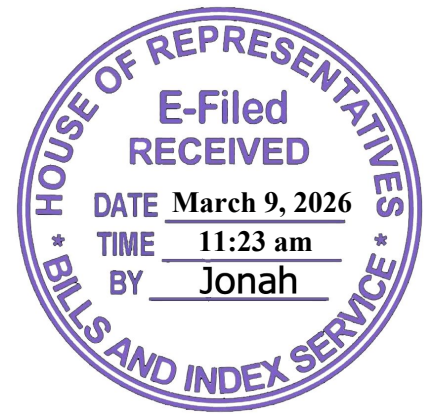




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8358



Introduced by **Representative FERDINAND L. HERNANDEZ**

AN ACT
AMENDING SECTION 148 OF THE NATIONAL INTERNAL REVENUE CODE (NIRC), AS AMENDED, GRANTING THE PRESIDENT THE AUTHORITY TO SUSPEND EXCISE TAX ON DIESEL, GASOLINE, LPG, KEROSENE, FUEL OIL, AND BUNKER OIL, AND FOR OTHER PURPOSES

EXPLANATORY NOTE:

The Philippines remains heavily dependent on imported petroleum to sustain transportation, agriculture, industry, electricity generation, and daily household activities. Crude oil—the raw material from which fuels are refined—is processed into the petroleum products that power the economy, including diesel, gasoline, liquefied petroleum gas (LPG), kerosene, fuel oil, and bunker oil. These refined fuels are presently subject to excise taxes under Section 148 of the National Internal Revenue Code (NIRC), as amended by R.A. No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law.

Recent developments in the Middle East have dramatically heightened the risks to global energy supply. Armed conflict involving Iran, Israel, and the United States has escalated into direct military confrontations, including missile and air strikes across the region. The conflict has resulted in the closure of the Strait of Hormuz, one of the world's most critical maritime oil chokepoints through which a substantial portion of global crude oil shipments (around 20-30%) normally pass. The closure of this strategic route has significantly disrupted global oil flows and triggered immediate volatility in international energy markets.

The Strait of Hormuz is of immense global importance. A large share of the world's seaborne crude oil exports from major producers such as Saudi Arabia, the United Arab Emirates, Kuwait, Iraq, and Qatar normally transits through this narrow passage. Any obstruction of this route sharply constrains global oil supply, triggering sudden increases in crude oil prices. For countries like the Philippines that import the vast majority of their petroleum requirements, such disruptions are quickly transmitted to domestic fuel prices.

Crude oil is the primary feedstock used by refineries to produce the fuels that power modern economies. Through refining and fractional distillation, crude oil is converted into gasoline, diesel, jet fuel derived from kerosene, liquefied petroleum gas (LPG), and heavy

fuel oils used for shipping and industrial purposes. As the international price of crude oil rises, the cost of producing these refined petroleum products inevitably increases. The result is higher pump prices for fuels such as diesel, gasoline, LPG, kerosene, fuel oil, and bunker oil.

The economic consequences of rising fuel prices are immediate and far-reaching. Diesel powers the trucks that transport food, medicine, and basic goods throughout the country. It fuels buses, jeepneys, and other public transport relied upon by millions of Filipino commuters. Gasoline powers motorcycles and private vehicles used for daily mobility. LPG is the primary cooking fuel used in millions of Filipino homes and small businesses. Fuel oil and bunker oil are used in maritime transport and certain power generation facilities. When the prices of these fuels rise sharply, transportation costs increase, food prices climb due to higher logistics expenses, electricity costs escalate, and household budgets are further strained.

Ultimately, ordinary Filipinos—particularly low-income families—bear the brunt of these economic shocks.

This surge in fuel prices comes at a particularly delicate time for the Philippine economy. Inflationary pressures remain a persistent concern, and rising energy costs threaten to push the prices of basic goods and services even higher. At a time when many Filipino families are already struggling to make ends meet, additional increases in fuel costs risk aggravating inflation across the entire economy. Such conditions raise the specter of a dangerous economic scenario in which inflation remains high while economic growth stagnates.

The Philippine economy suffered a significant slowdown in 2025, when actual gross domestic product (GDP) growth fell substantially below initial projections. Policymakers have identified 2026 as a critical year for economic recovery and expansion. However, the prospects for economic rebound could be severely undermined if fuel prices continue to rise sharply due to global geopolitical disruptions. High fuel costs cascade throughout the economy, raising transportation costs, increasing production expenses for businesses, and pushing up the prices of essential goods. If left unaddressed, this could erode purchasing power, suppress consumer spending, and impede economic recovery.

