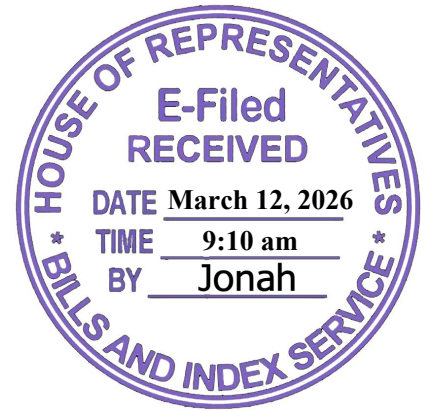


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session
House Bill No. **8478**



Introduced by: Congressman **BIENVENIDO M. ABANTE, JR.**

AN ACT
AMENDING THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS
AMENDED, BY INSERTING A NEW SECTION 148-B PROVIDING A
TEMPORARY EXCISE TAX ADJUSTMENT MECHANISM ON PETROLEUM
PRODUCTS SUBJECT TO EXCISE TAX UNDER SECTION 148 UNTIL 31
DECEMBER 2030, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The Philippines is a fuel-import dependent economy, making domestic fuel prices highly vulnerable to fluctuations in global oil markets. Geopolitical tensions, supply disruptions, and armed conflicts in key oil-producing regions, particularly in the Middle East, have repeatedly triggered sharp increases in global crude oil prices. These shocks inevitably translate into higher pump prices in the country, affecting not only motorists but the entire economy.

Recent geopolitical tensions have once again underscored this vulnerability. Reports of renewed tensions in the Middle East have raised concerns about possible disruptions in global oil supply, which could lead to another surge in fuel prices affecting Filipino motorists. Such developments highlight the Philippines' continued reliance on imported petroleum and its exposure to volatility in the international oil market.¹

Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, increased the excise tax on petroleum products beginning in 2018 through a series of scheduled rate adjustments implemented from 2018 to 2020. The law likewise introduced a safeguard mechanism allowing the suspension of the next scheduled excise tax increase when the average Dubai crude oil price reaches eighty United States dollars (USD 80) per barrel for three consecutive months.

¹ Jeti Petroleum, Inc. (2026, March 1). Middle East crisis threatens sharp fuel spike. Daily Tribune. <https://tribune.net.ph/2026/03/02/middle-east-crisis-threatens-sharp-fuel-spike>

However, the practical effect of this safeguard has already been exhausted. The scheduled excise tax increases under the TRAIN Law were fully implemented by 2020, leaving no further adjustments to suspend under the existing mechanism. Moreover, the law expressly provides that such suspension shall not result in any reduction of the excise tax already being imposed at the time of the suspension. As such, the safeguard mechanism merely prevents further increases in fuel excise tax rates but does not allow a reduction of the existing tax burden, thereby limiting its effectiveness as a policy tool to mitigate future fuel price surges.²

Proposals have recently emerged to grant the President emergency authority to suspend or reduce fuel excise taxes during periods of extraordinary increases in global oil prices. While such measures may provide temporary relief, they rely heavily on discretionary action and may raise concerns regarding fiscal stability and predictability in tax policy. This approach has gained renewed attention amid rising geopolitical tensions affecting global oil markets. Reports indicate that several senators have expressed support for granting President Ferdinand “Bongbong” Marcos Jr. the authority to suspend or reduce fuel excise taxes as global oil prices react to the escalating conflict in the Middle East.³ While this proposal reflects the urgency of addressing fuel price volatility, it likewise underscores the need for a more structured, rules-based mechanism that can provide timely relief without relying solely on extraordinary executive authority.

The importance of prudent economic preparation has long been recognized even in historical accounts such as the biblical narrative of Joseph in the Book of Genesis,⁴ where foresight and careful planning enabled a nation to withstand years of severe famine. In much the same way, sound public policy requires the establishment of mechanisms that allow governments to anticipate and respond to periods of economic volatility rather than rely solely on *ad hoc* measures during times of crisis.

