

Republic of the Philippines  
House of the Representative  
Quezon City

Eighteenth Congress  
First Regular Session

HOUSE BILL NO. 4695



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Introduced by Rep. Joey Sarte Salceda

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### **EXPLANATORY NOTE**

The challenge of the times for the Philippines, as a nation trapped in middle-income status, is to accelerate infrastructure investments and to translate economic growth into equitable gains for all. This becomes doubly challenging as the nation faces unprecedented global threat of climate change that likewise disproportionately affects the poor.

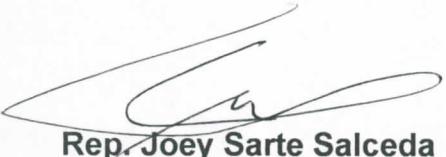
Serious solutions are called for that integrate these realities into public policy. This measure seeks a holistic solution that optimizes the road user's tax while it encourages the use of public transportation and addresses the ill-effects of pollution to health.

This measure imposes an optimal motor vehicle road users' tax (MVRUT) on all types of vehicles, a reasonable demand considering that the motor vehicle user's charge (MVUC) has not been adjusted since 2004. Republic Act No. 8794 or An Act Imposing a Motor Vehicle Road User's Charge on Owners of All Types of Motor Vehicles and for other Purposes, grants the President the authority to adjust the MVUC rates annually by 2004, however, said presidential prerogative was never exercised. As a result, the MVUC proceeds, which was supposed to finance the infrastructure projects of the government, was not maximized. It also unduly encouraged the purchase of vehicles.

To cushion the impact, the increase would be implemented in phases from 2020 to 2022. Further, the multi-tiered structure under Republic Act No. 8794 will also be retained during the period. However, by January 1, 2023, a unitary rate at P1.40 per kilogram of gross vehicle weight for all types of motor vehicles will be in place.

The revenues from the MVRUT will finance road infrastructure projects of the government. Further, the incremental revenues from the increase of MVRUT shall help finance the modernization of public utility vehicles and universal health care, the flagship projects of the administration of President Rodrigo Roa Duterte. Specifically, the measure promotes efficient movement of people by providing drivers and operators of public utility vehicles opportunities to modernize their fleet through substantial equity subsidies. At the same time, the measure contributes to the financing of universal health care, to ensure the productivity of the population, particularly to those with less under the law.

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



Rep. Joey Sarte Salceda  
Second District of Albay

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**AN ACT AMENDING REPUBLIC ACT NO. 8794, ENTITLED “AN ACT  
IMPOSING A MOTOR VEHICLE USER’S CHARGE ON OWNERS OF ALL  
TYPES OF MOTOR VEHICLES AND FOR OTHER PURPOSES”, AS  
AMENDED BY REPUBLIC ACT NO. 11239**

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

SECTION 1. This Act shall be known as the “Motor Vehicle Road User’s Tax Act”.

SEC. 2. Section 2 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby amended to read as follows:

“SEC. 2. Coverage. - [In lieu of the registration fee under Section 8 of 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 ROAD USER’S TAX 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 [a Motor Vehicle User’s Charge (MVUC)], which shall be collected from and paid by the owner of the motor vehicle.”

SEC. 3. Section 3 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby amended to read as follows:

"SEC. 3. [Rates of the Motor Vehicle User's Charge. - ] RATES OF MOTOR VEHICLE ROAD USER'S TAX. - [(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 Section 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 thereafter: Provided, That the MVUC for 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).]

[	Type of Vehicle	Base Rates
I. Private and Government		
A. Passenger Cars		
(1)	GVW up to 1,600 kgs.	P800
(2)	GVW more than 1,600 kgs. – 2,300 kgs.	1,800
(3)	GVW more than 2,300 kgs.	4,000
B. Utility Vehicles		
GVW up to 2,700 kgs.		P1,000
GVW more than 2,700 kgs. – 4,500 kgs.		P1,000 + P20 per 100 kgs. of GVW over 2,700 kgs.
C. Motorcycles		
Without sidecar		P120