The TRAIN Law currently contains a safeguard provision allowing the President, upon recommendation of the Development Budget Coordination Committee (DBCC), to suspend scheduled increases in fuel excise taxes when international oil prices reach a certain threshold. However, this mechanism was designed to address the phased tax increases implemented during the early years of the TRAIN reform program. Those phased increases have already been fully implemented as of 2020. As a result, there are no remaining scheduled increases to suspend. In practical terms, the safeguard provision under the TRAIN Law has become moot and academic, as all excise tax increases under the law are already in effect.

In light of current global realities, the Philippines requires a more responsive and flexible policy mechanism that allows the government to cushion the impact of sudden global energy shocks. The present bill addresses this gap by introducing new sections under Chapter V of the NIRC that strengthen the government's ability to respond to energy crises.

FIRST, the bill authorizes the President, upon the recommendation of the Development Budget Coordination Committee, to suspend or reduce excise taxes on key petroleum products when either of two conditions occurs: (1) when global crude

oil prices exceed a specified threshold; or (2) when significant global oil supply disruptions affecting Philippine imports arise, including the closure of major oil transit routes or armed conflict in major oil-producing regions. By recognizing supply disruptions as an independent trigger for government action, the measure allows the government to act proactively rather than merely reacting to price spikes after they have already inflicted economic harm.

SECOND, the measure strengthens national energy security by requiring oil companies and bulk suppliers to maintain a minimum petroleum inventory equivalent to sixty (60) days of their average daily sales. It also authorizes the Department of Energy to establish a National Strategic Petroleum Reserve that may be deployed exclusively during a declared national energy emergency.

THIRD, the bill provides for staggered price adjustments during a declared energy crisis in order to prevent sudden and destabilizing price shocks. By limiting the amount of price increase that may be imposed in a single week, the measure aims to moderate abrupt economic disruptions while allowing necessary market adjustments to occur over time.

FOURTH, the measure establishes a Fuel Subsidy Contingency Fund to provide immediate assistance to vulnerable sectors whose livelihoods are directly affected by fuel price increases. Public utility vehicle drivers, small-scale farmers, and fisherfolk are particularly sensitive to fuel costs. The proposed fuel voucher system will ensure that these sectors receive targeted support during periods of energy crisis.

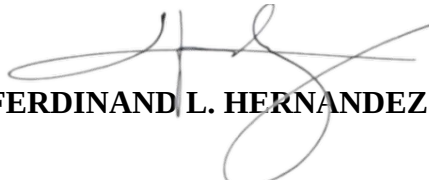
Importantly, the authority granted under this measure is not open-ended. The suspension or reduction of excise taxes is subject to clear safeguards. Any such suspension shall automatically lapse after one (1) year, or earlier if the conditions that justified the suspension no longer exist. These safeguards ensure that the authority is exercised only during genuine emergencies while preserving the long-term fiscal stability of the government.

This measure is firmly grounded in the principles of the 1987 Philippine Constitution, Article II, Section 9, 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.”

In the face of global conflict, volatile energy markets, and rising inflationary pressures, the government must remain vigilant and responsive in protecting the welfare of the Filipino people. By providing tools for proactive fiscal intervention, strengthening energy security, moderating price shocks, and protecting vulnerable sectors, this measure seeks to ensure that the Philippine economy remains resilient even in the face of global energy disruptions.

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


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

SEC. 1. A new section designated as Section 148-B, 148-C, 148-D, 148-E, under Chapter V of the NIRC, as amended, is hereby inserted to read as follows:

SEC. 148-B. NOTWITHSTANDING THE FOREGOING, THE PRESIDENT, UPON THE RECOMMENDATION OF THE DEVELOPMENT BUDGET COORDINATION COMMITTEE, MAY, THROUGH AN EXECUTIVE ORDER, SUSPEND OR REDUCE THE EXCISE TAXES IMPOSED UNDER SECTION 148 ON DIESEL, GASOLINE, LPG, KEROSENE, FUEL OIL, AND BUNKER OIL: PROVIDED, THAT SUCH AUTHORITY MAY BE EXERCISED WHEN:

(A) THE AVERAGE DUBAI CRUDE OIL PRICE BASED ON THE MEAN OF PLATTS SINGAPORE (MOPS) FOR ONE (1) MONTH REACHES OR EXCEEDS EIGHTY DOLLARS (USD 80) PER BARREL; OR

