

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

TWENTIETH CONGRESS
Second Regular Session

House Bill No. **11003**



Introduced by **Representative ERIC G. YAP**

EXPLANATORY NOTE

This bill seeks to replace the Motor Vehicle User's Charge (MVUC) established under Republic Act (RA) No. 8794 entitled "*An Act Imposing a Motor Vehicle User's Charge on Owners of All Types of Motor Vehicles and For Other Purposes*", as amended, and replace it with a Motor Vehicle Road User's Tax (MVRUT). It aims to direct a portion of additional revenues toward public transportation and road safety.

Since the enactment of RA No. 8794 in 2000, the number of motor vehicles has continued to increase and placed greater pressure on an already congested road network. Construction, maintenance, and rehabilitation costs have likewise increased, yet still the country continues to face persistent challenges in public transportation and road safety. Motor vehicles also vary in type, weight, capacity, use, and their impact on public roads likewise differs. Despite this, the existing rates do not provide a sufficiently responsive basis for determining the cost of road use.

The proposed measure introduces a revised tax structure based on vehicle classification and gross vehicle weight, and shall cover registered private and government motor vehicles. It shall also provide a reduced rate for for-hire vehicles in recognition of their role in public transportation and commercial activity. It likewise recognizes that improving the country's transportation system requires more than maintaining roads. Fifty percent (50%) of the incremental revenues will be directed to public utility vehicle modernization, programs for the prevention of road deaths, and assistance to road accident victims. This ensures that the additional tax placed on vehicle owners benefits not only them, but also the millions of Filipinos who depend on the country's roads everyday.

A road user tax should reflect the realities of road use today and contribute to addressing the transportation challenges that come with it. The modernization of the existing tax system for motor vehicle users provides a manageable transition and makes the country's roads more sustainable, its public transportation more efficient and reliable, and its communities safer.

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


HON. ERIC G. YAP

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AN ACT
RESTRUCTURING THE MOTOR VEHICLE USER'S CHARGE, PROVIDING FOR A MOTOR VEHICLE ROAD USER'S TAX, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8794, ENTITLED "AN ACT IMPOSING A MOTOR VEHICLE USER'S CHARGE ON OWNERS OF ALL TYPES OF MOTOR VEHICLES AND FOR OTHER PURPOSES", AS AMENDED

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

Section 1. *Short Title.* – This Act shall be known as the “*Motor Vehicle Road User's Tax Act*”.

SEC. 2. Section 2 of Republic Act (RA) No. 8794, as amended by RA No. 11239, is hereby amended to read as follows:

“SEC. 2. *Coverage.* - [In lieu of] **THE** [the registration fee under Section 8 of Republic Act No. 4136, as amended by Batas Pambansa Bilang 74, and the Private] Motor Vehicle **ROAD USER'S** Tax [under Executive Order No. 43, series of 1986, there is hereby] **SHALL BE** imposed on every motor vehicle, whether for hire or for private use, including government motor vehicles as [more fully] provided in Section 3 hereof [a Motor Vehicle User's Charge (MVUC)], which shall be collected from and paid by the registered owner of the motor vehicle.”

SEC. 3. Section 3 of the same Act is hereby amended to read as follows:

“SEC. 3. [*Rates of the Motor Vehicle User's Charge*] **RATES OF MOTOR VEHICLE ROAD USER'S TAX.** -

“[(a) For private passenger cars registered as of the date of the effectivity of this Act, the MVUC to be paid shall be the private motor vehicle tax under Executive Order No. 43, series of 1986, plus twenty-five percent (25%) for the first year, fifty

percent (50%) for the second year, seventy five percent (75%) for the third year, and one hundred percent (100%) for the year and thereafter: Provided, however, That private passenger cars to be registered for the first time after the effectivity of this Act, shall be subject to the MVUC rates prescribed in section 3(b) hereof.]