To ensure that such relief measures remain fiscally sustainable, the bill establishes a **Fuel Excise Tax Stabilization Fund** to serve as a financial buffer that can offset revenue losses resulting from temporary excise tax reductions during periods of high global oil prices. Similar stabilization mechanisms are implemented in several countries, including Thailand, Indonesia, and Malaysia, to mitigate the impact of oil price volatility on domestic markets.⁵ The measure is further reinforced by a **Fiscal Safeguard Provision**, directing the Department of Finance, in coordination with the Department of Budget and Management, to recommend appropriate fiscal measures should the temporary reductions significantly affect government revenues, thereby ensuring that consumer relief measures are implemented without compromising fiscal stability.

² DivinaLaw. (2021, January 9). TRAIN Stop for Fuel Tax Hike. <https://www.divinalaw.com/news-and-updates/train-stop-fuel-tax-hike/>.

³ Manila Bulletin. (2026, March 3). Senators back proposal to give PBBM authority to suspend fuel excise tax. <https://mb.com.ph/2026/03/03/senators-back-proposal-to-give-pbbm-authority-to-suspend-fuel-excise-tax>

⁴ Genesis chapters 37-50, (KJV).

⁵ Navarro, A. M. (2022). Reviving the Oil Price Stabilization Fund: Risks and alternatives [Webinar PDF]. Philippine Institute for Development Studies. <https://pidswebs.pids.gov.ph/CDN/document/OPSF-Risks-Alternatives-webinar-v2.pdf>.

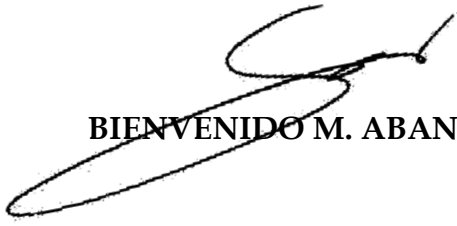
This bill seeks to amend Section 148 of the National Internal Revenue Code of 1997, as amended by the TRAIN Law, to introduce an automatic and graduated excise tax adjustment mechanism tied to global oil price thresholds. Under the proposed measure, temporary reductions in fuel excise taxes shall be implemented once the average Dubai crude oil price reaches specified levels, thereby providing timely relief to consumers during periods of extraordinary oil price increases.

In view of continuing exposure to global oil price volatility, the bill adopts a structured, rules-based, and time-bound mechanism that authorizes temporary and graduated reductions in excise taxes on certain petroleum products once the Dubai crude oil price reaches specified thresholds. The reductions are automatically implemented based on objective price triggers and are likewise subject to automatic restoration once global oil prices normalize. This approach ensures that consumer relief is predictable, transparent, and not dependent on discretionary intervention.

Complementing the excise tax adjustment mechanism, the bill likewise provides for a **temporary suspension of the twelve percent (12%) value-added tax (VAT)** on the importation of the same covered petroleum products when the same price triggers are reached. Considering that the Philippines relies heavily on imported fuel, VAT imposed at the point of importation significantly increases the landed cost and immediate cash outlay required for fuel imports during periods of elevated global oil prices. Temporarily suspending VAT under clearly defined price triggers is therefore intended to moderate the pass-through of extraordinary global price shocks to domestic fuel prices and inflation, while ensuring that the relief mechanism remains targeted, automatic, and time-bound.

Furthermore, this measure proposes to extend the monitoring and adjustment framework for fuel excise taxes until 2030, allowing the government to respond to global energy market volatility in a more structured, predictable, and rules-based manner. By institutionalizing a price-triggered tax adjustment mechanism, this measure seeks to strike a balance between consumer protection and fiscal responsibility. It provides timely relief during periods of significant fuel price increases while preserving the government's capacity to generate revenues necessary to support infrastructure development, social services, and economic recovery programs.

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



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PRODUCTS SUBJECT TO EXCISE TAX UNDER SECTION 148 UNTIL 31
DECEMBER 2030, AND FOR OTHER PURPOSES

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

SECTION 1. *Insertion of a New Section 148-B under the National Internal Revenue Code.* — A new section designated as Section 148-B of Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended, is hereby inserted immediately after Section 148-A, to read as follows:

SEC. 148-B. *Temporary Adjustment of Excise Taxes on Certain Petroleum Products Based on Dubai Crude Price Triggers.* — To mitigate the impact of extraordinary increases in global crude oil prices on domestic fuel prices and inflation, the excise tax rates imposed on covered petroleum products under Section 148 of this Code shall be temporarily reduced in accordance with this Section:

