

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 243



Introduced by
BAYAN MUNA Party-List Representatives **CARLOS ISAGANI T. ZARATE,**
FERDINAND R. GAITE and **EUFEMIA C. CULLAMAT,**
ACT TEACHERS Party-List Representative **FRANCE L. CASTRO,**
GABRIELA Women's Party Representative **ARLENE D. BROSAS** and
KABATAAN Party-List Representative **SARAH JANE I. ELAGO**

**AN ACT REVERSING REGRESSIVE AND ANTI-POOR TAXATION, REPEALING
FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT 10963
OTHERWISE KNOWN AS TAX REFORM FOR ACCELERATION AND
INCLUSION ACT**

EXPLANATORY NOTE

On January 1, 2018, Republic Act 10963 or the Tax Reform for Acceleration and Inclusion (TRAIN) Law was implemented.

In the first few months of the implementation of TRAIN Law, prices of petroleum products rose, and prices of basic goods and service followed suit. Rice, which is supposed to be VAT exempt, became more expensive by P1-2 per kilo, according to the Kilusang Magbubukid ng Pilipinas. There was a P10 increase per kilo for beef, meat and pork lean meat and P2 to P20 per kilo increase for dressed chicken.

Fares for Uber and Grab taxis have increased, and fare hikes for public utility jeepneys and buses are in the offing. Electricity charges increased by February 2018.

The Department of Economic Research of the Bangko Sentral ng Pilipinas said that on April 2018 inflation may reach 4.7%, while the Philippine Statistics Authority reported an inflation rate of 4.5% in March, higher from the revised 3.8% in February. Earlier, according to news reports, inflation hit successive 3-year highs of 4% and 4.5% in January and February this year, coinciding with the initial implementation of the TRAIN law.

Citing the data from the PSA, dean of University of the Philippines (UP) Diliman School of Statistics Dennis Mapa said that the tax reform law has both direct and indirect effects on the

cost of goods, with price hikes "particularly felt by the poor during the start of the year." He said that current cash transfers of P200 per family per month may not be enough.¹

Yet, the Department of Finance on March 4 said that except for sugar-sweetened beverages TRAIN had no impact on inflation.

The impact of TRAIN among the poor Filipinos could never be denied. While the TRAIN law provides higher income tax exemption for those earning below P250,000 annually, it actually levies higher tax burden to the poor majority with the removal of some VAT exemptions and introduction of new excise taxes on petroleum products and sugar-sweetened beverages.

According to IBON Databank, 60% poorest families or some 13.7 million families will have decreased income while those in the upper 40% or the rich and high income group comprising some 9.1 million families will have higher take home pay.

Some 15.2 million families who earn minimum wages or below belong to the informal sector who are already exempted from paying income taxes will not benefit from income tax cuts. But these poor families is actually shouldering the higher cost of goods and services as a result of the TRAIN Law.

The TRAIN Law contradicts a progressive and pro-poor taxation. The aim to lower taxes for the poor and improve the quality of life of our people was negated by the government's drive to increase revenues. Instead of easing the burden of over-taxation, the TRAIN Law worsens the misery of our people.

Instead of heavily taxing the poor through VAT and excise taxes on petroleum products and sugar-sweetened beverages, higher taxes should be levied on those who have more capacity, in our case, the big foreign and local corporations and landlords. The poor and low-income families, on the other hand, should be taxed as lightly as possible while provided with the much needed publicly-provided social and economic services. Now after more than a year of its implementation inflation is again at the up take of 4.3% based on the PSA report for May 2019 and more price hikes are bound to follow.

This bill aims to reduce the tax burden on the poor majority by amending the TRAIN Law. It repeals regressive taxes including the expansion of VAT coverage, additional excise taxes on petroleum products and the excise taxes on sugar-sweetened beverages.

Passage of this urgent bill is earnestly sought.

