

**TWENTIETH CONGRESS OF THE** )  
**REPUBLIC OF THE PHILIPPINES** )  
*First Regular Session* )



**HOUSE OF REPRESENTATIVES**

**House Bill No. 8381**

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Introduced by Hon. Antonio B. Legarda Jr.

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**AN ACT**  
**AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO TEMPORARILY**  
**SUSPEND THE IMPOSITION OF EXCISE TAX AND VALUE-ADDED TAX ON**  
**PETROLEUM PRODUCTS DURING A DECLARED FUEL CRISIS**

**EXPLANATORY NOTE**

The Philippines remains highly vulnerable to fluctuations in global oil markets due to its heavy reliance on imported petroleum products. Volatility in international crude prices, particularly during geopolitical disruptions affecting major oil-producing regions, is quickly transmitted to domestic fuel prices. These shocks impose significant burdens on households, increase transportation costs, and contribute to inflationary pressures that affect food prices and other essential commodities.

During periods of extraordinary global supply disruptions or sharp oil price spikes, both the excise tax and value-added tax (VAT) components of fuel prices amplify the impact on consumers and the broader economy. Given that fuel is a key input across sectors, including transport, agriculture, manufacturing, and logistics, sudden increases in pump prices can cascade through the economy and contribute to higher inflation.

Under the current tax structure, petroleum products in the Philippines are subject to both excise taxes and the twelve percent (12%) VAT imposed under the National Internal Revenue Code of 1997, as amended by Republic Act No. 10963. This measure proposes a narrowly tailored emergency mechanism that authorizes the President of the Philippines to temporarily suspend the imposition of excise tax and VAT on petroleum products during a declared fuel crisis. The authority may only be exercised upon the joint recommendation of key economic and energy agencies.

To ensure fiscal discipline and prevent misuse, the suspension shall be strictly limited to a period not exceeding thirty (30) days per declaration of a fuel crisis, subject to renewal only under the conditions provided under this Act.

International experience demonstrates that temporary fuel tax reductions are widely used as emergency policy tools during periods of extraordinary energy price volatility. In 2022, Germany<sup>1</sup> implemented a nationwide fuel tax reduction for gasoline and diesel for three months to mitigate the impact of rising energy prices, which reduced fuel prices by more than fifteen percent during the intervention period. Similarly, South Korea<sup>2</sup> introduced temporary fuel tax reductions beginning in 2021 and extended these measures several times to help ease inflationary pressures and reduce the burden on consumers amid volatile oil markets. Meanwhile, Indonesia has historically implemented targeted fuel subsidies and tax relief measures during periods of high global oil prices to stabilize domestic markets and protect consumers from sudden price increases.

These international experiences demonstrate that temporary tax interventions, when carefully designed and time-bound, can serve as effective stabilization tools during extraordinary market disruptions.

By establishing a conditional and temporary mechanism to cushion the impact of fuel price shocks, this measure seeks to protect consumers, mitigate inflationary pressures, and preserve economic stability while maintaining fiscal discipline.

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

  
**HON. ANTONIO B. LEGARDA, JR.**

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<sup>1</sup> Cantner, F., Nachtigall, N., Hamm, L. et. al., (2022). A Nation-Wide Experiment: Fuel Tax Cuts and Almost Free Public Transport for Three Months in Germany – Report 2 First Wave Results, <https://doi.org/10.48550/arXiv.2206.10510>

<sup>2</sup> South Korea to implement Smaller Fuel Tax Cuts from November, Reuters, October 22, 2025, <https://www.reuters.com/world/asia-pacific/south-korea-implement-smaller-fuel-tax-cuts-november-2025-10-21/?utm>

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21

22 *Be it enacted by the Senate and House of Representatives of the Philippines in*  
23 *Congress assembled:*  
24

25 Section 1. ***Short Title.*** – This Act shall be known as the “Fuel Crisis Relief Act.”

26 Section 2. ***Declaration of Policy.*** – It is the policy of the State to protect consumers  
27 and safeguard economic stability during extraordinary disruptions in global oil markets  
28 that result in sudden and significant increases in domestic fuel prices.

