



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



TWENTIETH CONGRESS

First Regular Session

House Bill No. 8394

Introduced by REPRESENTATIVE GERALD CLOYD ALEXIS V. GALANG

EXPLANATORY NOTE

Recent developments in the Middle East have sharply driven up global crude oil prices. Brent and West Texas Intermediate (WTI) crude have breached the \$90-per-barrel mark, while Dubai crude - the Philippine benchmark - has reportedly risen to around \$76.50 per barrel, prompting the administration to prepare contingency measures should it reach \$80 per barrel.

These developments have driven home a hard truth: as a net importer of crude oil, the Philippines remains highly vulnerable to external oil shocks and the inflationary pressures they trigger on transportation costs, electricity rates, and the prices of basic goods.

This proposed measure therefore seeks to equip the President with the necessary flexibility to respond to such external oil shocks. It authorizes the President to temporarily suspend or reduce, by not more than fifty percent (50%), the excise tax and/or value-added tax imposed on petroleum products when the average Dubai crude oil price, based on the Mean of Platts Singapore (MOPS), for one (1) month exceeds eighty dollars (USD 80) per barrel.

Such suspension or reduction may also be implemented in the event of an extraordinary supply disruption, geopolitical crisis, or other force majeure events affecting global petroleum markets, as certified by the Secretary of Energy.

Considering the urgent need to protect the Filipino people from the sudden oil price shocks and their inflationary effects, the immediate approval of this measure is earnestly sought.


GERALD GALANG
2nd Legislative District, City of Valenzuela



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Introduced by **REPRESENTATIVE GERALD CLOYD ALEXIS V. GALANG**

AN ACT

AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO TEMPORARILY SUSPEND OR REDUCE EXCISE TAXES AND/OR VALUE-ADDED TAX ON PETROLEUM PRODUCTS WHEN GLOBAL OIL PRICES EXCEED SPECIFIED THRESHOLDS

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

SECTION 1. *Declaration of Policy.* - It is the policy of the State to protect consumers and cushion the economy from sudden increases in global oil prices by providing a mechanism for the temporary suspension or reduction of taxes on petroleum products when international oil prices reach critical levels.

SEC. 2. *Temporary Suspension or Reduction of Taxes of Petroleum Products.* - Notwithstanding any provision of law to the contrary, including relevant provisions of the National Internal Revenue Code (NIRC) of the Philippines, as amended by the Tax Reform for Acceleration and Inclusion (TRAIN) Law, the President of the Philippines may, upon the recommendation of the Secretary of Finance, temporarily suspend or reduce the excise tax and/or value-added tax imposed on petroleum products by not more than fifty percent (50%), when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for one (1) month exceeds eighty dollars (USD 80) per barrel. In the event of an extraordinary supply disruption, geopolitical crisis, or other force majeure events affecting global petroleum markets, as certified by the Secretary of Energy, the President may implement the suspension or reduction of taxes even if the price threshold provided above has not been met: *Provided*, that such suspension may be lifted or the taxes be reverted to the rates as provided under the NIRC, when the conditions that warrant the suspension or reduction no longer exist.

SEC. 3. *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 Bureau of Customs, shall formulate the necessary rules and regulations for the effective implementation of this Act.

SEC. 4. *Separability Clause.* – If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall continue to be in full force and effect.

SEC. 5. *Repealing Clause.* – All laws, decrees, executive orders, proclamations, rules and regulations, and other issuances or parts thereof which are inconsistent with any provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,