(a) Covered Products. — The temporary adjustments under this Section shall apply to the following petroleum products subject to excise tax under Section 148, as amended, and as described therein:

- (1) gasoline (including unleaded premium gasoline and regular gasoline);
- (2) diesel fuel oil;
- (3) kerosene: Provided, That kerosene, when used as aviation fuel, shall be subject to the same tax applicable to aviation turbo jet fuel, such tax to be assessed on the user thereof; and
- (4) aviation turbo jet fuel (including Jet A-1 or equivalent aviation turbine fuel/jet fuel); and

- (5) liquefied petroleum gas (LPG), including LPG used for motive power at the equivalent rate as diesel fuel oil, as applicable under Section 148.

For avoidance of doubt, this Section shall cover both domestically produced and imported covered products, consistent with excise tax administration under this Code.

(b) Price Reference; Computation. — For purposes of this Section, “Dubai crude oil price” refers to the monthly Dubai crude oil price based on the Mean of Platts Singapore (MOPS) monthly average of daily assessments for each relevant month, or such successor benchmark as may be recognized in the implementing rules. The Department of Energy (DOE) shall adopt a uniform computation method and publish the computation table and data sources.

(c) Trigger for Temporary Reduction; Graduated Rates. — Once the DOE certifies and publishes under paragraph (e) that the Dubai crude oil price has reached or exceeded any of the following thresholds, the excise tax rates applicable to the covered products under Section 148 shall be temporarily reduced as follows:

- (1) if at least United States Dollars Eighty (USD 80) per barrel: reduction of twenty-five percent (25%) of the applicable excise tax rate under Section 148;
- (2) if at least United States Dollars Ninety (USD 90) per barrel: reduction of fifty percent (50%) of the applicable excise tax rate under Section 148; and
- (3) if at least United States Dollars One Hundred (USD 100) per barrel: reduction of seventy-five percent (75%) of the applicable excise tax rate under Section 148.

Where multiple thresholds are met, the highest applicable reduction shall apply.

(d) Restoration of Original Rates. — Any temporary reduction under paragraph (c) shall remain in effect until the DOE certifies and publishes that the Dubai crude oil price has fallen below USD 80 per barrel for one (1) month, at which time the original excise tax rates under Section 148 shall be automatically restored effective on the first day of the immediately succeeding month.

(e) Certification; Publication; Determination of Applicability. — The DOE shall compute and certify the monthly Dubai crude oil price and determine whether the conditions for (i) the imposition of a temporary reduction under paragraph (c), or (ii) the restoration of original rates

under paragraph (d), are met. The DOE shall publish, not later than the fifth (5th) day of each month, the certification and computation table on its official website and in at least one (1) newspaper of general circulation.

(f) Implementing Revenue Issuances; Effectivity for BIR and BOC Collection. — Within five (5) days from DOE publication under paragraph (e), the Department of Finance (DOF), through the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), as may be appropriate, shall issue the corresponding revenue issuance(s) to implement the applicable adjusted excise tax rate(s) for collection.

The adjusted rates shall apply beginning the first day of the month immediately following DOE publication and shall govern:

- (1) removals of covered products from the place of production, including refineries, depots, or bonded facilities, as may be applicable; and
- (2) covered products imported and released from customs custody,

on or after said effectivity date, consistent with existing excise tax administration rules.

(g) Transparency; Monitoring of Domestic Price Movements. — During periods when a temporary reduction under this Section is in effect, the DOE shall monitor and publish the movement of domestic retail prices of the covered products, including the estimated excise tax component per liter and changes thereto, in the manner provided in the implementing rules.

(h) Relation to Prior Provisos under Section 148; Separability from Suspension Mechanism. — This temporary reduction mechanism is separate from, and in addition to, any suspension mechanism provided under Section 148 and Section 148-A. The proviso under Section 148 stating that any suspension of the increase in excise tax shall not result in any reduction of the excise tax being imposed at the time of the suspension shall not apply to temporary reductions implemented under this Section.

(i) Sunset. — No temporary reduction under this Section shall apply after 31 December 2030, unless extended by Congress.”

