


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

Secretary of the Senate

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SENATE
S. No. 3161

RECEIVED BY: 

Introduced by **Senator GREGORIO B. HONASAN II**

EXPLANATORY NOTE

When a higher 12% Value-Added Tax rate on petroleum products was allowed to be imposed beginning July 1, 2005 by Republic Act No. 9337, the international price of Crude Oil was at \$50 per barrel, Unleaded Gasoline at \$58 per barrel, and Diesel at \$70 per barrel. (Department of Energy - Oil Monitor as of June 9, 2005)

Today, Crude Oil is priced at \$122 per barrel, Gasoline at \$136 per barrel and Diesel at \$137 per barrel. (D.O.E. Oil Monitor as of March 6, 2012) **In other words, the price of petroleum today is double its price in 2005.**

This surely is an added burden to the greatest number of the Filipino people, most especially the poor and even the middle class. It also shows that temporary measures by government to ease the burden of some sectors most affected cannot cope with the running price increases. It should likewise be stated that the government economic targets for this year can be achieved on its assumed oil price of only \$100 per barrel. Thus, there is a need to provide for a quick-response solution adaptable to oil price instability.

It is the policy of the state, under Article II Section 9 of the 1987 Constitution, 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 for all."

To give the government a quick-response and dynamic solution, this bill seeks to mitigate the impact of oil prices by automatically decreasing the imposable Value-Added Tax Rate on petroleum products depending on world crude oil prices as monitored by the Department of Energy.

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


GREGORIO B. HONASAN II
Senator

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Office of the Secretary
MAR 21 2016

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S. No. 3161

Introduced by **Senator GREGORIO B. HONASAN II**

AN ACT

**AUTOMATICALLY DECREASING THE VALUE-ADDED TAX RATE ON
PETROLEUM PRODUCTS DEPENDING ON INCREASING WORLD CRUDE
OIL PRICES**

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

SECTION 1. Declaration of Policy. – In order to promote a just and dynamic social order that will free the people from poverty through policies that provide rising standard of living and an improved quality of life for all, the state hereby establishes a quick-response mechanism to decrease the imposable value-added tax rate depending on the increasing world crude oil prices as determined by the Department of Energy.

Sec. 2. A Value-Added Tax (VAT) of Ten Percent (10%) shall be imposed on petroleum products whenever world crude oil prices exceed One Hundred US Dollars (USD 100) per barrel. *Provided,* That the imposable VAT rate on petroleum products shall be reduced by increments of One percent (1%) every time the world crude oil price increases by increments of Ten US Dollars (USD 10) per barrel. *Provided, Further,* the Bureau of Internal Revenue shall adjust the imposable VAT rate at the beginning of each month depending on the world crude prices as determined by the Department of Energy. *Provided, Finally, That* when world crude oil prices decrease, the VAT may be adjusted accordingly by increments of One percent (1%) but in no case shall the final imposable VAT be above Ten Percent (10%).

Sec. 3. Implementing Rules and Regulations. – The Secretary of Finance shall, upon the recommendation of the Commissioner of internal Revenue, promulgate not later than thirty (30) days upon the effectivity of this Act, the necessary rules and regulations for the effective implementation of said Act.

Sec. 4. Separability Clause. - If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Sec. 5. Repealing Clause. - All laws, executive orders, rules and regulations inconsistent with or contrary to this Act, are hereby repealed or amended accordingly.

Sec. 5. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,