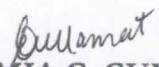
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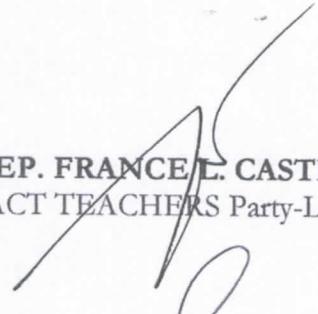
¹ <https://www.rappler.com/business/197390-inflation-poor-filipinos-tax-reform-poverty-reduction>

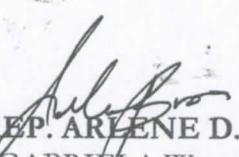
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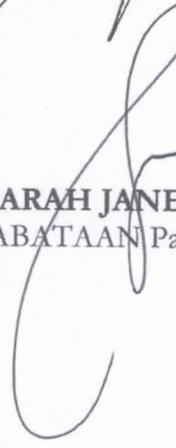

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**AN ACT REVERSING REGRESSIVE AND ANTI-POOR TAXATION, REPEALING
FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT 10963
OTHERWISE KNOWN AS TAX REFORM FOR ACCELERATION AND
INCLUSION ACT**

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

SECTION 1. Section 12 of Republic Act 10963, otherwise known as the Tax Reform for Acceleration and Inclusion Act, is hereby amended to read as follows:

"SEC. 12 [Section 35 of the NIRC, as amended, is hereby repealed] **ALLOWANCE
OF PERSONAL EXEMPTION FOR INDIVIDUAL TAXPAYER.** -

(A) IN GENERAL. - FOR PURPOSES OF DETERMINING THE TAX PROVIDED IN SECTION 24 (A) OF THIS TITLE, THERE SHALL BE ALLOWED A BASIC PERSONAL EXEMPTION AMOUNTING TO FIFTY THOUSAND PESOS (P50,000) FOR EACH INDIVIDUAL TAXPAYER.

IN THE CASE OF MARRIED INDIVIDUALS WHERE ONLY ONE OF THE SPOUSES IS DERIVING GROSS INCOME, ONLY SUCH SPOUSE SHALL BE ALLOWED THE PERSONAL EXEMPTION.

(B) ADDITIONAL EXEMPTION FOR DEPENDENTS. - THERE SHALL BE ALLOWED AN ADDITIONAL EXEMPTION OF TWENTY-FIVE THOUSAND PESOS (P25,000) FOR EACH DEPENDENT NOT EXCEEDING FOUR (4).

THE ADDITIONAL EXEMPTION FOR DEPENDENT SHALL BE CLAIMED BY ONLY ONE OF THE SPOUSES IN THE CASE OF MARRIED INDIVIDUALS.

IN THE CASE OF LEGALLY SEPARATED SPOUSES, ADDITIONAL EXEMPTIONS MAY BE CLAIMED ONLY BY THE SPOUSE WHO HAS CUSTODY OF THE CHILD OR CHILDREN: PROVIDED, THAT THE TOTAL AMOUNT OF ADDITIONAL EXEMPTIONS THAT MAY BE CLAIMED BY BOTH SHALL NOT EXCEED THE MAXIMUM ADDITIONAL EXEMPTIONS HEREIN ALLOWED.

FOR PURPOSES OF THIS SUBSECTION, A 'DEPENDENT' MEANS A LEGITIMATE, ILLEGITIMATE OR LEGALLY ADOPTED CHILD CHIEFLY DEPENDENT UPON AND LIVING WITH THE TAXPAYER IF SUCH DEPENDENT IS NOT MORE THAN TWENTY-ONE (21) YEARS OF AGE, UNMARRIED AND NOT GAINFULLY EMPLOYED OR IF SUCH DEPENDENT, REGARDLESS OF AGE, IS INCAPABLE OF SELF-SUPPORT BECAUSE OF MENTAL OR PHYSICAL DEFECT.

(C) CHANGE OF STATUS. - IF THE TAXPAYER MARRIES OR SHOULD HAVE ADDITIONAL DEPENDENT(S) AS DEFINED ABOVE DURING THE TAXABLE YEAR, THE TAXPAYER MAY CLAIM THE CORRESPONDING ADDITIONAL EXEMPTION, AS THE CASE MAY BE, IN FULL FOR SUCH YEAR.