(B) A SIGNIFICANT GLOBAL OIL SUPPLY DISRUPTION AFFECTING PHILIPPINE IMPORTS OCCURS, INCLUDING BUT NOT LIMITED TO THE CLOSURE OR OBSTRUCTION OF MAJOR INTERNATIONAL OIL TRANSIT ROUTES, ARMED CONFLICT IN MAJOR OIL-PRODUCING REGIONS, OR ANY COMPARABLE EMERGENCY AFFECTING THE STABILITY OF GLOBAL PETROLEUM SUPPLY:

PROVIDED, FURTHER, THAT ANY SUSPENSION OR REDUCTION OF EXCISE TAXES UNDER THIS SEC 148-B SHALL BE AUTOMATICALLY LIFTED WHEN THE CONDITION JUSTIFYING SUCH ACTION IS NO

LONGER PRESENT OR AFTER A PERIOD OF ONE (1) YEAR, WHICHEVER COMES FIRST.

CONDITION THAT JUSTIFY THE AUTOMATIC LIFTING OF THE SUSPENSION OR REDUCTION OF EXCISE TAX UNDER THIS SECTION IS DEFINED AS STABILITY OF THE PRICE OF CRUDE OIL WHICH, FOR A PERIOD OF THREE (3) MONTHS), THE AVERAGE PRICE DOES NOT EXCEED EIGHTY DOLLARS (USD 80) PER BARREL BASED ON THE MEAN OF PLATTS SINGAPORE (MOPS)

SEC. 148-C. STRATEGIC FUEL RESERVE AND INVENTORY. – TO ENSURE CONTINUOUS SUPPLY DURING GEOPOLITICAL CONFLICTS, ALL OIL COMPANIES AND BULK SUPPLIERS SHALL MAINTAIN A MINIMUM INVENTORY OF PETROLEUM PRODUCTS EQUIVALENT TO AT LEAST ONE HUNDRED AND TWENTY (120) DAYS OF THEIR AVERAGE DAILY SALES. THE DEPARTMENT OF ENERGY (DOE) IS FURTHER AUTHORIZED TO ESTABLISH A NATIONAL STRATEGIC PETROLEUM RESERVE TO BE UTILIZED SOLELY DURING A DECLARED NATIONAL ENERGY EMERGENCY.

SEC. 148-D. MANDATORY STAGGERED PRICE ADJUSTMENTS. – DURING A DECLARED STATE OF ENERGY CRISIS, THE DOE SHALL COORDINATE WITH OIL COMPANIES TO IMPLEMENT STAGGERED PRICE INCREASES. NO MORE THAN TWENTY-FIVE PERCENT (25%) OF THE TOTAL REQUIRED PRICE ADJUSTMENT MAY BE IMPLEMENTED IN A SINGLE WEEK TO PREVENT IMMEDIATE ECONOMIC SHOCK TO CONSUMERS.

SEC. 148-E. FUEL SUBSIDY FOR VULNERABLE SECTORS. – THERE IS HEREBY ESTABLISHED A "FUEL SUBSIDY CONTINGENCY FUND" TO BE ADMINISTERED BY THE DEPARTMENT OF TRANSPORTATION (DOTR) AND THE DEPARTMENT OF AGRICULTURE (DA). THIS FUND SHALL BE USED TO PROVIDE IMMEDIATE ELECTRONIC FUEL VOUCHERS TO LEGITIMATE PUBLIC UTILITY VEHICLE (PUV) DRIVERS, SMALL-SCALE FARMERS, FISHERFOLK, AND QUALIFIED LOGISTICS COMPANIES ENGAGED IN THE TRANSPORTATION OF ESSENTIAL GOODS, AS MAY BE DETERMINED BY THE DEPARTMENT OF TRANSPORTATION IN COORDINATION WITH THE DEPARTMENT OF AGRICULTURE, WHENEVER THE PRICE OF DIESEL EXCEEDS A THRESHOLD TO BE DETERMINED BY THE NBB.

SEC. 2. Separability Clause. - If any provisions or part of this Act is held invalid or unconstitutional, the remainder of the law or the provision not otherwise affected shall remain valid and subsisting.

SEC. 3. Repealing Clause. - Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with the provisions of this Act is hereby repealed, modified, or amended accordingly.

SEC. 4. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least (2) newspapers of general circulation.

Approved.