

NINETEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*First Regular Session* )

'22 JUL -7 P4 :42

RECEIVED BY: \_\_\_\_\_



**SENATE**

S.B. No. 187

---

Introduced by **SENATOR IMEE R. MARCOS**

---

**AN ACT GRANTING THE PRESIDENT OF THE PHILIPPINES THE POWER TO LOWER THE RATE OR SUSPEND THE IMPOSITION OF VALUE-ADDED TAX ON PETROLEUM PRODUCTS FOR A LIMITED PERIOD OF ONE (1) YEAR IN TIMES OF NATIONAL EMERGENCY OR STATE OF CALAMITY, AMENDING FOR THE PURPOSE SECTIONS 106 AND 107 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

EXPLANATORY NOTE

Article II, Section 9 of the Constitution provides that the *"State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life of all."*

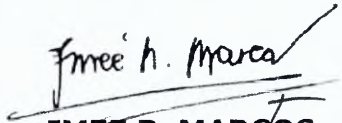
The Filipino people and workers have felt the severe impact of the COVID-19 pandemic. While the Philippines has been gradually recovering from the effects of the pandemic, as of April 2022, the Philippine Statistics Authority reported an unemployment rate of 5.7% (2.76 million unemployed). While we see slight improvement as compared to the unemployment rate of 8.7% in the first half of 2021, it is undeniable that a vast number of Filipinos are still unemployed and without a stable source of income.

Since the implementation of Republic Act No. 10963, or the *"Tax Reform for Acceleration and Inclusion (TRAIN) Law"*, fuel prices have steadily risen. These oil price hikes have had a noticeable domino effect on the prices of basic goods and services, such as agricultural products, transportation, food, electricity and other essentials. The recent situation, including the recovery of global energy demand and the Russia-Ukraine crisis has resulted to the year-to-date increases of Php 30.00 per liter for gasoline, Php 45.90 per liter for diesel, and Php 39.75 for kerosene as of June 28, 2022.

The higher cost of petroleum products has resulted in inflation being above the government target of 2-4% for 2022, with inflation at 4.0% in March, 4.9% in April, and 5.4% in May. The Bangko Sentral ng Pilipinas (BSP) identified continued increases in domestic oil prices as one of the primary sources of inflationary pressure.

In view of the current economic and employment situation of the country resulting from the COVID-19 pandemic, there is a need to give some relief to the Filipinos and ensure that they are able to survive and recover during this pandemic. As a means of easing the financial burden of the public, this bill proposes to grant the President of the Philippines the power to temporarily lower the rate or suspend the imposition of Value-Added Tax on petroleum products in times of national emergency or a state of calamity, such as this pandemic. To ensure fiscal sustainability on the part of the Government, excise taxes imposed on the petroleum products will be retained.

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

  
**IMEE R. MARCOS**

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

'22 JUL -7 P 4 :42

RECEIVED BY: \_\_\_\_\_



**SENATE**  
S.B. No. 187

---

Introduced by **SENATOR IMEE R. MARCOS**

---

**AN ACT GRANTING THE PRESIDENT OF THE PHILIPPINES THE POWER TO LOWER THE RATE OR SUSPEND THE IMPOSITION OF VALUE-ADDED TAX ON PETROLEUM PRODUCTS FOR A LIMITED PERIOD OF ONE (1) YEAR IN TIMES OF NATIONAL EMERGENCY OR STATE OF CALAMITY, AMENDING FOR THE PURPOSE SECTIONS 106 AND 107 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

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

1           **SECTION 1.** Section 106 of the National Internal Revenue Code of 1997, as  
2 amended, is further amended to read:

3  
4                   "Section 106. *Value-added Tax on Sale of Goods or Properties.* –

5  
6                   (A) Rate and Base of Tax – There shall be levied, assessed and  
7 collected on every sale, barter or exchange of goods or properties, a value-  
8 added tax equivalent to twelve percent (12%) of the gross selling price or  
9 gross value in money of the goods or properties sold, bartered or exchanged,  
10 such tax to be paid by the seller or transferor. **PROVIDED, THAT THE**  
11 **PRESIDENT OF THE PHILIPPINES, BY VIRTUE OF AN EXECUTIVE**  
12 **ORDER, AFTER CONSULTATION WITH THE SECRETARY OF**  
13 **FINANCE, MAY LOWER THE RATE OR SUSPEND THE IMPOSITION**  
14 **OF THE VALUE-ADDED TAX ON THE SALES OF PETROLEUM**  
15 **PRODUCTS IN TIMES OF A DULY DECLARED STATE OF NATIONAL**  
16 **EMERGENCY OR STATE OF CALAMITY FOR A PERIOD NOT**  
17 **EXCEEDING ONE (1) YEAR UPON DETERMINATION BY THE**  
18 **PRESIDENT THAT SUCH LOWERING OF RATE OR SUSPENSION IS**  
19 **NECESSARY TO PROTECT PUBLIC INTEREST AND WELFARE.**

20  
21                   x x x."

1           **SEC. 2.** Section 107 of the National Internal Revenue Code of 1997, as  
2 amended, is further amended to read:

3  
4                   “Section 107. *Value-added Tax on the Importation of goods.* –

5  
6                   (A) In General. – There shall be levied, assessed and collected on  
7 every importation of goods a value-added tax equivalent to twelve percent  
8 (12%) based on the total value used by the Bureau of Customs in determining  
9 tariff and customs duties, plus excise taxes, if any, and other charges, such  
10 tax to be paid by the importer prior to the release of such goods from customs  
11 custody: Provided, That where the customs duties are determined on the  
12 basis of the quantity or volume of the goods, the value-added tax shall be  
13 based on the landed cost plus excise taxes, if any. ***PROVIDED FURTHER,***  
14 ***THAT THE PRESIDENT OF THE PHILIPPINES, BY VIRTUE OF AN***  
15 ***EXECUTIVE ORDER, AFTER CONSULTATION WITH THE SECRETARY***  
16 ***OF FINANCE, MAY LOWER THE RATE OR SUSPEND THE IMPOSITION***  
17 ***OF THE VALUE-ADDED TAX ON THE IMPORTATION OF PETROLEUM***  
18 ***PRODUCTS IN TIMES OF A DULY DECLARED STATE OF NATIONAL***  
19 ***EMERGENCY OR STATE OF CALAMITY FOR A PERIOD NOT***  
20 ***EXCEEDING ONE (1) YEAR UPON DETERMINATION BY THE***  
21 ***PRESIDENT THAT SUCH LOWERING OF RATE OR SUSPENSION IS***  
22 ***NECESSARY TO PROTECT PUBLIC INTEREST AND WELFARE.***

23  
24   x x x.”

25  
26           **SEC. 3. *Implementing Rules and Regulations.*** – Within thirty (30) days from the  
27 effectivity of this Act, the Secretary of Finance shall, upon recommendation of the  
28 Commissioner of the Bureau of Internal Revenue, promulgate the rules and regulations  
29 necessary for its effective implementation.

30  
31           **SEC. 4. *Repealing Clause.*** – All laws, acts, decrees, executive orders, issuances,  
32 and rules and regulations or parts thereof which are contrary to and inconsistent with  
33 any provisions of this Act are hereby repealed, amended or modified accordingly.

34  
35           **SEC. 5. *Separability Clause.*** – If any portion or provision of this Act is declared  
36 unconstitutional, the remainder of this Act or any provision not affected thereby shall  
37 remain in force and effect.

38  
39           **SEC. 6. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its  
40 complete publication either in the Official Gazette or in a newspaper of general  
41 circulation in the Philippines.

42  
*Approved,*