IF THE TAXPAYER DIES DURING THE TAXABLE YEAR, HIS ESTATE MAY STILL CLAIM THE PERSONAL AND ADDITIONAL EXEMPTIONS FOR HIMSELF AND HIS DEPENDENT(S) AS IF HE DIED AT THE CLOSE OF SUCH YEAR.

IF THE SPOUSE OR ANY OF THE DEPENDENTS DIES OR IF ANY OF SUCH DEPENDENTS MARRIES, BECOMES TWENTY-ONE (21) YEARS OLD OR BECOMES GAINFULLY EMPLOYED DURING THE TAXABLE YEAR, THE TAXPAYER MAY STILL CLAIM THE SAME EXEMPTIONS AS IF THE SPOUSE OR ANY OF THE DEPENDENTS DIED, OR AS IF SUCH DEPENDENTS MARRIED, BECAME TWENTY-ONE (21) YEARS OLD OR BECAME GAINFULLY EMPLOYED AT THE CLOSE OF SUCH YEAR.

(D) PERSONAL EXEMPTION ALLOWABLE TO NONRESIDENT ALIEN INDIVIDUAL. - A NONRESIDENT ALIEN INDIVIDUAL ENGAGED IN TRADE, BUSINESS OR IN THE EXERCISE OF A PROFESSION IN THE PHILIPPINES SHALL BE ENTITLED TO A PERSONAL EXEMPTION IN THE AMOUNT EQUAL TO THE EXEMPTIONS ALLOWED IN THE INCOME TAX LAW IN THE COUNTRY OF WHICH HE IS A SUBJECT - OR CITIZEN, TO CITIZENS OF THE PHILIPPINES NOT RESIDING IN SUCH COUNTRY, NOT TO EXCEED THE AMOUNT FIXED IN THIS SECTION AS EXEMPTION FOR CITIZENS OR RESIDENT OF THE PHILIPPINES: PROVIDED, THAT SAID NONRESIDENT ALIEN SHOULD FILE A TRUE AND ACCURATE RETURN OF THE TOTAL INCOME

RECEIVED BY HIM FROM ALL SOURCES IN THE PHILIPPINES, AS REQUIRED BY THIS TITLE."

SECTION 2. Section 33 of the same Act is hereby amended to read as follows:

"SEC. 33. Section 108 of the NIRC, as amended, is hereby further amended to read as follows:

"SEC 108. Value-added Tax on Sale of Services and Use or Lease of Properties. -

(A) Rate and Base of Tax. - There shall be levied, assessed and collected, a value-added tax equivalent to twelve percent (12%) of gross receipts derived from the sale or exchange of services, including the use or lease of properties.

The phrase "sale or exchange of services" means the performance of all kinds or services in the Philippines for others for a fee, remuneration or consideration, including those performed or rendered by construction and service contractors; stock, real estate, commercial, customs and immigration brokers; lessors of property, whether personal or real; warehousing services; lessors or distributors of cinematographic films; persons engaged in milling processing, manufacturing or repacking goods for others; proprietors, operators or keepers of hotels, motels, rest houses, pension houses, inns, resorts; proprietors or operators of restaurants, refreshment parlors, cafes and other eating places, including clubs and caterers; dealers in securities; lending investors; transportation contractors on their transport of goods or cargoes, including persons who transport goods or cargoes for hire another domestic common carriers by land relative to their transport of goods or cargoes; common carriers by air and sea relative to their transport of passengers, goods or cargoes from one place in the Philippines to another place in the Philippines; [sales of electricity by generation companies, transmission by any entity, and distribution companies including electric cooperatives;] services of franchise grantees of telephone and telegraph, radio and television broadcasting and all other franchise grantees except those under Section 119 of this Code; services of banks, non-bank financial intermediaries and finance companies; and non-life insurance companies (except their crop insurances), including surety, fidelity, indemnity and bonding companies; and similar services regardless of whether or not the performance thereof calls for the exercise or use of the physical or mental faculties. The phrase "sale or exchange of services" shall likewise include:

"(1) The lease or the use of or the right or privilege to use any copyright, patent, design or model, plan secret formula or process, goodwill, trademark, trade brand or other like property or right;

"(2) The lease of the use of, or the right to use of any industrial, commercial or scientific equipment;

“(3) The supply of scientific, technical, industrial or commercial knowledge or information;

“(4) The supply of any assistance that is ancillary and subsidiary to and is furnished as a means of enabling the application or enjoyment of any such property, or right as is mentioned in subparagraph (2) or any such knowledge or information as is mentioned in subparagraph (3);

“(5) The supply of services by a nonresident person or his employee in connection with the use of property or rights belonging to, or the installation or operation of any brand, machinery or other apparatus purchased from such nonresident person.