SEC 2. *Temporary Suspension of the Twelve Percent (12%) Value-Added Tax on Importation of Covered Fuel Products Upon Price Triggers.* — Notwithstanding any provision of the National Internal Revenue Code of 1997, as amended, to the contrary, once the DOE certifies and publishes under Section 148-B(e) that the Dubai crude oil

price has reached or exceeded United States Dollars Eighty (USD 80) per barrel, the twelve percent (12%) value-added tax (VAT) on importation shall be temporarily suspended with respect to the importation of the covered products under Section 148-B(a), subject to the following:

(a) Scope. — The suspension shall apply only to VAT imposed on the importation of the covered products under Section 148-B(a), and shall not be construed as:

- (1) an exemption from VAT on the sale, barter, exchange, or lease of goods or properties or the sale of services in the Philippines; or
- (2) an exemption from any excise tax, customs duty, or other charge imposed by law.

(b) Effectivity; Administration. — The suspension shall take effect on the first day of the month immediately following DOE publication under Section 148-B(e). Within five (5) days from such publication, the DOF, through the BIR and the BOC, shall issue the necessary revenue issuance(s) to implement the suspension for covered importations released from customs custody on or after said effectivity date.

(c) Restoration. — The VAT on importation suspended under this Section shall be automatically restored effective on the first day of the month immediately following DOE publication under Section 148-B(e) that the restoration condition under Section 148-B(d) has been met.

(d) Sunset. — No suspension under this Section shall apply after 31 December 2030, unless extended by Congress.

SEC 3. *Annual Report to Congress.* — The DOE shall submit to the Senate Committee on Energy, the Senate Committee on Ways and Means, the House Committee on Energy, and the House Committee on Ways and Means, an annual report on the implementation of this Act, including its impact on: (a) retail fuel prices; (b) inflation; and (c) national government revenues from excise taxes on petroleum products and taxes collected on fuel importation.

SEC 4. *Fuel Excise Tax Stabilization Fund.* — There is hereby created a Fuel Excise Tax Stabilization Fund (the “Fund”), which shall be maintained as a special account in the General Fund, to be administered by the Department of Finance, subject to applicable government accounting and auditing rules.

(a) Sources. — The Fund shall consist of:

- (1) Stabilization Contributions. — During periods when the DOE certifies and publishes that the Dubai crude oil price is below United States Dollars Seventy (USD 70) per barrel for one (1) month, there shall be credited to the Fund a portion of collections from excise

taxes on petroleum products under Section 148: Provided, That such crediting shall not exceed an amount equivalent to one percent (1%) of total monthly collections from excise taxes on petroleum products under Section 148, and shall not impair the cash requirements of existing appropriations;

- (2) Such appropriations as may be provided by Congress;
- (3) Interest and other income derived from the placement of amounts in the Fund in authorized government financial instruments, subject to applicable rules; and
- (4) Donations or grants accepted in accordance with existing laws, rules, and regulations.

(b) *Uses.* — Amounts in the Fund may be used exclusively to offset revenue losses directly attributable to temporary excise tax reductions under Section 148-B and the temporary VAT suspension on importation under Section 2 of this Act, and to support duly authorized programs mitigating the impact of fuel price volatility, subject to appropriation and release in accordance with law.

(c) *Reporting.* — The DOF shall submit to Congress, within ninety (90) days after the end of each fiscal year, an annual report on the status of the Fund, including amounts credited, disbursements, and outstanding balance.

SEC 5. *Fiscal Safeguard Provision.* — In the event that temporary excise tax reductions under Section 148-B and the temporary VAT suspension on importation under Section 2 of this Act result in significant revenue loss materially affecting the fiscal position of the National Government, the DOF, in coordination with the Department of Budget and Management (DBM), shall recommend to the President and report to Congress appropriate measures, including budgetary adjustments, expenditure prioritization, or other revenue measures, to maintain fiscal sustainability while ensuring the effective implementation of this Act.

SEC 6. *Implementing Rules and Regulations.* — Within sixty (60) days from the effectivity of this Act, the DOF, the BIR, the BOC, and the DOE shall jointly promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC 7. *Separability Clause.* — If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

SEC 8. *Repealing Clause.* — All laws, decrees, executive orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC 9. *Effectivity.* — This Act shall take effect fifteen (15) days following its complete publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,