

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



'22 JUL -7 P2:00

SENATE
Senate Bill No. 71

RECEIVED BY: 

Introduced by Senator Aquilino "Koko" Pimentel III

AN ACT SUSPENDING THE IMPOSITION OF VALUE-ADDED TAX AND EXCISE TAXES ON FUEL, AMENDING SECTIONS 106, 107, AND 148 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

Fuel prices have been rising. This can be attributed to geopolitical developments and other factors.

Based on Department of Energy monitoring as of 18 June 2022, the net increase in fuel prices since the start of the year 2022 stands at P28.70 per liter for gasoline, P41.15 per liter for diesel, and P37.95 per liter for kerosene.¹ Rising fuel prices have impacted the lives of the Filipino people as high fuel prices have led to higher inflation and increased the prices of essential goods and services. Annual inflation rate in the Philippines climbed to 5.4% in May 2022 from 4.9% in April, pointing to the highest level since November 2018.²

The Filipino People are suffering now. Therefore, we must do some remedial measures as soon as we can.

¹ Danessa Rivera, "Another Oil Price Hike Looms – DOE," 18 June 2022, available at <https://www.onenews.ph/articles/another-oil-price-hike-looms-doe>. Last accessed on 22 June 2022.

² See Summary Inflation Report of the Philippine Statistics Agency available at <https://psa.gov.ph/statistics/survey/price/summary-inflation-report-consumer-price-index-2018100-may-2022>. Last accessed on 22 June 2022.

The passage of Republic Act No. 10963, otherwise known as the Tax Reform for Acceleration and Inclusion (TRAIN) Law, increased the excise tax rates on all petroleum products in three (3) incremental tranches beginning 1 January 2018 to 1 January 2020. Currently, the excise tax adds an extra 10 pesos to a liter of gasoline, and 6 pesos to diesel. This is excluding the Value-Added Tax which adds another 12% to the total cost of fuel.

The TRAIN Law allows for suspension of the scheduled increase in the excise tax on fuel for the period 2018 to 2020 when the average Dubai crude oil price based on Mean of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches or exceeds US\$ 80 per barrel. As of 21 June 2022, the MOPS for Dubai crude oil already stood at US\$ 113.34 per barrel.³ The DBCC estimates the benchmark price of Dubai crude oil to be within \$90 to \$110 per barrel in 2022.⁴

While the government of the Republic of the Philippines has no control over external factors, it does have control over its exactions on petroleum products. As a means of contributing to the easing of the adverse impact of rising fuel prices, now and in the future, this bill proposes to provide a mechanism for the automatic suspension of the imposition of value-added tax and excise tax on fuel to help alleviate the almost midnight gargantuan increase in prices which severely affect the entire Filipino Nation and is causing worrisome inflation right now as we are recovering from the effects of economic recession caused by the COVID-19 pandemic. The immediate relief, economic and financial, to the Filipino people and to businesses brought by an automatic suspension of the said VAT and excise tax on fuel in times of unanticipated or extra-ordinary rise in fuel prices, justifies the temporary foregoing of revenue for the government. *Unahin natin ang kapakanan ng taong bayan.*

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


AQUILINO "KOKO" PIMENTEL III

³ See <https://ph.investing.com/commodities/dubai-crude-oil-platts-futures-historical-data>. Last accessed on 22 June 2022.

⁴ *Id.*



SENATE
Office of the Secretary

NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

)
)
)

'22 JUL -7 P 2 :00

SENATE
Senate Bill No. 71

RECEIVED BY: 

Introduced by Senator Aquilino "Koko" Pimentel III

AN ACT
SUSPENDING THE IMPOSITION OF VALUE-ADDED TAX
AND EXCISE TAXES ON FUEL, AMENDING SECTIONS 106,
107, AND 148 OF THE NATIONAL INTERNAL REVENUE
CODE OF 1997, AS AMENDED

*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*
2 *Code of 1997* (NIRC), as amended, is hereby further amended to read
3 as follows:

