

FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



Senate
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SENATE

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S. No. 2672

Introduced by Senator JUAN MIGUEL F. ZUBIRI

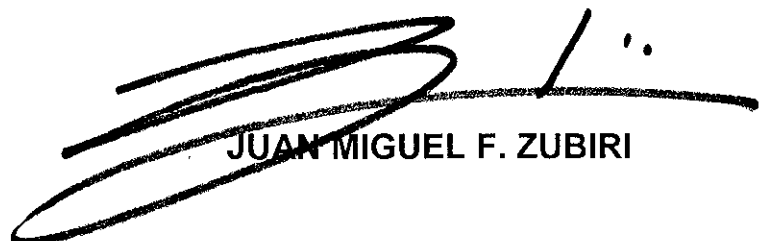
EXPLANATORY NOTE

This last few months, we have experienced the steepest climb of oil prices in the world market. Oil prices have been peaking progressively higher and stabilizing or settling down at higher and higher levels. The giant appetites of China, India and the United States, and instability in the Middle East all exert upward pressure on prices.

The problem is that increasing oil prices and the additional impact of VAT translates to higher consumer prices. Monitoring of consumer prices shows that consumer prices are following on the heels of oil prices. Prices of food, beverages & tobacco, clothing, housing and repairs services, and fuel, light and water all track the price of oil. An increase in electricity rates also results to rising cost of production, rising prices and rising consumer expenditures.

The RVAT has made crude and petroleum products and electricity highly-taxed commodities. Increased collection from RVAT is a gain for government coffers but it has caused much pain to consumers since its imposition. Every peso raked in by government is an additional burden shouldered by the consumer especially in times of rising oil prices.

This bill seeks to offer relief to the consumers by restoring the Value-Added Tax exemption on sales of petroleum and petroleum products and of electricity.


JUAN MIGUEL F. ZUBIRI

1 **SEC. 2.** Section 119, Title V - Other Percentage Taxes is hereby amended to
2 read as follows:

3 Section 119. Tax on Franchises. - Any provision of general or special law
4 to the contrary notwithstanding, there shall be levied, assessed and collected in
5 respect to all franchises on radio and/or television broadcasting companies
6 whose annual gross receipts of the preceding year do not exceed Ten million
7 pesos (P10,000,000.00), subject to Section 236 of this Code, a tax of three
8 percent (3%) and on ELECTRIC, gas and water utilities, a tax of two percent
9 (2%) on the gross receipts derived from the business covered by the law granting
10 the franchise: *Provided, however,* That radio and television broadcasting
11 companies referred to in this Section shall have an option to be registered as a
12 value-added taxpayer and pay the tax due thereon: *Provided, further,* That once
13 the option is exercised, said option shall be irrevocable.

14 The grantee shall file the return with, and pay the tax due thereon to the
15 Commissioner or his duly authorized representative, in accordance with the
16 provisions of Section 128 of this Code, and the return shall be subject to audit by
17 the Bureau of Internal Revenue, any provision of any existing law to the contrary
18 notwithstanding.

19
20 **SEC. 3.** Section 148, Chapter V of Title VI - Excise Taxes on Certain Goods is
21 hereby amended to read as follows:

22 **Chapter V - Excise Tax on Petroleum Products**

23 Sec.148. Manufactured Oils and Other Fuels. - There shall be collected on
24 refined and manufactured mineral oils and motor fuels, the following
25 excise taxes which shall attach to the goods hereunder enumerated as
26 soon as they are in existence as such:

27 (a) xxx ;

28 (b) xxx ;

29 (c) xxx ;

30 (d) xxx ;

31 (e) Naphtha, regular gasoline and other similar products of
32 distillation, per liter of volume capacity, [Four pesos and thirty-five
33 centavos (P4.35)] **FOUR PESOS AND EIGHTY CENTAVOS**
34 (P4.80): *Provided, however,* That naphtha, when used as a raw
35 material in the production of petrochemical products or as
36 replacement fuel for natural-gas-fired-combined cycle power plant,
37 in lieu of locally-extracted natural gas during the non-availability
38 thereof, subject to the rules and regulations to be promulgated by

1 the Secretary of Energy, in consultation with the Secretary of
2 Finance, per liter of volume capacity, Zero (P0.00): *Provided,*
3 *further,* That the by-product including fuel oil, diesel fuel, kerosene,
4 pyrolysis gasoline, liquefied petroleum gases and similar oils having
5 more or less the same generating power, which are produced in the
6 processing of naphtha into petrochemical products shall be subject
7 to the applicable excise tax specified in this Section, except when
8 such by-products are transferred to any of the local oil refineries
9 through sale, barter or exchange, for the purpose of further
10 processing or blending into finished products which are subject to
11 excise tax under this Section;

12 (f) xxx ;

13 (g) xxx ;

14 (h) Kerosene, per liter of volume capacity, [zero centavos
15 (0.00)] SIXTY CENTAVOS (0.60): *Provided,* That kerosene, when
16 used as aviation fuel, shall be subject to the same tax on aviation
17 turbo jet fuel under the preceding paragraph (g), such tax to be
18 assessed on the user thereof;

19 (i) Diesel fuel oil, and on similar fuel oils having more or less
20 the same generating power, per liter of volume capacity, [zero
21 centavos (P0.00)] ONE PESO AND SIXTY-THREE CENTAVOS
22 (P1.63);

23 (j) xxx ;

24 (k) xxx ;

25 (l) Bunker fuel oil, and on similar fuel oils having more or
26 less the same generating power, per liter, of volume capacity, [zero
27 centavos (P0.00)] THIRTY CENTAVOS (P0.30).

28
29 **SEC. 4. Implementing Rules and Regulations.** - The Secretary of Finance,
30 shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate
31 not later than 90 days upon the effectivity of this Act, the rules and regulations for the
32 effective implementation of this Act.

33 **SEC. 5. Repealing Clause.** - All laws, executive orders, rules or regulations, or
34 any part thereof, inconsistent with any provisions of this Act are hereby repealed or
35 modified accordingly.

36 **SEC. 6. Effectivity.** - This Act shall take effect immediately upon its approval.

37
38 Approved,