

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

25 JUL -3 P5:54

SENATE
S.B. No. 120

RECEIVED



Introduced by **SENATOR IMEE R. MARCOS**

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

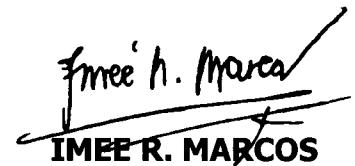
Article II, Section 9 of the Constitution provides that, the "*State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising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

Since the implementation of Republic Act No. 10963, otherwise known as the 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 situation, including the new Israel-Iran crisis have threatened the passage of oil via the Strait of Hormuz, where 20% of the petroleum market flows through. For the month of June 2025, pump prices increased by PhP 6.30 per liter for gasoline, PhP 8.25 per liter for diesel and PhP 6.50 per liter for kerosene.

The higher cost of petroleum products continues to exert upward pressure on inflation, undermining the gains made in the previous months. While inflation continues to stay under the 2-4% target band of the BSP, the geopolitical uncertainty associated with the fragile peace in the Middle East makes government intervention imperative.

In view of the current situation of the country, which has just recovered from a bout of high inflation brought upon by increasing food prices, there is a need to give some relief to the Filipinos and ensure their survival and recovery. The government should not earn windfall profits on price increases in basic commodities and inputs. 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 crisis. 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 reasons, the passage of this bill is earnestly sought.


IMEE R. MARCOS

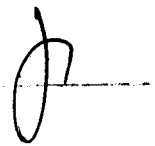
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TIMES OF NATIONAL EMERGENCY OR STATE OF CALAMITY, AMENDING
FOR THE PURPOSE SECTIONS 106 AND 107 OF THE NATIONAL INTERNAL
REVENUE CODE, AS AMENDED

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 Code of 1997, as
2 amended, is further amended to read:

3
4 "Section 106. Value-added Tax on Sale of Goods or Properties. -
5 (A) Rate and Base of Tax - There shall be levied, assessed and collected
6 on every sale, barter or exchange of goods or properties, a value added
7 tax equivalent to twelve percent (12%) of the gross selling price or gross
8 value in money of the goods or properties sold, bartered or exchanged,
9 such tax to be paid by the seller or transferor. **PROVIDED, THAT THE**
10 **PRESIDENT OF THE PHILIPPINES, BY VIRTUE OF AN EXECUTIVE**
11 **ORDER, AFTER CONSULTATION WITH THE SECRETARY OF**
12 **FINANCE, MAY LOWER THE RATE OR SUSPEND THE**
13 **IMPOSITION OF THE VALUE-ADDED TAX ON THE SALES OF**
14 **PETROLEUM PRODUCTS IN TIMES OF A DULY DECLARED STATE**
15 **OF NATIONAL EMERGENCY OR STATE OF CALAMITY FOR A**
16 **PERIOD NOT EXCEEDING ONE (1) YEAR UPON DETERMINATION**
17 **BY THE PRESIDENT THAT SUCH LOWERING OF RATE OR**
18 **SUSPENSION IS NECESSARY TO PROTECT PUBLIC INTEREST**
19 **AND WELFARE.**

xxx."

SEC. 2. Section 107 of the National Internal Revenue Code of 1997, as amended, is further amended to read:

"Section 107. Value-added Tax on the Importation of goods. - (A) In General. - There shall be levied, assessed and collected on every importation of goods a value-added tax equivalent to twelve percent (12%) based on the total value used by the Bureau of Customs in determining tariff and customs duties, plus excise taxes, if any, and other charges, such tax to be paid by the importer prior to the release of such goods from customs custody: Provided, That where the customs duties are determined on the basis of the quantity or volume of the goods, the value-added tax shall be based on the landed cost plus excise taxes, if any. **PROVIDED FURTHER, THAT THE PRESIDENT OF THE PHILIPPINES, BY VIRTUE OF AN EXECUTIVE ORDER, AFTER CONSULTATION WITH THE SECRETARY OF FINANCE, MAY LOWER THE RATE OR SUSPEND THE IMPOSITION OF THE VALUE-ADDED TAX ON THE IMPORTATION OF PETROLEUM PRODUCTS IN TIMES OF A DULY DECLARED STATE OF NATIONAL EMERGENCY OR STATE OF CALAMITY FOR A PERIOD NOT EXCEEDING ONE (1) YEAR UPON DETERMINATION BY THE PRESIDENT THAT SUCH LOWERING OF RATE OR SUSPENSION IS NECESSARY TO PROTECT PUBLIC INTEREST AND WELFARE.**

X X X."

SEC. 3. *Implementing Rules and Regulations.* - Within thirty (30) days from the effectivity of this Act, the Secretary of Finance, in coordination with the Bureau of Internal Revenue, shall promulgate the necessary rules and regulations for its effective implementation.

SEC. 4. *Repealing Clause.* - All other laws, decrees, executive orders and issuances, proclamations, rules and regulations, and other issuances or parts thereof that are inconsistent with the provisions of this Act are hereby repealed or amended, accordingly.

SEC. 5. *Separability Clause.* - If any provision of this Act shall be declared unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 6. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,