29 Towards this end, the State shall provide a temporary and conditional mechanism to  
30 mitigate the economic impact of fuel price shocks while maintaining fiscal prudence  
31 and accountability.

32 Section 3. ***Definition of Terms.*** – For the purpose of this Act, the term:

- 33 a. *Excise Tax* - refers to the tax imposed on specific goods manufactured or  
34 produced in the Philippines for domestic sale or consumption, or on goods  
35 imported into the Philippines, pursuant to the National Internal Revenue Code  
36 of 1997, as amended;

- b. *Fuel Crisis* – refers to a situation characterized by extraordinary increases in domestic fuel prices or disruptions in global petroleum supply which pose significant risks to inflation, transportation costs, or economic stability;
- c. *Petroleum Products* – refined petroleum fuels including gasoline, diesel, kerosene, liquefied petroleum gas (LPG), aviation fuel, bunker fuel, and other fuels derived from crude oil;
- d. *Retail Price* – refers to the pump price or selling price of petroleum products to end consumers;
- e. *Suspension* – refers to the temporary non-imposition or non-collection of excise tax and VAT on petroleum products during the period authorized under this Act;
- f. *Value-Added Tax (VAT)* – refers to the twelve percent (12%) tax imposed on the sale, barter, exchange, or lease of goods or properties and services, and on the importation of goods, pursuant to the National Internal Revenue Code of 1997, as amended.

Section 4. ***Declaration of Fuel Crisis.*** – The President may declare a Fuel Crisis only upon the joint recommendation of the following agencies:

- a. Department of Energy (DOE);
- b. Department of Economy, Planning, and Development (DEPDev);
- c. Department of Finance (DOF);
- d. Department of Budget and Management (DBM); and
- e. Department of Trade and Industry (DTI).

Such recommendation shall be based on a determination that extraordinary circumstances exist, including but not limited to:

- a. significant disruptions in global or regional oil supply, including geopolitical conflicts, trade restrictions, or other events that materially affect the availability of petroleum products;
- b. extraordinary increases in international crude oil prices, as reflected in recognized global oil price benchmarks;
- c. serious risks to domestic inflation, transportation costs, or economic stability arising from sustained increases in fuel prices;

- d. declining levels of domestic petroleum buffer stocks or strategic reserves, such that available supply falls below levels necessary to ensure adequate fuel availability for essential sectors;
- e. significant supply chain disruptions affecting the importation, distribution, or delivery of petroleum products within the country;
- f. extraordinary increases in domestic pump prices within a short period of time, which may significantly affect public transport operations, food supply chains, and other essential economic activities; or
- g. other similar conditions affecting national energy security or fuel market stability, as may be determined by the recommending agencies.

Section 5. ***Temporary Suspension of Excise Tax and VAT on Petroleum Products.*** – The President of the Philippines is hereby authorized to temporarily suspend the imposition of excise tax and the twelve percent (12%) VAT on the sale, importation, or distribution of petroleum products for a period not exceeding thirty (30) days during a declared Fuel Crisis pursuant to this Act.

Such suspension may be renewed for additional periods not exceeding thirty (30) days each, upon the joint recommendation of the DOE, DOF, and DEPDev, and upon determination that the conditions constituting the Fuel Crisis continue to exist.

Section 6. – ***Price Monitoring, Information, and Public Awareness.*** Upon the declaration of a Fuel Crisis and the issuance of an order suspending the imposition of the excise tax and VAT on petroleum products pursuant to this Act, the DOE, in coordination with the DOF, the Bureau of Internal Revenue (BIR), and DTI shall undertake appropriate information, and public awareness activities to ensure that consumers, industry participants, and the general public are properly informed of the suspension and its expected impact on the retail prices of petroleum products. The DOE, in coordination with the DTI, shall ensure that the suspension of the excise tax and VAT is fully reflected in the retail prices of petroleum products.

