

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3006



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

The enactment of Republic Act No. 8794 (RA 8794) in June 27, 2000 put in place the motor vehicle user's charge (MVUC), a single law that provides for the annual motor vehicle registration fees by repealing the registration fee and the Private Motor Vehicle Tax. RA 8794 increased the rates by 100% from the previous levels but the increase in the rates was done in four tranches from 2001 to 2004.

The MVUC system needs to be simplified by applying a single rate for all types of motor vehicles whether private, government, or for hire. The simplified MVUC systems will ease the burden of administration and lowers cost of compliance.

In addition, Section 3 of RA 8794 grants the President the authority to adjust annually the MVUC rates after the 4th year of its effectivity, however, the existing rates have not been adjusted since 2004. The MVUC rate needs to incorporate the adjustment from the 2004 rate to ensure buoyancy of the revenues. The adjusted MVUC rate will provide sufficient sources of fund for the infrastructure programs of the government.

The revenues from the proposed increase of MVUC rates will be one of the sources of funding that will finance road infrastructure projects of the government.

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


LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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AN ACT
AMENDING REPUBLIC ACT 8794 ENTITLED "AN ACT IMPOSING A MOTOR
VEHICLE USER'S CHARGE ON OWNERS OF ALL TYPES OF MOTOR VEHICLES
AND FOR OTHER PURPOSES".

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

Section 1. **Title.** This Act shall be known as the "2020 MVUC Law"

Section 2. **Declaration of Policy.**

1. Simplify the structure of motor vehicle user's charge (MVUC).
2. Ensure buoyancy of the revenues from the MVUC and provide sufficient sources of fund for the infrastructure programs of the government.
3. Provide ample revenues to finance road infrastructure projects of the government.

Section 3. Section 2 of Republic Act No.8794 is hereby amended as follows:

Section 2. **Coverage** [In lieu of the registration fee under section 8 Republic Act No. 4136, as amended by Batas Pambansa Bilang 74, and the Private Motor Vehicle Tax under Executive Order No. 43, series of 1986, there is hereby] **THE MOTOR VEHICLE USER'S CHARGE SHALL CONTINUE TO BE** imposed on every motor vehicle, whether for hire or for private use, including government motor vehicles as more fully provided in Section 3 hereof, which shall be collected from and paid by the owner of the motor vehicle.

Section 4. Section 3 of RA 8794 is hereby amended as follows:

Section 3. **Rates of Motor Vehicle User's Charge.**

[(a) For private passenger cars registered as of the date of the effectivity of this Act, the MVUC to be paid shall be the private motor vehicle tax under Executive Order No. 43, series of 1986, plus twenty-five percent (25%) for the first year, fifty percent (50%) for the second year, seventy five percent (75%) for the third year, and one hundred percent (100%) for the year and thereafter: Provided, however, That private passenger cars to be registered for the first time after the effectivity of this Act, shall be subject to the MVUC rates prescribed in section 3(b) hereof.

(b) Except as provided under 3(a) hereof, for each motor vehicle under each of the categories as herein provided, the MVUC shall be collected from and paid by the vehicle owner, at the following base rates plus twenty-five percent (25%) in the first year from the effectivity of this Act; the said base rates plus fifty percent (50%) in the second year from the effectivity of this Act; the said base rates plus seventy-five percent (75%) in the third year from the effectivity of this Act; and said base rates plus one hundred percent (100%) in the fourth year from the effectivity of this Act and their after: Provided, That the MVUC for the sports utility vehicles shall be fifteen percent (15%) higher than the MVUC herein set for private utility vehicles: Provided, further, That motorcycles for hire with sidecars shall not pay more than three-hundred pesos (300.00).]

THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON EVERY REGISTERED MOTOR VEHICLE, WHETHER FOR HIRE OR FOR PRIVATE USE, INCLUDING GOVERNMENT VEHICLES A MOTOR VEHICLE USER'S CHARGEWHICH SHALL BE COLLECTED FROM AND PAID BY THE OWNER OF THE MOTOR VEHICLE IN ACCORDANCE WITH THE FOLLOWING SCHEDULE:

Type of vehicle	Base rates per kilogram of Gross Vehicle Weight (GVW)		
	2020	2021	2022
All types of motor vehicles whether private, government, or for hire motor vehicles including motorcycles	P1.40	P1.95	P2.50

