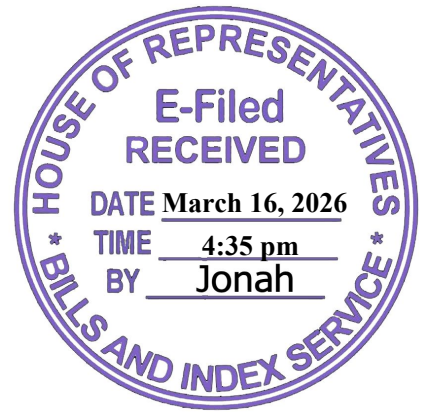


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8560



Introduced by:

HON. CHRISTOPHERSON "COCO" M. YAP

AN ACT

AUTHORIZING THE PRESIDENT, UNDER CLEAR AND LIMITED CONDITIONS, TO TEMPORARILY REDUCE OR SUSPEND THE IMPOSITION OF EXCISE TAXES ON CERTAIN PETROLEUM PRODUCTS DURING EXTRAORDINARY GLOBAL OIL PRICES SHOCKS, PROVIDING SAFEGUARDS AND CONGRESSIONAL OVERSIGHT, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Fuel prices have a direct and immediate effect on the daily lives of Filipinos. When global oil prices rise, the cost of gasoline, diesel, and other petroleum products also increases in the Philippines. These increases raise transportation and logistics costs, which then push up the prices of food and basic goods. In recent months, pump prices in many parts of the country have remained high, placing a heavy burden on commuters, workers, and small businesses. For many Filipino families, higher fuel prices mean less money for food, education, and other essential needs.

Under the **Tax Reform for Acceleration and Inclusion Law (Republic Act No. 10963)**, petroleum products are subject to excise taxes that form part of the pump price paid by consumers. While the law was designed to generate revenue for important government programs, it also recognized that extraordinary increases in global oil prices may require temporary relief. During periods of unusually high oil prices, maintaining the full excise tax on fuel can further increase pump prices and worsen inflationary pressures on households and businesses.

This bill proposes the creation of a **Fuel Price Stabilization and Excise Tax Flexibility mechanism** that will allow the government to temporarily reduce or

suspend fuel excise taxes during periods of extraordinary global oil price shocks. The measure sets clear conditions and requires coordination among economic and energy agencies to ensure that the relief is carefully targeted, temporary, and fiscally responsible. It also requires oil companies to fully pass on any tax reduction to consumers so that the benefit will immediately appear in lower pump prices.

By providing a practical and time-bound tool to respond to sudden fuel price spikes, this measure aims to protect Filipino consumers, reduce inflationary pressure, and help stabilize the economy during global oil crises.

In view of the foregoing, **ug sa ngalan sa SERBISYONG TINUORAY**, the undersigned respectfully requests the immediate passage of this measure.


CHRISTOPHERSON "COCO" M. YAP
Representative, Second District of Southern Leyte

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

SECTION 1. Short Title. — This Act shall be known as the *“Fuel Price Stabilization and Excise Tax Flexibility Act.”*

SECTION 2. Declaration of Policy. — It is the policy of the State to protect consumers and the national economy from severe and extraordinary fuel price shocks that materially threaten price stability, transport costs, and the purchasing power of households, while maintaining fiscal responsibility.

Nothing in this Act shall be construed as permanently modifying the excise tax structure established under the National Internal Revenue Code of 1997, as amended.

SECTION 3. Definition of Terms. — As used in this Act:

(a) *“Code”* refers to the National Internal Revenue Code of 1997, as amended.

- (b) “*Extraordinary Global Oil Price Shock*” refers to a sustained, abnormal increase in international crude oil prices accompanied by domestic macroeconomic stress, as determined under Section 5 of this Act.
- (c) “*MOPS Dubai*” refers to the Mean of Platts Singapore (MOPS) Dubai crude oil price benchmark, or such other internationally recognized benchmark as the Department of Finance (DOF) may adopt by regulation for purposes of this Act, provided it is publicly verifiable and consistently applied.

SECTION 4. Grant of Limited Authority; Nature of Delegation. — Subject to the standards, limitations, and procedures in this Act, the President may temporarily reduce or suspend the imposition of excise tax on petroleum products under the Code, as amended by Republic Act No. 10963 (TRAIN).

The authority under this Act shall be exercised only:

- (a) Upon recommendation of the Secretary of Finance;
- (b) After consultation with the Secretary of Energy and the Secretary of the Department of Economy, Planning, and Development (DEPDev); and
- (c) Upon certification of the existence of an Extraordinary Global Oil Price Shock under Section 5.