“[(b) Except as provided under 3(a) hereof, for each motor vehicle under each of the categories as herein provided, the MVUC shall be collected from and paid by the vehicle owner, at the following base rates plus twenty-five percent (25%) in the first year from the effectivity of this Act; the said base rates plus fifty percent (50%) in the second year from the effectivity of this Act; the said base rates plus seventy-five percent (75%) in the third year from the effectivity of this Act; and said base rates plus one hundred percent (100%) in the fourth year from the effectivity of this Act and their after: Provided, That the MVUC for the sports utility vehicles shall be fifteen percent (!5%) higher than the MVUC herein set for private utility vehicles: Provided, further, That motorcycles for hire with sidecars shall not pay more than three-hundred pesos (300.00).]

[Type of Vehicle	Base Rates
I. Private and Government	
A. Passenger Cars	
(1) GVW Up to 1,600 kgs.	P800
(2) GVW more than 1,600 kgs. -2,300 kgs.	1,800
(3) GVW more than 2,300 kgs.	4,000
B. Utility Vehicles	
GCW up to 2,700 kgs.	P1,000
GVW more than	1,000
2,700 kgs. – 4,500 kgs.	+P20 per 100 kgs. of GCW over 2,700 kgs.
C. Motorcycles	
Without sidecar	P120
With side car	150

D. Buses

GVW more than 4,500 kgs.

P900+P12 Per 100 kgs. Of
GVW over 2,700 kgs.

E. Trucks

GVW more than 4,500 kgs

P900+P12 Per 100 kgs. of
GVW over 2,700 kgs.

F. Trailers

GVW more than 4,500 kgs.

P12 per 100 Kgs. Of GVW

II. For Hire

A. Passenger Cars

(1) GVW Up to 1,600 kgs.

P450

(2) GVW more than 1,600 kgs. -2,300
kgs.

900

(3) GVW more than 2,300 kgs.

2,500

B. Utility Vehicles

GCW up to 4,500 kgs.

P15 per 100 Kgs. Of GVW

C. Motorcycles

Without sidecar

P150

With side car

240

D. Buses

GVW more than 4,500 kgs.

P15 per 100 Kgs. of GVW

E. Trucks

GVW more than 4,500 kgs

P900+P12 per 100 kgs. of
GVW over 2,700 kgs.

F. Trailers

GVW more than 4,500 kgs.

P12 per 100 Kgs. Of GVW]

[After the fourth year from the effectivity of this Act, the president of the Philippines may adjust the rates contained in section 3 which shall be reflected but shall not exceed the annual rates of the Consumer Price Index (CPI). The President may adjust such rates not more than once every five (5) years.]

“THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON REGISTERED PRIVATE AND GOVERNMENT VEHICLES AN MOTOR VEHICLE ROAD USER’S TAX (MVRUT) WHICH SHALL BE COLLECTED FROM AND PAID BY THE REGISTERED OWNER OF THE MOTOR VEHICLE. FOR PURPOSES OF THIS ACT, THE FIRST YEAR SHALL COMMENCE ON JANUARY 1 FOLLOWING THE EFFECTIVITY OF THIS ACT. THE TAX SHALL BE IMPOSED IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

TYPE OF VEHICLE	FIRST YEAR	SECOND YEAR	THIRD YEAR	FOURTH YEAR ONWARDS
PRIVATE AND GOVERNMENT				
A. PASSENGER CARS:				
GROSS VEHICLE WEIGHT (GVW) UP TO 1,600 KILOGRAMS (KG)	P2,080	P2,560	P3,040	5% INCREASE
GVW MORE THAN 1,600 KG UP TO 2,300 KG	P4,680	P5,760	P6,840	
GVW MORE THAN 2,300 KG	P10,400	P12,800	P15,200	
B1. UTILITY VEHICLES				
GVW UP TO 4,500 KG	P1.40/KG OF GVW	P2.50/KG OF GVW	P3.40/KG OF GVW	5% INCREASE
B2. SPORTS UTILITY VEHICLES				
GVW UP TO 4,500 KG	P1.40/KG OF GVW	P2.50/KG OF GVW	P3.40/KG OF GVW	5% INCREASE
C. MOTORCYCLES				
WITHOUT SIDECAR	0	0	0	0
WITH SIDECAR	0	0	0	0
D. BUSES				
GVW ABOVE 4,500 KG	P1.40/KG OF GVW	P2.50/KG OF GVW	P3.40/KG OF GVW	5% INCREASE
E. TRUCKS				
GVW ABOVE 4,500 KG	P1.40/KG OF GVW	P2.50/KG OF GVW	P3.40/KG OF GVW	5% INCREASE
F. TRAILERS				
GVW ABOVE 4,500 KG	P1.40/KG OF GVW	P2.50/KG OF GVW	P3.40/KG OF GVW	5% INCREASE