AS USED IN THIS SECTION –

(A) “MOTOR VEHICLE” SHALL MEAN ANY VEHICLE PROPELLED BY ANY POWER OTHER THAN MUSCULAR POWER USING THE PUBLIC HIGHWAYS BUT EXCEPTING AIRCRAFT, MOTOR BOATS, ROAD ROLLERS, TROLLEY CARS,

STREET SWEEPERS, SPRINKLERS, LAWN MOWERS, BULLDOZERS, GRADERS, FORK LIFTS, AMPHIBIAN TRUCKS, AND CRANES IF NOT USED IN PUBLIC HIGHWAYS, VEHICLES WHICH RUN ONLY ON RAILS OR TRACKS, AND TRACTORS, TRAILERS AND TRACTION ENGINES OF ALL KINDS USED EXCLUSIVELY FOR AGRICULTURAL PURPOSES.

TRAILERS HAVING ANY NUMBER OF WHEELS, WHEN PROPELLED OR INTENDED TO BE PROPELLED BY ATTACHMENT TO A MOTOR VEHICLE SHALL BE CLASSIFIED AS SEPARATE MOTOR VEHICLE WITH NO POWER RATING.

(B) "GROSS VEHICLE WEIGHT" SHALL MEAN THE MEASURED WEIGHT OF A MOTOR VEHICLE AS SPECIFIED BY THE MANUFACTURER PLUS THE MAXIMUM ALLOWABLE CARRYING CAPACITY IN MERCHANDISE, FREIGHT, AND/OR PASSENGER AS DETERMINED BY THE ASSISTANT SECRETARY OF THE LAND TRANSPORTATION OFFICE.

(C) "OWNER" REFERS TO MEANS ANY PERSON HOLDING TITLE TO A MOTOR VEHICLE, OR HAVING THE LEGAL RIGHT TO REGISTER THE SAME, INCLUDING PURCHASERS UNDER A CONDITIONAL SALE AGREEMENT.

SECTION 5. Republic Act 8794 is hereby amended by introducing a new Section 4 which shall read follows:

"SECTION 4. PAYMENT OF MOTOR VEHICLE USER CHARGE. –

(A) *PERSONS LIABLE* – THE MOTOR VEHICLE USER'S CHARGE SHALL BE PAID BY THE OWNER OF THE MOTOR VEHICLE TO THE LAND TRANSPORTATION OFFICE (LTO), UPON EVERY ANNUAL REGISTRATION, CONFORMABLY WITH THE REGULATIONS ISSUED JOINTLY BY THE DEPARTMENT OF FINANCE AND DEPARTMENT OF TRANSPORTATION.

THE MANNER OF PAYMENTS OF THE MOTOR VEHICLE USER'S CHARGE ON GOVERNMENT MOTOR VEHICLES SHALL BE IN ACCORDANCE WITH THE PROCEDURE THAT SHALL BE PROMULGATED BY THE SECRETARY OF THE DEPARTMENT OF BUDGET AND MANAGEMENT.

(B) *MANNER OF COLLECTION OF REVENUES AND FILING OF RETURN* – THE MOTOR VEHICLE USER'S CHARGE SHALL BE COLLECTED BY THE LTO FROM OWNERS OF MOTOR VEHICLES AS PART OF THE ANNUAL VEHICLE REGISTRATION IN ACCORDANCE WITH THE RATES SET FORTH IN SECTION 202 HEREOF. THE DATES OF ANNUAL REGISTRATION OF MOTOR VEHICLES SHALL BE BASED ON THE REGISTRATION SCHEME PROVIDED BY THE LTO.

(C) *EFFECT OF FAILURE TO PAY ROAD USER CHARGE*– ANY REGISTRATION OF MOTOR VEHICLES NOT RENEWED ON OR BEFORE THE DATE FIXED BY THE LTO ~~SHALL~~ BE CONSIDERED DELINQUENT AND INVALID.”

Section 6. The existing Section 4 of RA 8794 is hereby retained but renumbered as Section 5.

Section 7. *Implementing Rules and Regulation* - The DOTr and DOF shall jointly promulgate the implementing rules and regulations thirty (30) days from the effectivity of this Act.

Section 8. *Repealing Clause* - All other laws, orders issuance, circulars, rules and regulation or parts thereof, which are inconsistent with the provision of this Act are hereby repealed or modified accordingly.

Section 9. *Separability Clause* - If any provision of this Act is declared unconstitutional or invalid, other parts or provision hereof not affected thereby shall continue to be in full force and effect.

Section 10. *Effectivity*– This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.