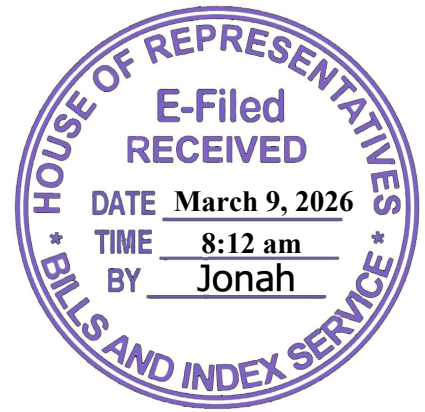


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Constitution Hills, Quezon City

**TWENTIETH CONGRESS**  
First Regular Session

House Bill No. 8348



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Introduced by: **REPRESENTATIVE ERIC L. OLIVAREZ**

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### **EXPLANATORY NOTE**

Global oil markets have become increasingly volatile due to geopolitical tensions, supply disruptions, and fluctuations in international currency markets. As a net importer of petroleum products, the Philippines remains highly vulnerable to sudden increases in global oil prices. These external shocks are quickly transmitted to domestic fuel prices, resulting in rising transportation costs, higher food prices, and inflationary pressures that disproportionately affect Filipino households, workers, and small businesses.

Fuel price volatility also creates broader macroeconomic risks. Sharp increases in petroleum prices can trigger inflation beyond government targets, increase production and logistics costs, weaken purchasing power, and slow economic growth. In a country where transportation and energy costs significantly influence the prices of basic goods and services, sustained oil price spikes can produce widespread economic hardship.

While existing tax policy provides a stable framework for revenue generation and public spending, extraordinary oil price shocks may require timely calibrated and temporary interventions to protect consumers and the national economy. At present, existing law provides only limited flexibility in responding to such situations.

This proposed measure seeks to establish a **Fuel Price Stabilization Mechanism** that allows the government to respond swiftly and responsibly to extraordinary oil price shocks. The bill authorizes the President of the Philippines, upon the recommendation of the Secretary of Finance and in consultation with the Department of Energy and the Department of Economy, Planning, and Development, to temporarily suspend or reduce excise taxes on petroleum products when clearly defined economic conditions are present.

Importantly, the measure does not permanently alter the excise tax structure established under existing law. Instead, it provides a temporary and conditional fiscal tool designed to stabilize domestic fuel prices during periods of exceptional global volatility. The bill includes safeguards to ensure responsible implementation, including:

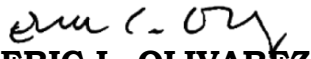
- clearly defined economic trigger conditions;
- a limited duration for any tax adjustment;
- mandatory pass-through of tax reductions to consumers;
- reporting requirements to Congress; and
- a sunset clause ensuring that the authority expires unless renewed by Congress.

By providing a structured and rule-based mechanism for temporary tax adjustments, this measure balances the need for consumer protection with the equally important goal of maintaining fiscal stability and responsible tax policy.

The measure is designed as a rule-based economic stabilization mechanism rather than a permanent tax reduction. By establishing objective economic triggers and fiscal safeguards, the bill ensures that temporary adjustments to fuel excise taxes may be implemented only when extraordinary economic conditions threaten national economic stability.

The proposed legislation therefore serves as an economic stabilization tool that equips the government with the flexibility necessary to respond to extraordinary global oil price shocks while preserving the integrity of the country's fiscal framework.

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

  
**ERIC L. OLIVAREZ**

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**“AN ACT  
AUTHORIZING THE PRESIDENT TO TEMPORARILY SUSPEND OR  
REDUCE EXCISE TAXES ON PETROLEUM PRODUCTS DURING  
EXTRAORDINARY GLOBAL OIL PRICE SHOCKS, PROVIDING A FUEL  
PRICE STABILIZATION MECHANISM, AND FOR OTHER PURPOSES”**

**SECTION 1. Short Title.-** This Act shall be known as the **“Fuel Price Stabilization and Excise Tax Flexibility Act.”**

**SECTION 2. Declaration of Policy.-** It is hereby declared the policy of the State to protect the Filipino people and the national economy from severe economic disruption caused by extraordinary increases in global oil prices and related macroeconomic shocks.

The State recognizes that geopolitical tensions, supply disruptions, and currency volatility may cause sharp increases in domestic petroleum prices, resulting in inflationary pressures, higher transportation costs, and economic hardship for Filipino households and enterprises.

Accordingly, the State shall establish a temporary and conditional fiscal mechanism allowing the suspension of the imposition of excise taxes on petroleum products in order to mitigate the impact of extraordinary oil price shocks while maintaining fiscal responsibility and the stability of government revenues.

Nothing in this Act shall be construed as permanently modifying the excise tax structure established under existing law.

