

Republic of the Philippines
House of Representatives
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

3931
HOUSE BILL NO. _____



INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

EXPLANATORY NOTE

The Philippines is blessed with rich natural resources throughout its exclusive economic zone (EEZ) and extended continental shelf, including natural gas and oil. Unfortunately, we have been unable to tap the full potential of these energy resources. As a consequence of, we have no choice but to import crude oil from oil-exporting countries, regardless of the price which has become unconscionably high.

In the last four to five years, petroleum exploration in the Philippines has practically stopped with no major foreign oil and gas company coming in. This is all because of the perceived unstable policies due to the Commission on Audit (COA) ruling and now with the proposed Tax Reform for Acceleration and Inclusion (TRAIN 2) Act.

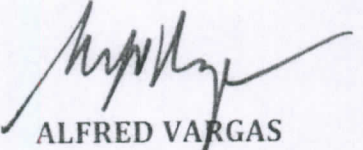
The implementation of the *TRAIN 2 Law* coinciding with other factors such as the rise of global oil prices and inflation have resulted to the upsurge of fuel prices thereby diminishing the purchasing power of the public, especially those who belong to the lowest strata of our society.

The second tranche of TRAIN imposes an additional P2.24 per liter of gasoline and diesel, consisting of P2 in excise tax and P0.24 in value-added tax (VAT). Removing VAT on

petroleum products would lighten the burden on the Filipino people who are presently saddled by high prices of fuel and other basic goods and services.

This bill seeks to exempt petroleum products from value-added tax (VAT) as a measure to alleviate the burden of fuel price hikes on the Filipino people.

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



ALFRED VARGAS

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

Be it enacted by the Senate and 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 XXX

(Z) Sale of gold to the Bangko Sentral ng Pilipinas (BSP);

(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

(CC) IMPORTATION OR SALE OF PETROLEUM PRODUCTS.

XXXX"

Section 2. Implementing Rules and Regulations. - Within thirty (30) days from the effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the

Commissioner of Internal Revenue, promulgate the rules and regulations necessary for its effective implementation.

Section. 3. Repealing Clause. - All laws, decrees, rules and regulations inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

Section. 4. Effectivity Clause. - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,