“PROVIDED, THAT FOR-HIRE VEHICLES SHALL BE SUBJECT TO FIFTY PERCENT (50%) OF THE ABOVE TAX RATES: PROVIDED, HOWEVER, THAT IN THE EVENT THE ABOVE TAX RATE WILL RESULT IN DOWNWARD ADJUSTMENT OF TAX RATES, THE APPLICABLE MVRUT OF THE PRECEDING YEAR SHALL BE APPLIED.

"PROVIDED, FURTHER, THAT THE RATES OF THE MVRUT SHALL BE INCREASED BY FIVE PERCENT (5%) ANNUALLY EFFECTIVE JANUARY 1 OF THE FOURTH YEAR OF IMPLEMENTATION THROUGH REVENUE REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.

"AS USED IN THIS SECTION -

"(A) MOTOR VEHICLE SHALL MEAN ANY VEHICLE PROPELLED BY ANY POWER OTHER THAN MUSCULAR POWER USING THE PUBLIC HIGHWAYS BUT EXCEPTING AIRCRAFT, MOTOR BOATS, ROAD ROLLERS, TROLLEY CARS, STREET SWEEPERS, SPRINKLERS, LAWN MOWERS, BULLDOZERS, GRADERS, FORK LIFTS, AMPHIBIAN TRUCKS, AND CRANES NOT USED IN PUBLIC HIGHWAYS, VEHICLES WHICH RUN ONLY ON RAILS OR TRACKS, TRACTORS AND TRAILERS AND TRACTION ENGINES OF ALL KINDS USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES.

"TRAILERS HAVING ANY NUMBER OF WHEELS, WHEN PROPELLED OR INTENDED TO BE PROPELLED BY ATTACHMENT TO A MOTOR VEHICLE, SHALL BE CLASSIFIED AS SEPARATE MOTOR VEHICLE WITH NO POWER RATING.

"(B) GROSS VEHICLE WEIGHT SHALL MEAN THE MEASURED WEIGHT OF A MOTOR VEHICLE AS SPECIFIED BY THE MANUFACTURER PLUS THE MAXIMUM ALLOWABLE CARRYING CAPACITY IN MERCHANDISE, FREIGHT, OR PASSENGER AS DETERMINED BY THE ASSISTANT SECRETARY OF THE LAND TRANSPORTATION OFFICE (LTO)."

SEC. 4. Section 4 of the same Act is hereby amended to read as follows:

"SEC. 4. [Government] PAYMENT OF Motor Vehicle[s] ROAD USER'S TAX. - The [manner of payment of the] MOTOR VEHICLE ROAD user's [charge] TAX [on government motor vehicles] shall be PAID TO [in accordance with] the [procedure that shall be promulgated by the Secretary of the Department of Budget and Management (DBM)] LTO ANNUALLY UPON REGISTRATION, CONFORMABLY WITH THE REGULATIONS ISSUED JOINTLY BY THE DEPARTMENT OF FINANCE (DOF) AND DEPARTMENT OF TRANSPORTATION (DOTr).

"THE MVRUT SHALL BE COLLECTED BY THE LTO AS PART OF THE ANNUAL VEHICLE REGISTRATION IN ACCORDANCE WITH THE RATES SET FORTH IN SECTION 3 HEREOF. THE DATES OF ANNUAL REGISTRATION OF MOTOR VEHICLES SHALL BE BASED ON THE REGISTRATION SCHEME PROVIDED BY THE LTO.

