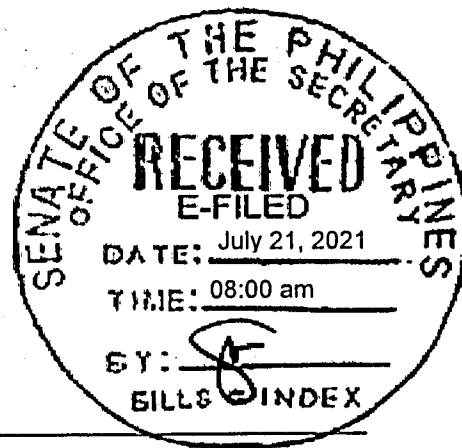


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Third Regular Session )

SENATE  
S.B. No. 2320



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Introduced by **SENATOR IMEE R. MARCOS**

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**AN ACT GRANTING THE PRESIDENT OF THE PHILIPPINES THE POWER TO LOWER THE RATE OR SUSPEND THE IMPOSITION OF VALUE-ADDED TAX ON PETROLEUM PRODUCTS FOR A LIMITED PERIOD OF ONE (1) YEAR IN TIMES OF NATIONAL EMERGENCY OR STATE OF CALAMITY, AMENDING FOR THE PURPOSE SECTIONS 106 AND 107 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

EXPLANATORY NOTE

Article II, Section 9 of the Constitution provides that the "*State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life of all.*"

The Filipino people and workers have felt the severe impact of the COVID-19 pandemic. While the Philippines has been gradually recovering from the effects of the pandemic, as of July 1, 2021, the Department of Labor and Employment (DOLE) reported an unemployment rate of 7.7% (3.730 million unemployed)<sup>1</sup>. While we see slight improvement as compared to the unemployment rate of 8.7% in the first half of 2021, it is undeniable that a vast number of Filipinos are still unemployed and without a stable source of income.

Since the implementation of Republic Act No. 10963, or the "*Tax Reform for Acceleration and Inclusion (TRAIN) Law*", fuel prices have steadily risen. These oil price hikes have had a noticeable domino effect on the prices of basic goods and services, such as agricultural products, transportation, food, electricity and other essentials. The recent price hike imposed by oil companies has reportedly reached increases of P1.15

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<sup>1</sup> STATEMENT ON THE MAY 2021 LABOR FORCE SURVEY SECRETARY SILVESTRE H. BELLO III, July 1, 2021, available at <https://www.dole.gov.ph/news/statement-of-secretary-silvestre-h-bello-iii-on-the-may-2021-labor-force-survey/> [last accessed July 13, 2021].

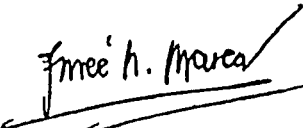
for gasoline, P0.60 for diesel, and P0.65 for kerosene per liter. Since January 2021, fuel prices per liter have already increased by P13 for gasoline, P10 for diesel, and P9 for kerosene.

The higher cost of petroleum products has resulted in inflation being above the government target of 2-4% for 2021, with inflation at 4.2% in January, 4.7% in February, 4.5% in the months of March, April and May, and 4.1% in June. While inflation cannot be fully attributed to the increase in oil prices, the Bangko Sentral ng Pilipinas (BSP), through statements made by Governor Benjamin Diokno this year, has consistently identified increases in oil prices as possible upward pressure in inflation.

The higher costs of goods and services that are, in part, due to the uptick of fuel prices, are expectedly passed on to the ordinary consumer who may still be unemployed but has no choice but to deal with the rising prices of everyday essential commodities.

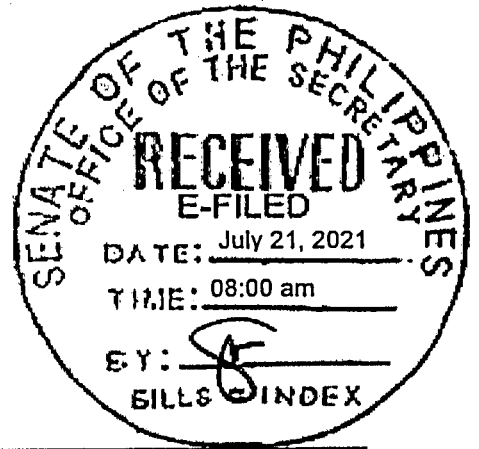
In view of the current economic and employment situation of the country resulting from the COVID-19 pandemic, there is a need to give some relief to the ordinary Filipino and ensure that they are able to survive and recover during this pandemic. As a means of easing the financial burden of the public, this bill proposes to grant the President of the Philippines the power to temporarily lower the rate or suspend the imposition of Value-Added Tax on petroleum products in times of national emergency or a state of calamity, such as this pandemic. To ensure fiscal sustainability on the part of the Government, excise taxes imposed on the petroleum products will be retained.

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

  
**IMEE R. MARCOS**

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

1           **SECTION 1.** Section 106 of the National Internal Revenue Code of 1997, as  
2 amended, is further amended to read:

3                           "Section 106. *Value-added Tax on Sale of Goods or Properties.* –

4  
5  
6                           (A)Rate and Base of Tax – There shall be levied, assessed and  
7 collected on every sale, barter or exchange of goods or properties, a value-  
8 added tax equivalent to twelve percent (12%) of the gross selling price or  
9 gross value in money of the goods or properties sold, bartered or exchanged,  
10 such tax to be paid by the seller or transferor. **PROVIDED, THAT THE**  
11 **PRESIDENT OF THE PHILIPPINES, BY VIRTUE OF AN EXECUTIVE**  
12 **ORDER AFTER CONSULTATION WITH THE SECRETARY OF FINANCE,**  
13 **MAY LOWER THE RATE OR SUSPEND THE IMPOSITION OF THE**  
14 **VALUE-ADDED TAX ON THE SALES OF PETROLEUM PRODUCTS IN**  
15 **TIMES OF A DULY DECLARED STATE OF NATIONAL EMERGENCY OR**  
16 **STATE OF CALAMITY FOR A PERIOD NOT EXCEEDING ONE (1) YEAR**  
17 **UPON DETERMINATION BY THE PRESIDENT THAT SUCH**  
18 **LOWERING OF RATE OR SUSPENSION IS NECESSARY TO PROTECT**  
19 **PUBLIC INTEREST AND WELFARE.**

20  
21                           x x x."