“(6) The supply of technical advice, assistance or services rendered in connection with technical management or administration of any scientific, industrial or commercial undertaking, venture, project or scheme;

“(7) The lease of motion picture films, films, tapes and discs; and

“(8) The lease or the use of or the right to use radio, television, satellite transmission and cable television time.

“Lease of properties shall be subject to the tax herein imposed irrespective of the place where the contract of lease or licensing agreement was executed if the property is leased or used in the Philippines.

“The term ‘gross receipts’ means the total amount of money or its equivalent representing the contract price, compensation, service fee, rental or royalty, including the amount charged for materials supplied with the services and deposits and advanced payments actually or constructively received during the taxable quarter for the services performed or to be performed for another person, excluding value-added tax.

“(B) xxx

“(1) xxx

“(2) xxx

“(3) xxx

“(4) xxx

“(5) xxx

“(6) xxx

“(7) xxx

“Provided that, subparagraphs (B)(1) and (B)(5) hereof shall be subject to the twelve percent (12%) value-added tax and no longer be subject to zero percent (0%) VAT rate upon satisfaction of the following conditions:

“(1) xxx

“(2) xxx

SECTION 3. Section 34 of the Same Act shall be 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:

“(A) xxx

“(B) xxx

“(C) xxx

“(D) xxx

“(E) xxx

“(F) xxx

“(G) xxx

“(H) xxx

“(I) xxx

“(J) xxx

“(K) xxx

“(L) xxx

“(M) xxx

“(N) xxx

“(O) xxx

“(P) Sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business or real property utilized for low-cost and socialized housing as defined by Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, and other related laws, residential lot valued at One million pesos (P1,500,000) and below, house and lot, and other residential dwellings valued at Two million five hundred thousand pesos (P2, 500, 000) and below: [Provided, That beginning January 1, 2021, the VAT exemption shall only apply to sale of real properties not primarily held for sale to customers or held for lease in the ordinary course of trade or business, sale of real property utilized for socialized housing as defined by Republic Act No. 7279, sale of house and lot, and other residential with selling price of not more than Two million pesos (P2, 000, 000) and below:] Provided, [further,] That every three (3) years thereafter, the amount herein stated shall be adjusted to their present values using the Consumer Price Index, as published by the Philippine Statistics Authority (PSA);

“(Q) xxx

“(R) xxx

“(S) xxx

“(T) xxx

“(U) xxx

“(V) xxx

“(W) xxx

“(X) xxx

“(Y) xxx

“(Z) xxx

“(AA) xxx

“(BB) xxx

SECTION 4. Section 38 of the same Act is hereby amended to read as follows:

“SEC. 38. Section 116 of the NIRC, as amended, is hereby further amended to read as follows:

“SEC. 116. TAX ON PERSONS EXEMPT FROM VALUE-ADDED TAX (VAT). – ANY PERSON WHOSE SALES OR RECEIPTS ARE EXEMPT UNDER SECTION 109 (BB) OF THIS CODE FROM THE PAYMENT OF VALUE-ADDED TAX AND WHO IS NOT A VAT-REGISTERED PERSON SHALL PAY A TAX EQUIVALENT TO THREE PERCENT (3%) OF HIS GROSS QUARTERLY SALES OR RECEIPTS: PROVIDED, THAT COOPERATIVES, AND BEGINNING JANUARY 1, 2019 SELF-EMPLOYED AND PROFESSIONALS WITH TOTAL ANNUAL GROSS SALES AND/OR GROSS RECEIPTS NOT EXCEEDING TWO MILLION (P2,000,000) SHALL BE EXEMPT FROM THE THREE PERCENT (3%) GROSS RECEIPTS TAX HEREIN IMPOSED.”