**SECTION 3. Initial Emergency Authority. -** Within six (6) months from the effectivity of this Act, the President of the Philippines may, upon the recommendation of the Secretary of Finance and after consultation with the Secretary of Energy, and the Secretary of the Department of Economy, Planning, and Development, temporarily suspend or reduce excise taxes on petroleum products subject to the National Internal Revenue Code of 1997, as amended by

Republic Act No. 10963, otherwise known as the “Tax Reform for Acceleration and Inclusion (TRAIN)” law.

**SECTION 4. Fuel Price Stabilization Mechanism.** - After the lapse of the emergency period provided under Section 3, the authority granted under this Act may thereafter be exercised only upon the determination that extraordinary global oil price shocks and related macroeconomic pressures exist, as evidenced by the presence of two (2) or more of the following conditions:

- a. The average price of Dubai crude oil reaches or exceeds Ninety United States Dollars (US\$90) per barrel for three (3) consecutive months, based on internationally recognized benchmarks;
- b. the national inflation rate exceeds the government’s target range or shows significant upward pressure attributable in part to increases in domestic fuel and transportation costs, as determined by the appropriate economic authorities; and
- c. the Philippine peso has experienced significant depreciation against the United States dollar over the same period, resulting in higher import costs for petroleum products.

The existence of the foregoing conditions shall be certified by the Secretary of Energy, in coordination with the Secretary of Finance and the Secretary of the Department of Economy, Planning, and Development, who shall thereafter recommend to the President the appropriate suspension or reduction of excise taxes.

**SECTION 5. Coverage.**- The authority granted under this Act shall apply to petroleum products subject to excise tax under the National Internal Revenue Code, including but not limited to the following:

- a) diesel fuel oil;
- b) gasoline;
- c) kerosene;
- d) liquefied petroleum gas (LPG);
- e) aviation fuel; and
- f) other petroleum products subject to excise tax under the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963.

**SECTION 6. Mandatory Pass-Through of Excise Tax Reduction to Consumers.**- Any suspension or reduction of excise taxes on petroleum products authorized under this Act shall be fully and promptly reflected in the retail pump prices of petroleum products.

All refiners, importers, distributors, and retailers of petroleum products shall adjust their pricing to ensure that the corresponding reduction in excise taxes is passed on to consumers.

Such reduction shall be reflected in the retail pump prices within a reasonable period to be determined by the Department of Energy.

The Department of Energy, in coordination with the Department of Trade and Industry and other relevant agencies, shall:

1. Monitor the retail prices of petroleum products to ensure compliance with this provision;
2. Publish regular reports on fuel price movements and the estimated impact of excise tax adjustments; and
3. Recommend appropriate administrative sanctions or enforcement actions against entities found to be engaging in unjustified price increases or failing to pass on the tax reductions to consumers.

Failure to comply with this provision shall constitute a violation subject to appropriate administrative sanctions pursuant to existing laws, including the Oil Deregulation Law and other applicable regulations.

**SECTION 7. Duration of Tax Adjustment.** - Any suspension or reduction of excise taxes authorized under this Act shall be temporary and shall not exceed six (6) months for each activation, unless extended by Congress through a joint resolution.

**SECTION 8. Revenue Neutrality Safeguard.** - The exercise of authority under this Act shall be implemented in a manner that minimizes adverse fiscal impact and preserves the overall revenue objectives of national tax policy and fiscal sustainability.

For this purpose, the Department of Finance and the Department of Budget and Management shall recommend appropriate fiscal or expenditure adjustments necessary to maintain the sustainability of government programs and public finances.

**SECTION 9. Report to Congress.** - Within thirty (30) days from the exercise of authority under this Act, the President shall submit a report to Congress containing:

1. The economic basis for the suspension or reduction of excise taxes;
2. The estimated fiscal impact on government revenues;

3. The expected effects on domestic fuel prices, inflation, and transportation costs.

**SECTION 10. Sunset Clause.** - The authority granted under this Act shall expire five (5) years after its effectivity unless sooner terminated or extended by Congress through a joint resolution and after review of its economic and fiscal impact.

Nothing in this Act shall be construed as permanently modifying the excise tax rates established under existing law.

**SECTION 11. Implementing Rules and Regulations.** - Within fifteen (15) days from the effectivity of this Act, the Department of Finance, in coordination with the Department of Energy, the Bureau of Internal Revenue, and the Department of Economy, Planning, and Development, shall promulgate the rules and regulations necessary for the effective implementation of this Act.

**SECTION 12. Separability Clause.** - If any provision of this Act is declared unconstitutional, the remaining provisions not affected thereby shall remain in full force and effect.

**SECTION 13. Repealing Clause.** - All laws, decrees, executive orders, rules, and regulations inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SECTION 14. Effectivity.** - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*