SECTION 5. Trigger Conditions; Certification; Recommendation. —

- (a) Trigger Conditions. — The authority under this Act may be exercised only upon a determination that an Extraordinary Global Oil Price Shock exists, evidenced by the concurrence of at least two (2) of the following conditions, occurring within the same three (3)-month reference period:
 - (1) International Price Trigger. — The average MOPS Dubai crude oil price reaches or exceeds Ninety United States Dollars (US\$90) per barrel for three (3) consecutive months;
 - (2) Inflation Trigger. — The national inflation rate breaches the government’s inflation target range or shows a significant upward deviation, and such breach or deviation is determined by the DOF and DEPDev, in consultation with the Bangko Sentral ng Pilipinas (BSP), to be materially attributable to domestic fuel and transport costs; and/or

- (3) Exchange Rate Trigger. — The Philippine peso depreciates by at least ten percent (10%) against the United States dollar, measured by the average reference exchange rate for the same three (3)-month period, compared to the immediately preceding three (3)-month period.
- (b) Certification and Recommendation. — Within ten (10) days from the end of the three (3)-month reference period, the Secretary of Energy, in coordination with the Secretary of Finance and the Secretary of DEPDev, shall submit to the President a written certification stating:
- (1) Which trigger conditions are present and the date supporting the same; and
- (2) The recommended scope, rate, and duration of the excise tax reduction or suspension.

SECTION 6. Coverage. — The authority under this Act shall apply to the petroleum products subject to excise tax under Section 148 of the Code including but not limited to:

- (a) Diesel fuel oil;
- (b) Gasoline;
- (c) Kerosene;
- (d) Liquefied petroleum gas (LPG);
- (e) Aviation turbo jet fuel; and
- (f) Such other petroleum products as may be enumerated under the Code and the implementing rules.

SECTION 7. Limitation on the Extent and Duration of Reduction or Suspension.

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- (a) Extent. — Any reduction or suspension shall be limited to the minimum level reasonably necessary to mitigate the extraordinary shock, and shall not reduce the excise tax below zero (0).
- (b) Duration. — Any exercise of authority under this Act shall be effective for a period not exceeding three (3) months, renewable once for another three (3) months: Provided, that any further extension shall require an Act of Congress of a joint resolution issued in accordance with Congress' rules.
- (c) Product and Geographic Targeting. — When warranted by the data, the President may limit the reduction or suspension to particular petroleum

products most directly affecting public transport, food logistics, and power generation, or to specific geographic areas experiencing supply disruption: Provided, That the basis for such targeting shall be stated in the proclamation or executive issuance implementing this Act.

SECTION 8. Implementing Issuance; Publication; Effectivity. — The President shall implement any reduction or suspension under this Act through an executive issuance stating the legal and factual basis, scope, rate, and duration. The executive issuance shall be published and shall take effect on the date stated therein, but not earlier than publication.

SECTION 9. Mandatory Pass-Through; Price Monitoring. —

- (a) **Pass-Through.** — Any excise tax reduction or suspension under this Act shall be reflected fully in the selling price of petroleum products at the next pricing cycle after effectivity, as determined by the Department of Energy (DOE).
- (b) **Monitoring and Transparency.** — The DOE, in coordination with the Department of Trade and Industry (DTI), shall:
 - (1) Monitor compliance with pass-through;
 - (2) Require submission of price and inventory data in such forms as may be provided in the implementing rules, and
 - (3) Publish at least weekly price monitoring reports during the effectivity of the tax reduction or suspension.
- (c) **Enforcement.** — Non-compliance with the pass-through requirement shall subject the violating entity to administrative penalties under applicable laws, rules, and regulations, without prejudice to prosecution under other applicable laws.

SECTION 10. Fiscal Safeguards; Expenditure and Financing Plan. — Within fifteen (15) days from effectivity of any reduction or suspension, the DOF and the Department of Budget and Management (DBM) shall submit to Congress a fiscal impact statement and, when necessary, an expenditure and/or financing plan to maintain fiscal sustainability.

SECTION 11. Report to Congress; Congressional Oversight. — Within thirty (30) days from the issuance of an executive issuance under Section 8, the President shall submit to Congress a report containing:

- (a) The trigger conditions and supporting data;
- (b) The duration, products covered, and rates reduced or suspended;
- (c) Estimated revenue impact and mitigation measures; and
- (d) Observed and projected effects in pump prices, inflation, and transport costs.

SECTION 12. Sunset Clause. — The authority granted under this Act shall expire five (5) years after its effectivity unless extended by Congress.

SECTION 13. Implementing Rules and Regulations. — Within sixty (6) days from the effectivity of this Act, the DOF, in coordination with the DOE, the Bureau of Internal Revenue (BIR), the DBM, the DTI, and DEPDev, shall promulgate the implementing rules and regulations.

SECTION 14. Separability Clause. — If any provision of this Act is held invalid or unconstitutional, the other provisions not affected thereby shall remain in full force and effect.

SECTION 15. Repealing Clause. — All laws, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 16. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,