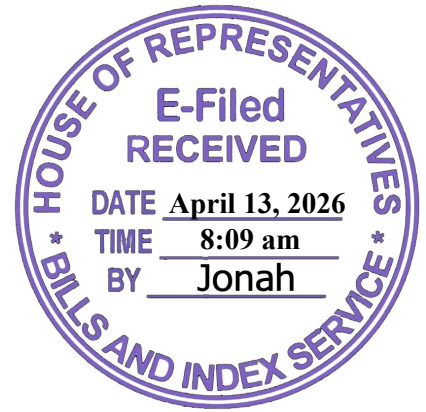


1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Quezon City

4
5 TWENTIETH CONGRESS
6 First Regular Session
7

8 HOUSE BILL NO. **8838**
9



10
11 *Introduced by Representative Leandro Legarda Leviste*
12

13 **EXPLANATORY NOTE**

14
15
16 The increase in global oil prices has significantly affected the domestic economy and
17 cost of living. As petroleum products are critical inputs across multiple sectors, increases in
18 fuel prices have a cascading effect on the prices of basic goods and services.
19

20 At present, petroleum products are subject to a twelve percent (12%) Value-Added Tax
21 (VAT) under the National Internal Revenue Code of 1997, as amended. While VAT remains a
22 vital source of government revenue, its continued imposition on fuel during periods of elevated
23 global oil prices exacerbates inflationary pressures and weakens the purchasing power of
24 Filipino households.
25

26 Republic Act No. 12316 authorizes the President to suspend or reduce the excise tax on
27 petroleum products, but this relief would be a far from sufficient response to the effects of the
28 oil crisis, which has the potential to worsen or continue for an extended period of time.
29

30 This measure seeks to authorize the temporary suspension or reduction of VAT on
31 petroleum products. In doing so, it intends to ease the burden of high fuel prices and mitigate
32 inflationary pressures on basic goods and services. In view of the foregoing, the passage of this
33 measure is earnestly sought.
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39 **Leandro Legarda Leviste**
40 First District of Batangas

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
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5 TWENTIETH CONGRESS
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8 HOUSE BILL NO. **8838**
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11 *Introduced by Representative Leandro Legarda Leviste*
12

13
14 **AN ACT TEMPORARILY SUSPENDING OR REDUCING THE IMPOSITION OF**
15 **VALUE-ADDED TAX (VAT) ON PETROLEUM PRODUCTS, AMENDING FOR**
16 **THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS**
17 **AMENDED, AND FOR OTHER PURPOSES**
18

19 *Be it enacted by the Senate and House of Representatives of the Philippines in Congress*
20 *assembled:*
21

22 SECTION 1. *Authority to Suspend or Reduce VAT on Petroleum Products.* –
23 Notwithstanding the provisions of Sections 106, 108, and 109 of the National Internal Revenue
24 Code of 1997, as amended, the President of the Philippines may, upon the recommendation of
25 the Development Budget Coordination Committee (DBCC), in coordination with the Secretary
26 of Energy, suspend the imposition of, or reduce the rate of, the Value-Added Tax (VAT) on
27 petroleum products, subject to the following conditions:
28

29 (a) The average Dubai crude oil price based on Mean of Platts Singapore (MOPS) has
30 reached or exceeded Eighty United States Dollars (USD 80) per barrel for one (1) month
31 immediately preceding the issuance of the suspension or reduction order; or
32

33 (b) A state of national emergency or calamity has been declared by the President, and
34 such condition has resulted in extraordinary increases in domestic pump prices of
35 petroleum products, as certified by the Secretary of Energy.
36

37 The suspension or reduction may be applied to specific petroleum products, which include, but
38 is not limited to, (1) gasoline; (2) diesel fuel; (3) kerosene; (4) liquefied petroleum gas (LPG);
39 (5) aviation fuel; (6) fuel oil and bunker fuel, and may be implemented either as a full
40 suspension or partial reduction of the applicable VAT rate, as may be warranted by prevailing
41 economic conditions.
42

43 SECTION 2. *Reporting Requirements.* – Any suspension or reduction authorized under
44 this Act shall be effective for a period not exceeding six (6) months, unless otherwise extended
45 or terminated earlier by Congress through a joint resolution:
46

47 Provided, That the aggregate period of such suspension or reduction shall not exceed
48 one (1) calendar year;
49

1 Provided, further, That any suspension or reduction shall be lifted when the conditions
2 that warranted its issuance no longer exist;

3
4 Provided, furthermore, That upon expiration of the suspension or reduction period, the
5 twelve percent (12%) VAT rate shall be automatically reinstated without need of further
6 legislative or executive action;

7
8 Provided, finally, That the authority granted to the President under this Act shall be
9 exercised only until December 31, 2028.

10
11 SECTION 3. *Duration and Limitation.* – Within fifteen (15) days from the issuance of
12 any suspension or reduction order, and every month thereafter, the President shall, through the
13 Secretary of Finance, submit to the Senate and the House of Representatives a report containing
14 the following:

- 15
16 1. The factual basis for the suspension or reduction of VAT;
17
18 2. The estimated foregone revenues; and
19
20 3. The expected impact on inflation, fuel prices, and overall economic activity.

21
22 SECTION 4. *Implementing Rules and Regulations.* – Within fifteen (15) days from the
23 effectivity of this Act, the Department of Finance (DOF), the Department of Budget and
24 Management (DBM), the National Economic and Development Authority (NEDA), the
25 Department of Energy (DOE), and the Bangko Sentral ng Pilipinas (BSP), in coordination with
26 the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), shall jointly issue
27 the necessary rules and regulations for the implementation of this Act.

28
29 SECTION 5. *Separability Clause.* – If any provision of this Act is held invalid or
30 unconstitutional, the other provisions not so declared shall remain in force and effect.

31
32 SECTION 6. *Repealing Clause.* – All laws, decrees, orders and rules and regulations
33 contrary to or inconsistent with the provisions of this Act are hereby repealed or amended
34 accordingly.

35
36 SECTION 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication
37 in the *Official Gazette* or in a newspaper of general circulation.

38
39 *Approved,*
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43