SECTION 5. Section 43 of the same Act is hereby amended to read as follows:

“SEC. 43. Section 148 of the NIRC, as amended, is hereby further amended to read as follows:

“SEC. 148. *Manufactured Oils and Other Fuels.* - There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such:

[Effective January 1, 2018]

“(a) Lubricating oils and greases, including but not limited to, base stock for lube oils and greases, high vacuum distillates, aromatic extracts, and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight, [Eight pesos (P8.00)] **FOUR PESOS AND**

FIFTY CENTAVOS (P4.50): *Provided, however,* That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom: *Provided, further,* That lubricating oils and greases produced from base stocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: *Provided, finally,* That locally produced or imported oils previously taxed as such but are subsequently reprocessed, refined or recycled shall likewise be subject to the tax imposed under this Section.

“(b) Processed gas, per liter of volume capacity, [Eight pesos (P8.00)] **FIVE CENTAVOS (P0.05);**

“(c) Waxes and petrolatum, per kilogram, [Eight pesos (P8.00)] **THREE PESOS AND FIFTY CENTAVOS (P3.50);**

“(d) On denatured alcohol to be used for motive power, per liter of volume capacity, [Eight pesos (8.00)] **FIVE CENTAVOS (P0.05):** *Provided,* That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

“(e) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, [Eight pesos (P8.00)] **FOUR PESOS AND THIRTY CENTAVOS (P4.35):** *Provided, however,* That naphtha, and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by **THE SECRETARY OF ENERGY, IN CONSULTATION WITH** the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided, further,* That the production of petroleum products of distillation and for use solely for the production of gasoline shall be exempt from excise tax; *Provided, finally,* That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;

[(f) Unleaded premium gasoline, per liter of volume capacity, Seven pesos (P7.00);]

“(F) LEADED PREMIUM GASOLINE, PER LITER OF VOLUME CAPACITY, FIVE PESOS AND THIRTY-FIVE CENTAVOS (P5.35); UNLEADED PREMIUM GASOLINE, PER LITER OF VOLUME CAPACITY, FOUR PESOS AND THIRTY-FIVE CENTAVOS (P4.35);

“(g) Aviation turbo jet fuel, per liter of volume capacity, [Four pesos (P4.00)] **THREE PESOS AND SIXTY-SEVEN CENTAVOS (P3.67);**

“(h) Kerosene, per liter of volume capacity, [Three pesos (P3.00)] **ZERO (P0.00):** *Provided,* That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;

“(i) Diesel fuel oil, an on similar fuel oils having more or less the same generating power, per liter of volume capacity, [Two pesos and fifty centavos (P2.50)] **ZERO (P0.00);**

“(j) Liquefied petroleum gas, per kilogram, [One peso (P1.00)] **ZERO (P0.00):** *Provided,* That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, shall be taxed zero (P0.00) per kilogram;

Provided, finally, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

“(k) Asphalts, per kilogram, [Eight pesos (P8.00)] **FIFTY-SIX CENTAVOS (P0.56);** and

“(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, [Two pesos and fifty centavos (P2.50)] **ZERO (P0.00);**

“(m) Petroleum coke, per metric ton, Two pesos and fifty centavos (P2.50): *Provided,* however, That petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).”

[Effective January 1, 2019

(a) Lubricating oils and greases, including but not limited to, base stock for lube oils and greases, high vacuum distillates, aromatic extracts, and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight, Nine pesos (P9.00): *Provided, however,* That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom: *Provided, further,* That lubricating oils and greases produced from base stocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: *Provided, finally,* That locally produced or imported oils previously taxed as such but are

subsequently reprocessed, refined or recycled shall likewise be subject to the tax imposed under this Section.

