



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila
TWENTIETH CONGRESS
First Regular Session
HOUSE BILL NO. 8494

Introduced by Representative EDGAR R. ERICE

EXPLANATORY NOTE

The Philippine economy remains highly vulnerable to fluctuations in global oil prices. As a net importer of petroleum, the country relies heavily on international supply to meet domestic fuel demand. When world crude oil prices rise sharply, the effects quickly cascade across the economy—raising transportation costs, increasing the price of food and basic commodities, and fueling inflation that erodes the purchasing power of Filipino families..

The impact is especially severe because petroleum products in the Philippines are subject to multiple layers of taxation, including excise taxes and the value-added tax (VAT). These taxes, while essential for government revenue generation, can significantly magnify the effect of global oil price increases when crude prices surge.

While existing laws impose fuel taxes to support infrastructure and social services, the absence of a clear and automatic relief mechanism during extreme global price shocks leaves consumers exposed to compounded price pressures.

This proposed measure seeks to address this gap by establishing a rule-based, automatic fuel tax relief and price stabilization system that activates when global oil prices reach critical levels.

The bill introduces a three-tiered intervention mechanism based on internationally recognized crude oil price benchmarks:

First, when global crude oil prices reach USD 80 per barrel, the excise tax imposed on petroleum products shall be automatically suspended to immediately cushion the impact on transportation, logistics, and production costs.

Second, when global crude oil prices reach USD 100 per barrel, the value-added tax on petroleum products shall likewise be suspended to prevent excessive price escalation resulting from compounded taxation.

Finally, when global crude oil prices reach USD 140 per barrel, the National Government shall implement a universal subsidy equivalent to ten percent (10%) of the prevailing retail pump price of petroleum products, which shall be automatically applied at fuel stations nationwide. This mechanism ensures that consumers immediately benefit from government intervention without the need for complicated targeted subsidy programs.

By establishing a transparent and predictable system, this measure ensures that government action is timely, automatic, and responsive to global energy shocks. It recognizes that during extraordinary circumstances, taxation policies must adapt to protect economic stability and the welfare of the public.

Ultimately, this measure seeks to:

- i. Protect Filipino consumers from the full impact of global oil price spikes;
- ii. Stabilize transportation and logistics costs;
- iii. Prevent runaway inflation caused by energy price shocks; and
- iv. Provide a fair and automatic relief mechanism during periods of extraordinary global fuel price volatility.

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


EDGAR R. ERICE
Representative
2nd District, Caloocan City



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AN ACT
ESTABLISHING AN AUTOMATIC FUEL TAX RELIEF AND PUMP PRICE
SUBSIDY MECHANISM DURING EXTRAORDINARY GLOBAL OIL PRICE
SURGES

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

- 1
- 2 **SEC. 1. Short Title.** This Act shall be known as the “**SAGIP PRESYO Act.**” (Strategic
- 3 Automatic Government Intervention for Petroleum Price Stabilization)
- 4
- 5 **SEC. 2. Declaration of Policy.** It is the policy of the State to protect consumers, promote
- 6 economic stability, and mitigate the adverse effects of extraordinary global oil price increases
- 7 through the implementation of automatic fiscal relief and fuel price stabilization mechanisms.
- 8
- 9 **SEC. 3. Definition of Terms.** For the purpose of this Act, the following terms are defined, as
- 10 follows:

1 a. World Crude Oil Price – refers to the prevailing average monthly international price
2 per barrel of crude oil based on recognized global benchmarks such as Brent, Dubai, or
3 other internationally accepted pricing indices.

4
5 b. Pump Price – refers to the prevailing retail price per liter of petroleum products sold to
6 consumers at gasoline stations.

7
8 **SEC. 4. Automatic Suspension of Excise Tax.** When the average world crude oil price
9 reaches or exceeds Eighty United States Dollars (USD 80) per barrel, the excise tax imposed
10 on petroleum products under the National Internal Revenue Code shall be automatically
11 suspended.

12 The suspension shall remain in effect for as long as the global oil price remains at or above the
13 said threshold.

14
15 **SEC 5. Suspension of Value-Added Tax on Petroleum Products.** When the average world
16 crude oil price reaches or exceeds One Hundred United States Dollars (USD 100) per barrel,
17 the value-added tax (VAT) imposed on petroleum products shall be temporarily suspended.

18 The suspension shall remain in effect until the world crude oil price falls below the threshold

19
20 **SEC. 6. Government Pump Price Subsidy.** When the average world crude oil price reaches
21 or exceeds One Hundred Forty United States Dollars (USD 140) per barrel, the National
22 Government shall provide a fuel subsidy equivalent to ten percent (10%) of the prevailing retail
23 pump price of petroleum products sold in the domestic market.

24 The subsidy shall be automatically applied at the point of sale, thereby reducing the price paid
25 by consumers at gasoline stations nationwide.

26 The subsidy shall remain in effect as long as global crude oil prices remain at or above the said
27 threshold.

28
29 **SEC. 7. Administration and Implementation.** The Department of Energy, in coordination
30 with the Department of Finance, Bureau of Internal Revenue, and other relevant agencies, shall
31 implement the provisions of this Act and establish mechanisms to ensure that:

- 32 1. Fuel tax suspensions are properly enforced;
33 2. The pump price subsidy is applied at retail outlets; and
34 3. Fuel retailers are reimbursed by the National Government for the subsidy applied.

1 **SEC. 8. Funding.** The funds necessary to implement the pump price subsidy shall be sourced
2 from:

- 3 a. Savings from suspended fuel taxes;
- 4
- 5 b. The General Appropriations Act;
- 6
- 7 c. Windfall revenues from other energy-related government collections; and
- 8
- 9 d. Other available government funds.

10
11 **Section 9. Implementing Rules and Regulations.** Within thirty (30) days from the effectivity
12 of this Act, the Department of Energy, in coordination with relevant agencies, shall promulgate
13 the implementing rules and regulations..

14
15 **SEC. 10. Separability Clause.** If any provision of this Act is declared unconstitutional, the
16 remaining provisions shall remain in full force and effect.

17
18 **SEC. 11. Repealing Clause.** All laws, decrees, rules, and regulations inconsistent with this
19 Act are hereby repealed or modified accordingly.

20
21 **SEC. 12. Effectivity.** This Act shall take effect fifteen (15) days after publication in the Official
22 Gazette or in a newspaper of general circulation.

23
24 Approved,