"ANY REGISTRATION OF MOTOR VEHICLES NOT RENEWED ON OR BEFORE THE DATE FIXED BY THE LTO SHALL BE CONSIDERED DELINQUENT AND INVALID."

SEC. 5. Section 7 of the same Act is hereby further amended to read as follows:

"SEC. 7. Disposition of Monies Collected. - All monies collected under this Act shall be remitted to the National Treasury under a special account in the General Fund to be earmarked solely for the construction, upgrading, repair and rehabilitation of roads, bridges, and road drainage to be included in the annual General Appropriations Act[.]; PROVIDED, THAT FIFTY PERCENT (50%) OF THE INCREMENTAL REVENUES COLLECTED UNDER THIS ACT SHALL BE ALLOCATED AND USED EXCLUSIVELY FOR THE FOLLOWING PURPOSES:

"(A) FORTY PERCENT (40%) FOR THE MODERNIZATION OF PUBLIC UTILITY VEHICLES, PARTICULARLY FOR THE EQUITY SUBSIDY OF PUBLIC TRANSPORT OPERATORS CONSOLIDATED AS TRANSPORT COOPERATIVES FOR THE ACQUISITION OF EURO-4 COMPLIANT PUBLIC UTILITY VEHICLES PLYING AUTHORIZED ROUTES AS DETERMINED BY THE DOTR AND THE LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD (LTFRB): PROVIDED, THAT SAID INCREMENTAL REVENUES SHALL BE EARMARKED UPON APPROVAL OF THIS ACT UNTIL DECEMBER 31 OF THE FIFTH YEAR OF IMPLEMENTATION FOR THE MODERNIZATION OF PUBLIC UTILITY VEHICLES: PROVIDED, FURTHER, THAT THE EARMARKED FUNDS SHALL REVERT TO THE SPECIAL ACCOUNT IN THE GENERAL FUND EFFECTIVE JANUARY 1 OF THE SIXTH YEAR OF IMPLEMENTATION;

"(B) TEN PERCENT (10%) FOR GOVERNMENT PROGRAMS TO BE UNDERTAKEN FOR PREVENTION OF DEATHS DUE TO ROAD ACCIDENTS, AND ACCIDENT VICTIMS' ASSISTANCE, INCLUDING THE FOLLOWING:

“(1) THE IMPROVEMENT OF EXISTING DRIVERS’ EDUCATION PROGRAMS, TRAINING ACADEMIES AND DRIVERS’ LICENSE EXAMINATIONS BY THE LTO;

“(2) THE ESTABLISHMENT OF ADDITIONAL MOTOR VEHICLE INSPECTION CENTERS BY THE LTO;

“(3) THE IMPROVEMENT OF ROAD MANAGEMENT SYSTEMS BY THE DOTr;

“(4) THE PROVISION OF SUPPLEMENTAL HOSPITALIZATION COVERAGE BY THE PHILIPPINE HEALTH INSURANCE CORPORATION (PHILHEALTH) FOR VICTIMS OF ROAD ACCIDENTS;

“(5) THE PROVISION BY THE EMPLOYEES’ COMPENSATION COMMISSION OF WORKMEN’S COMPENSATION FOR VICTIMS OF ROAD ACCIDENTS WHO ARE UNABLE TO BE GAINFULLY EMPLOYED FOR A CONTINUOUS PERIOD DUE TO DISABILITY, PURSUANT TO THE PROVISIONS OF REPUBLIC ACT NO. 772, OTHERWISE KNOWN AS THE “WORKMEN’S COMPENSATION ACT”, AS AMENDED; AND

“(6) THE ESTABLISHMENT BY THE DEPARTMENT OF HEALTH (DOH) OF EMERGENCY CARE FACILITIES IN AREAS THAT HAVE HIGH INCIDENCE OF ROAD ACCIDENTS.

SEC. 6. *Implementing Rules and Regulations.* - The DOTr, in coordination with the DOF, the DOH, and the LTFRB, shall promulgate the rules and regulations to implement this Act within thirty (30) days from its effectivity.

SEC. 7. *Repealing Clause.* - All laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC. 8. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

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

Approved,