	With side car	150
D. Buses		
	GVW more than 4,500 kgs.	P900+P12 per 100 kgs. of GVW over 2,700 kgs.
E. Trucks		
	GVW more than 4,500 kgs	P900+P12 per 100 kgs. of GVW over 2,700 kgs.
F. Trailers		
	GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW
II. For Hire		
A. Passenger Cars		
(1) GVW up to 1,600 kgs.	P450	
(2) GVW more than 1,600 kgs. – 2,300 kgs.	900	
(3) GVW more than 2,300 kgs.	2,500	
B. Utility Vehicles		
GVW up to 4,500 kgs.	P15 per 100 kgs. Of GVW	
C. Motorcycles		
Without sidecar	P150	
With side car	240	
D. Buses		
GVW more than 4,500 kgs.	P15 per 100 kgs. of GVW	
E. Trucks		
GVW more than 4,500 kgs	P900+P12 per 100 kgs. of GVW over 2,700 kgs.	
F. Trailers		
GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW ]	

[After the fourth year from the effectivity of this Act, the President of the Philippines may adjust the rates contained in Section 3 which shall be reflective of but shall not exceed the annual rate of increase of the Consumer Price Index (CPI). The President may adjust such rates not more than once every five (5) years.]

**"THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED ON EVERY REGISTERED PRIVATE AND GOVERNMENT VEHICLES, A MOTOR VEHICLE ROAD USER'S TAX WHICH SHALL BE COLLECTED FROM AND PAID BY THE**

**OWNER OF THE MOTOR VEHICLE IN ACCORDANCE WITH THE FOLLOWING  
SCHEDULE:**

Type of Vehicle	JANUARY 1, 2020	JANUARY 1, 2021	JANUARY 1, 2022
<b>A. Passenger cars</b>			
Gross vehicle weight (GVW) up to 1,600 kilograms (kg)	2,912	3,028	3,056
GVW above 1,600 kg but not exceeding 2,300 kg	6,552	6,814	6,876
GVW above 2,300 kg	14,560	15,142	15,280
<b>B.1. Utility vehicles</b>			
GVW up to 2,700 kg	3,640	3,786	3,820
GVW above 2,700 kg but not exceeding 4,500 kg	3,640 + 73 per 100 kg. of GVW over 2,700 kg	3,786 + 75 per 100 kg. of GVW over 2,700 kg	3,820 + 76 per 100 kg. of GVW over 2,700 kg
<b>B.2. Sports utility vehicles</b>			
GVW up to 2,700 kg	4,186	4,353	4,393
GVW above 2,700 kg but not exceeding 4,500 kg	4,186 + 84 per 100 kg of GVW over 2,700 kg	4,353 + 87 per 100 kg of GVW over 2,700 kg	4,393 + 88 per 100 kg of GVW over 2,700 kg
<b>C. Motorcycles</b>			
Without sidecar with engine displacement below 400cc	0	0	0
Without sidecar with engine displacement of 400cc and above	437	454	458
With side car	546	568	573

Type of Vehicle	JANUARY 1, 2020	JANUARY 1, 2021	JANUARY 1, 2022
<b>D. Buses</b>			
GVW up to 4,500 kg	3,276	3,407	3,438
	3,276	3,407	3,438
	+ 44	+ 45	+ 46
GVW above 4,500 kg	per 100 kg of over kg GVW 2,700	per 100 kg of over kg GVW 2,700	per 100 kg of over kg GVW 2,700
<b>E. Trucks</b>			
	3,276	3,407	3,438
	+ 44	+ 45	+ 46
GVW above 4,500 kg	per 100 kg of over kg GVW 2,700	per 100 kg of over kg GVW 2,700	per 100 kg of over kg GVW 2,700
<b>F. Trailers</b>			
	44	45	46
GVW above 4,500 kg	per 100 kg of GVW	per 100 kg of GVW	per 100 kg of GVW

**"PROVIDED, THAT FOR HIRE VEHICLES SHALL BE SUBJECT TO 50% OF THE ABOVE TAX RATES. PROVIDED FURTHER, THAT VEHICLES WITH GVW ABOVE 2,700 KG BUT NOT EXCEEDING 4,500 KG AND WITH A PASSENGER CAPACITY OF 18 PERSONS AND ABOVE SHALL BE CLASSIFIED AS BUSES FOR PURPOSES OF THE IMPOSITION OF MOTOR VEHICLE ROAD USER'S TAX.**

