

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Third Regular Session* )



Office of the Secretary

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**S E N A T E**

**S. B. No. 2163**

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**Introduced by Senator Aquilino “Koko” Pimentel III**

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**AN ACT EXEMPTING PETROLEUM PRODUCTS FROM  
VALUE-ADDED TAX, AMENDING FOR THE PURPOSE  
SECTION 109 OF THE NATIONAL INTERNAL REVENUE  
CODE OF 1997, AS AMENDED**

**EXPLANATORY NOTE**

Since the implementation of *Republic Act No. 10963*, or the “*Tax Reform for Acceleration and Inclusion (TRAIN)*” Law, fuel prices and the prices of other goods and commodities have steadily risen. While the uptick in inflation was anticipated, the sharp rise in global crude oil prices was not. As a result, Filipinos have had to contend with higher prices on both basic goods and transport.

As a means of easing the burden on the public, this bill proposes to exempt petroleum products from value-added tax. So as to retain some revenue for the government, excise tax on petroleum products shall still be imposed.

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

**AQUILINO “KOKO” PIMENTEL III**

SENATE  
S. B. No. 2163

Introduced by Senator Aquilino “Koko” Pimentel III

AN ACT EXEMPTING PETROLEUM PRODUCTS FROM  
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SECTION 109 OF THE NATIONAL INTERNAL REVENUE  
CODE OF 1997, AS AMENDED

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

**SECTION 1.** *Section 109 of the National Internal Revenue Code  
of 1997, as amended, is further amended to read as follows:*

“SEC. 109. Exempt Transactions. —

(1) Subject to the provisions of Subsection (2) hereof, the  
following transactions shall be exempt from the value-added tax:

x x x x x

(AA) Sale of drugs and medicines prescribed for diabetes, high  
cholesterol, and hypertension beginning January 1, 2019; [and]

(BB) Sale or lease of goods or properties or the performance of  
services other than the transactions mentioned in the preceding  
paragraphs, the gross annual sales and/or receipts do not exceed  
the amount of Three million pesos (P3,000,000); **AND**

1        **(CC) IMPORTATION OR SALE OF PETROLEUM**  
2        **PRODUCTS.**

3  
4        x x x x x.”

5  
6        **SEC. 2. *Implementing Rules and Regulations.*** — Within thirty  
7        (30) days from the effectivity of this Act, the Secretary of Finance  
8        shall, upon the recommendation of the Commissioner of Internal  
9        Revenue, promulgate the rules and regulations necessary for its  
10       effective implementation.

11  
12       **SEC. 3. *Repealing Clause.*** — All laws, rules and regulations, or  
13       parts thereof that are inconsistent with this Act are hereby repealed,  
14       amended, or modified accordingly.

15  
16       **SEC. 4. *Effectivity Clause.*** — This Act shall take effect fifteen  
17       (15) days after its complete publication in two (2) newspapers of general  
18       circulation.

*Approved,*