4
5 "SEC. 106. Value-Added Tax on Sale of Goods or
6 Properties. —

7
8 "(A) Rate and Base of Tax. - There shall be levied,
9 assessed and collected on every sale, barter or exchange of
10 goods or properties, value-added tax equivalent to twelve
11 percent (12%) of the gross selling price or gross value in money
12 of the goods or properties sold, bartered or exchanged, such tax
13 to be paid by the seller or transferor: **PROVIDED, THAT**
14 **THE VALUE-ADDED TAX ON THE SALE OF FUEL AS**
15 **USED IN SECTION 148 OF THIS ACT SHALL BE**

1 **SUSPENDED WHEN THE DUBAI CRUDE OIL PRICE**
2 **BASED ON MEAN OF PLATTS SINGAPORE (MOPS)**
3 **REACHES OR EXCEEDS EIGHTY DOLLARS (USD 80)**
4 **PER BARREL."**

5 xxx

6
7 **SEC. 2.** Section 107 of the *National Internal Revenue Code of*
8 *1997 (NIRC)*, as amended, is hereby further amended to read as
9 follows:

10
11 "SEC. 107. Value-Added Tax on Importation of Goods.

12 —
13
14 "(A) In General. - There shall be levied, assessed and
15 collected on every importation of goods a value-added tax
16 equivalent to twelve percent (12%) based on the total value used
17 by the Bureau of Customs in determining tariff and customs
18 duties plus customs duties, excise taxes, if any, and other
19 charges, such tax to be paid by the importer prior to the release
20 of such goods from customs custody: Provided, That where the
21 customs duties are determined on the basis of the quantity or
22 volume of the goods, the value-added tax shall be based on the
23 landed cost plus excise taxes, if any: **PROVIDED,**
24 **FURTHER, THAT THE VALUE-ADDED TAX IMPOSED**
25 **ON THE IMPORTATION OF FUEL AS USED IN**
26 **SECTION 148 OF THIS ACT SHALL BE SUSPENDED**
27 **WHEN THE DUBAI CRUDE OIL PRICE BASED ON**
28 **MEAN OF PLATTS SINGAPORE (MOPS) REACHES**
29 **OR EXCEEDS EIGHTY DOLLARS (USD 80) PER**
30 **BARREL."**

31 xxx

32
33 **SEC. 3.** Section 148 of the *National Internal Revenue Code of*
34 *1997 (NIRC)*, as amended, is hereby further amended to include the
35 following as the last paragraph thereof:

1 "Sec. 148. Manufactured Oils and Other Fuels. — There
2 shall be collected on refined and manufactured mineral oils and
3 motor fuels, the following excise taxes which shall attach to the
4 goods hereunder enumerated as soon as they are in existence
5 such as:

6 XXX

7
8 **THE EXCISE TAX ON FUEL AS IMPOSED IN THIS**
9 **SECTION SHALL BE AUTOMATICALLY SUSPENDED**
10 **WHEN THE AVERAGE DUBAI CRUDE OIL PRICE**
11 **BASED ON MOPS REACHES OR EXCEEDS EIGHTY**
12 **DOLLARS (USD 80) PER BARREL."**

13
14 **SEC. 4. *Implementing Rules and Regulations.*** — Within thirty
15 (30) days from the effectivity of this Act, the Secretary of Finance
16 shall, upon the recommendation of the Commissioner of Internal
17 Revenue, promulgate the rules and regulations necessary for its
18 effective implementation.

19
20 **SEC. 5. *Separability Clause.*** — Should any provision or part of
21 this Act be declared unconstitutional or invalid, the other provisions
22 and parts hereof, insofar as they are separable from the invalid ones,
23 shall remain in full force and effect.

24
25 **SEC. 6. *Repealing Clause.*** — All laws, decrees, orders, issuances,
26 rules and regulations or parts thereof which are inconsistent with this
27 Act are hereby repealed or modified accordingly.

28
29 **SEC. 7. *Effectivity.*** — This Act shall take effect fifteen (15) days
30 after its publication in the *Official Gazette* or in at least two (2)
31 newspapers of general circulation.

Approved,