Such activities shall include the timely dissemination of advisories through official government channels, publication of relevant notices, and coordination with petroleum industry participants to ensure transparency and compliance with the provisions of this Act.

1 The DOE shall regularly publish updated fuel price monitoring reports during the period  
2 of suspension, including indicative retail price adjustments resulting from the  
3 temporary non-imposition of the excise tax and VAT, in order to promote transparency  
4 and ensure that the benefits of the suspension are reflected in the retail prices of  
5 petroleum products.

6 The DOE, in coordination with the Department of Transportation (DOTr) and the Land  
7 Transportation Franchising and Regulatory Board (LTFRB), shall likewise issue  
8 appropriate public advisories to inform public transport operators and commuters of  
9 fuel price developments during the period of suspension.

10 **Section 7. *Report to Congress.*** – Within fifteen (15) days from the issuance of the  
11 order suspending the excise tax and VAT under this Act, the President shall submit a  
12 report to Congress through the Senate President and the Speaker of the House of  
13 Representatives detailing:

- 14 a. The basis for the declaration of a Fuel Crisis, including relevant global and domestic  
15 fuel price developments, supply conditions, and other economic indicators that justify  
16 the suspension;
- 17 b. The recommendations and assessments of the DOE, DOF, and DEPDev that served as  
18 the basis for the issuance or renewal of the suspension;
- 19 c. The estimated fiscal impact of the suspension, including the projected revenue  
20 foregone from the temporary non-imposition of the excise tax and VAT;
- 21 d. The observed and expected effects of the suspension on domestic fuel prices, including  
22 the extent to which the benefits of the suspension are reflected in retail pump prices;
- 23 e. The anticipated impact on inflation, transportation costs, and other relevant economic  
24 indicators; and
- 25 f. Any additional measures undertaken by the national government to mitigate the effects  
26 of the Fuel Crisis on consumers and key sectors of the economy.

27 In the event of any renewal of the suspension, the President shall submit an updated  
28 report to Congress within fifteen (15) days from the issuance of such renewal,  
29 providing the basis and justification for the continuation of the suspension.

30 **Section 8. *Implementing Rules and Regulations.*** – Within sixty (60) days after  
31 the effectivity of this Act, the DOF, in coordination with the BIR, DOE, and DTI, shall  
32 promulgate the necessary rules and regulations to effectively implement the provisions  
33 of this Act.

1 The IRR shall include, among others:

- 2 1. Procedures and guidelines for the declaration of a Fuel Crisis and the  
3 implementation of the temporary suspension of the excise tax and VAT on  
4 petroleum products;
- 5 2. Guidelines on the coverage and application of the excise tax and VAT  
6 suspension, including the transactions and petroleum products covered by such  
7 suspension;
- 8 3. Administrative procedures for tax compliance and reporting, consistent with  
9 existing laws and regulations governing the collection and administration of  
10 taxes;
- 11 4. Mechanisms to ensure that the benefits of the excise tax and VAT suspension  
12 are reflected in the retail prices of petroleum products, including appropriate  
13 monitoring and reporting measures;
- 14 5. Protocols for information dissemination and public awareness regarding the  
15 implementation and duration of the excise tax and VAT suspension; and
- 16 6. Mechanisms for inter-agency coordination, monitoring, and reporting to ensure  
17 effective implementation of this Act.

18 Section 9. ***Separability Clause.*** – If any part or provision of this Act is held invalid  
19 or unconstitutional, the other provisions not affected shall remain in full force and  
20 effect.

21 Section 10. ***Repealing Clause.*** – All laws, executive orders, issuances, decrees, rules  
22 and regulations or any part thereof which are inconsistent with or contrary to the  
23 provisions of this Act are deemed amended, modified, or repealed accordingly.

24 Section 11. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its  
25 publication in the *Official Gazette* or in a newspaper of general circulation.

26 *Approved,*