**"EFFECTIVE JANUARY 1, 2023:**

TYPE OF VEHICLE	BASE RATES PER KILOGRAM OF GVW
ALL TYPES OF MOTOR VEHICLES WHETHER PRIVATE, GOVERNMENT, OR FOR HIRE MOTOR VEHICLES INCLUDING MOTORCYCLES WITH SIDE CAR	P1.40

**"PROVIDED, HOWEVER, THAT IN THE EVENT THE ABOVE TAX RATE WILL RESULT IN DOWNWARD ADJUSTMENT OF TAX RATES, THE APPLICABLE MOTOR VEHICLE ROAD USER'S TAX OF THE PRECEDING YEAR SHALL BE APPLIED.**

**"PROVIDED, FURTHER, THAT THE RATES OF MOTOR VEHICLE ROAD USER'S TAX SHALL BE INCREASED BY FIVE PERCENT (5%) ANNUALLY EFFECTIVE JANUARY 1, 2024 THROUGH REVENUE REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.**

**"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 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 ANY PERSON HOLDING TITLE TO A MOTOR VEHICLE, OR HAVING THE LEGAL RIGHT TO REGISTER THE SAME, INCLUDING PURCHASERS UNDER A CONDITIONAL SALE AGREEMENT."**

**SEC 4. A new section designated as Section 3-A of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby created to read as follows:**

**"SEC. 3-A. PAYMENT OF MOTOR VEHICLE ROAD USER'S TAX. –**

**"(A) PERSONS LIABLE – THE MOTOR VEHICLE ROAD USER'S TAX 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 ROAD USER'S TAX 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 – THE MOTOR VEHICLE ROAD 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 3 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."**

SEC 5. Section 7 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby further amended to read as follows:

**"SEC. 7. Disposition of Monies Collected. - All monies collected under this Act shall be remitted to the National Treasury [under a special account in the General Fund to be earmarked solely for the construction, upgrading, repair, and rehabilitation of roads, bridges, and road drainage to be included in the annual General Appropriations Act.] AND SHALL ACCRUE TO THE GENERAL FUND: PROVIDED, THAT ALL INCREMENTAL REVENUES COLLECTED UNDER THIS ACT SHALL BE ALLOCATED AND USED**

**EXCLUSIVELY FOR THE FOLLOWING PURPOSES:**

**"(1) FIFTY PERCENT (50%) FOR THE IMPLEMENTATION OF REPUBLIC ACT NO. 11223, OTHERWISE KNOWN AS THE 'UNIVERSAL HEALTH CARE ACT OF 2019'; AND**

**(2) FIFTY PERCENT (50%) FOR THE MODERNIZATION OF PUBLIC UTILITY VEHICLES, PARTICULARLY FOR THE EQUITY SUBSIDY OF PUBLIC TRANSPORT OPERATORS CONSOLIDATED AS TRANSPORT COOPERATIVES FOR THE ACQUISITION OF EURO-4 COMPLIANT PUBLIC UTILITY VEHICLES PLYING AUTHORIZED ROUTES AS DETERMINED BY THE DEPARTMENT OF TRANSPORTATION (DOTr) AND THE LAND TRANSPORT FRANCHISING AND REGULATORY BOARD (LTFRB); PROVIDED, THAT SAID INCREMENTAL REVENUES SHALL BE EARMARKED FROM JANUARY 1, 2020 TO DECEMBER 31, 2024 FOR THE MODERNIZATION OF PUBLIC UTILITY VEHICLES; PROVIDED, FURTHER, THAT THE EARMARKED FUNDS SHALL BE USED TO FUND THE UNIVERSAL HEALTH CARE EFFECTIVE JANUARY 1, 2025.**

**SEC. 6. *Implementing Rules and Regulations.*** - The DOTr, DOF, the DOH, and the LTFRB shall jointly promulgate the implementing rules and regulations thirty (30) days from the effectivity of this Act.

**SEC. 7. *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.

**SEC. 8. *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.

**SEC. 9. *Effectivity.*** – This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,