstitutional or invalid, the remaining  
36 provisions shall remain in full force and effect.

## 37 38 **SEC. 13. Repealing Clause.**

39  
40 All laws, decrees, executive orders, rules and regulations inconsistent with this Act  
41 are hereby repealed or modified accordingly.

## 42 43 **SEC. 14. Effectivity.**

44  
45 This Act shall take effect fifteen (15) days after publication in the Official Gazette or  
46 in a newspaper of general circulation.