


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

25 JUL -8 P5:41

SENATE

S. No. 265

RECEIVED



Introduced by Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT
ABOLISHING THE EXCISE TAX IMPOSED ON DIESEL, KEROSENE,
LIQUEFIED PETROLEUM GAS, FUEL OIL AND UNLEADED GASOLINE OIL,
AMENDING SECTION 148 OF THE NATIONAL INTERNAL REVENUE CODE
OF 1997, AS AMENDED

EXPLANATORY NOTE

The rising cost of living continues to weigh heavily on Filipino households, with transportation and energy prices among the primary drivers of inflation. At the heart of these price increases is the cost of fuel, an essential input in nearly every sector of the economy, from public transportation and food delivery to power generation and household cooking.

The excise taxes imposed on petroleum products under the Tax Reform for Acceleration and Inclusion (TRAIN) Law, while originally intended to support the country's infrastructure program and fiscal consolidation efforts, have had unintended consequences. These taxes have contributed to higher fuel prices, which in turn cascade into increased costs for goods and services, disproportionately affecting low- and middle-income Filipinos.

This bill seeks to abolish the excise tax imposed on diesel, kerosene, liquefied petroleum gas (LPG), fuel oil, and unleaded gasoline. These are petroleum products that are directly linked to the daily expenditures of Filipino families and the operation of key sectors such as transportation, agriculture, and energy.

By removing these excise taxes, the measure aims to:

- Provide immediate relief to commuters and drivers, especially users of diesel-powered jeepneys, buses, and delivery vehicles;
- Lower household expenses on cooking fuel and lighting, particularly for poor and off-grid communities;
- Ease the burden on producers and small businesses by reducing fuel and logistics costs; and

- Help stabilize prices of basic goods and services amid persistent inflationary pressures.

The proposed measure also balances the urgent need to alleviate the cost of living with the broader objective of economic recovery. It acknowledges the government's fiscal needs but calls for a re-examination of revenue sources that inflict regressive impact on ordinary Filipinos who are already burdened by rising prices.

In repealing these specific excise taxes, this bill amends Section 148 of the National Internal Revenue Code of 1997, as amended by the TRAIN Law, to promote a more equitable and responsive tax system that puts the welfare of ordinary Filipinos first.

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

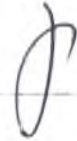
A handwritten signature in black ink, appearing to read "Ben Aquino", written in a cursive style.

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

1 Section 1. *Abolition of Excise Tax.* – The imposition of excise tax on diesel,
2 kerosene, liquefied petroleum gas (LPG), fuel oil and unleaded gasoline oil enumerated
3 under Section 148 of the National Internal Revenue Code of 1997, as amended, is
4 hereby abolished.

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

9 Sec. 3. *Separability Clause.* - Should any provision or part of this Act be declared
10 unconstitutional or invalid, the other provisions and parts hereof, insofar as they are
11 separable from the invalid ones, shall remain in full force and effect.

12 Sec. 4. *Repealing Clause.* - The provisions on the imposition of excise taxes on
13 diesel, kerosene, liquefied petroleum gas (LPG), fuel oil and unleaded gasoline oil

1 under Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion Law,
2 BIR Revenue Regulation No. 2-2018, and other laws, executive orders, and decrees,
3 insofar as they impose excise tax on said petroleum products, are likewise repealed.
4 All other laws, decrees, orders, issuances, rules and regulations or parts thereof which
5 are inconsistent with this Act are hereby repealed or modified accordingly.

6 Sec. 5. *Effectivity.* - This Act shall take effect fifteen (15) days after its
7 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,