- (b) Processed gas, per liter of volume capacity, Nine pesos (P9.00);
- (c) Waxes and petrolatum, per kilogram, Nine pesos (P9.00);
- (d) On denatured alcohol to be used for motive power, per liter of volume capacity, Nine pesos (P9.00): *Provided*, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;
- (e) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, Nine pesos (P9.00): *Provided, however*, That naphtha, and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as replacement fuel for natural-gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided, further*, That the production of petroleum products of distillation and for use solely for the production of gasoline shall be exempt from excise tax; Provided, finally, That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;
- (f) Unleaded premium gasoline, per liter of volume capacity, Nine pesos (P9.00);
- (g) Aviation turbo jet fuel, per liter of volume capacity, Four pesos (P4.00);
- (h) Kerosene, per liter of volume capacity, Four pesos (P4.00): *Provided*, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;
- (i) Diesel fuel oil, an on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50);

(j) Liquefied petroleum gas, per kilogram, Two pesos (P2.00): *Provided*, That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, shall be taxed zero (P0.00) per kilogram: *Provided, finally*, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;

(k) Asphalts, per kilogram, Nine pesos (P9.00);

(l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Four pesos and fifty centavos (P4.50); and

(m) Petroleum coke, per metric ton, Four pesos and fifty centavos (P4.50): *Provided, however*, That petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).]

[Effective January 1, 2020

(a) Lubricating oils and greases, including but not limited to, base stock for lube oils and greases, high vacuum distillates, aromatic extracts, and other similar preparations, and additives for lubricating oils and greases, whether such additives are petroleum based or not, per liter and kilogram respectively, of volume capacity or weight, Ten pesos (P10.00): *Provided, however*, That the excise taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due therefrom: *Provided, further*, That lubricating oils and greases produced from base stocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax: *Provided, finally*, That locally produced or imported oils previously taxed as such but are subsequently reprocessed, refined or recycled shall likewise be subject to the tax imposed under this Section.

(b) Processed gas, per liter of volume capacity, Ten pesos (P10.00);

(c) Waxes and petrolatum, per kilogram, Ten pesos (P10.00);

(d) On denatured alcohol to be used for motive power, per liter of volume capacity, Ten pesos (P10.00): *Provided*, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For purposes of this Subsection, the removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

(e) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, Ten pesos (10.00): *Provided, however*, That naphtha, and pyrolysis gasoline, when used as a raw material in the production of petrochemical products, or in the refining of petroleum products, or as

replacement fuel for natural-gas-fired-combined cycle power plant, in lieu of locally-extracted natural gas during the non-availability thereof, subject to the rules and regulations to be promulgated by the Secretary of Finance, per liter of volume capacity, zero (P0.00): *Provided, further,* That the production of petroleum products of distillation and for use solely for the production of gasoline shall be exempt from excise tax; *Provided, finally,* That the by-product including fuel oil, diesel fuel, kerosene, pyrolysis gasoline, liquefied petroleum gases and similar oils having more or less the same generating power, which are produced in the processing of naphtha into petrochemical products shall be subject to the applicable excise tax specified in this Section, except when such by-products are transferred to any of the local oil refineries through sale, barter or exchange, for the purpose of further processing or blending into finished products which are subject to excise tax under this Section;

- (f) Unleaded premium gasoline, per liter of volume capacity, Ten pesos (P10.00);
- (g) Aviation turbo jet fuel, per liter of volume capacity, Four pesos (P4.00);
- (h) Kerosene, per liter of volume capacity, Five pesos (P5.00): *Provided,* That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under the preceding paragraph (g), such tax to be assessed on the user thereof;
- (i) Diesel fuel oil, an on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00);
- (j) Liquefied petroleum gas, per kilogram, Three pesos (P3.00): *Provided,* That liquefied petroleum gas when used as raw material in the production of petrochemical products, subject to the rules and regulations to be promulgated by the Secretary of Finance, shall be taxed zero (P0.00) per kilogram: *Provided, finally,* That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the excise tax on diesel fuel oil;
- (k) Asphalts, per kilogram, Ten pesos (P10.00);
- (l) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Six pesos (P6.00); and
- (m) Petroleum coke, per metric ton, Six pesos (P6.00): *Provided, however,* That petroleum coke, when used as feedstock to any power generating facility, per metric ton, zero (P0.00).]

SECTION 6. Section 47 of the same Act is hereby repealed.

SECTION 7. Section 82 of the same Act is hereby repealed.

SECTION 8. *Repealing Clause.* – All laws inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 9. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all the other provisions not affected thereby shall remain valid.

SECTION 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation in the Philippines.

Approved,