

Administration and Disposition of the Road Tax Among ASEAN and Selected Countries*

I. INTRODUCTION

Road infrastructure is a key prerequisite of social and economic development of any country (Masarova & Ivanova, 2013). Without sufficient or sustainable mode of funding, road infrastructure and maintenance will be compromised. Governments all over the world allocate significant budget for road infrastructure through annual appropriations in the general budget and other modes of funding such as earmarking of funds, most specially those collected from road users to support road financing. A similar case is the earmarking of the Philippines' road tax known as the Motor Vehicle User's Charge (MVUC) for road construction and maintenance, road safety projects, and air pollution control.

In a previous NTRC paper entitled, "The Road Tax or Motor Vehicle User's Charge in Selected ASEAN Member-Countries", it was mentioned that all ASEAN member-countries impose a road tax primarily for revenue generation and/or to achieve certain policy objectives (e.g., compensate for road damage, limit vehicle population, reduce traffic congestion, encourage the use of eco-friendly fuel, etc.). The comparative road tax structure in the ASEAN member-countries was also presented as well as the proposed inflation-adjusted MVUC structure for the Philippines.

At present, the government is already taking action to amend certain provisions of the MVUC law to make it simpler, transparent, and more effective in terms of providing revenues to finance road infrastructures. The most recent amendment is the change in the administration of the proceeds of the MVUC with the abolition of the Road Board, the agency responsible for the management and utilization of the special funds under the MVUC law, pursuant to Republic Act (RA) No. 11239 (March 2, 2019). Package 1C of the Comprehensive Tax Reform Program (CTRP) of the Department of Finance proposes to amend the MVUC to make it simpler and able to reflect current price levels. Proposals to amend the MVUC are also currently being deliberated in the Congress.

This paper briefly discusses the present administration and disposition of the MVUC/road tax among the ASEAN and selected countries to serve as input to policymakers in introducing changes in the management of the proceeds of the MVUC/road tax.

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II. MVUC HISTORICAL BACKGROUND

Registration of motor vehicles and the subsequent imposition of the MVUC can be traced back to the 1930s. Since then, it has undergone various amendments and restructuring depending on the needs and demands of the public at a particular time.

The first schedule of motor vehicle registration fees was contained in Act No. 3992 (December 3, 1932)¹, which provided for the registration and operation of motor vehicles, licensing of owners, dealers, and chauffeurs, the carrying of lights on all vehicles and all similar matters.

This was repealed by RA 4136 (June 20, 1964) otherwise known as the “Land Transportation Code”, which compiled all laws relative to land transportation and traffic rules and created the Land Transportation Commission (LTC). Section 8 of RA 4136 provided the schedule of registration fees for private motor vehicles (i.e., automobiles, motor trucks, passenger buses, trailers, motorcycles, and scooters). The corresponding registration fee was computed based on the motor vehicle’s shipping weight/factory weight or maximum allowable gross weight, except for motorcycles and scooters which have fixed registration fees. Furthermore, RA 4136 provided that the registration fee of for-hire motor vehicles should be 60 percent higher than the prescribed fee for private motor vehicles while the registration fee of diesel-oil-consuming vehicles should be 50 percent higher than those using motor fuel other than diesel. On the other hand, motor vehicles classified as “Government Motor Vehicle” were free of charge upon the request of the bureau or office concerned.

In 1976, Presidential Decree (PD) Nos. 843 (January 1, 1976)² and 896 (January 26, 1976)³ were enacted in order to increase the annual registration fee of private automobiles and to impose an ad valorem tax thereon to cope up with the increase in the price of oil, discourage uneconomic consumption of fuel, and address the need for additional revenue to support economic development. Among the amendments introduced by PD 843 were: (1) increase in the registration fee of private automobile; (2) provision for a separate and fixed amount of registration fee for sports car and private jeep and jeepneys; (3) introduction of an energy tax on certain types of motor vehicles, ranging from 0.5-1.5 percent of the motor vehicle prevailing market price. On the other hand, PD 896 increased the registration fee imposed on private motor tricycles of three wheels, and private motorcycles, scooters and bicycles with motor attachments of two wheels.

¹ Entitled, “Revised Motor Vehicle Law”, approved December 3, 1932.

² Entitled, “Amending Republic Act No. 4136, as amended, Otherwise Known as the Land Transportation and Traffic Code by Increasing the Annual Registration Fee on Private Automobiles and Imposing an Ad Valorem Tax Thereon, and For Other Purposes”, approved January 1, 1976.

³ Entitled, “Further Amending Republic Act No. 4136, Otherwise Known as the Land Transportation and Traffic Code”, approved January 26, 1976.

The schedule of registration fees was restructured on June 11, 1980, pursuant to Batas Pambansa (BP) Blg. 74⁴. Under the restructured schedule, registration fees of motor vehicles were computed based on the model, body configuration, weight, and cubic displacement or number of cylinders of the motor vehicle.

To further discourage the unproductive use of gasoline and to enhance revenue collection, PD 1686 (March 19, 1980)⁵ imposed a tax on vehicles equipped with air-conditioners, in addition to the annual registration fee and other charges imposed on motor vehicles under the Land Transportation and Traffic Code. On June 11, 1984, PD 1934⁶ repealed PD 1686 and increased the registration fee imposed on motor vehicles. Moreover, it imposed a road users' charge on owners of motor vehicles which shall be paid in lieu of the energy tax imposed under Section 2 of PD 843. Also, a new Section 8-B was introduced in RA 4136 by PD 1934 which imposed, in lieu of the percentage tax on carriers and keepers of garage, a common carrier's tax (CCT) on keepers of garages, cars for rent or hire driven by the lessee which shall be paid in addition to the registration fee and road user's charge (RUC).

The schedule of RUC was structured according to type (car, utility vehicle including trucks and buses, trailers, motorcycles, sidecars), age, and weight of the vehicle. The amounts payable as RUC on trucks and CCT on owners of for-hire jeeps and motorcycles were, however, reduced by PD 1950 (July 18, 1984)⁷ from P60.00 to P40.00 in the case of the RUC on 2/3 axle trucks. On the other hand, the CCT on for-hire jeeps and motorcycles was reduced from P500.00 to P250.00 and P200.00 and P100.00, respectively.

Due to the growing public clamor against the use of the RUC, PD 1958⁸ was issued on October 10, 1984 repealing PD Nos. 1934 and 1950 which increased registration fees on certain types of motor vehicles and imposed the RUC. The same law, however, imposed in lieu of the registration fee and energy tax introduced by PD 843, the Private Motor Vehicle Tax (PMVT) on all private motor vehicles. Moreover, PD 1958 discarded the rate differentiation based on the type of fuel used per BP 74 but retained the deceleration of fees based on the age of vehicles which was first introduced with the issuance of PD 1934.

⁴ Entitled, "An Act Amending Certain Sections of Republic Act No. 4136, Otherwise Known as the Land Transportation and Traffic Code", approved June 11, 1980.

⁵ Entitled, "Imposing a Tax on Every Motor Vehicle Equipped with Air Conditioner", approved March 19, 1980.

⁶ Entitled, "Amending Certain Sections of Republic Act No. 4136 Otherwise Known as the Land Transportation and Traffic Code", approved June 11, 1984.

⁷ Entitled, "Amending Certain Sections of Presidential Decree No. 1934, Amending Republic Act No. 4136", approved July 18, 1984.

⁸ Entitled, "Repealing Presidential Decree Numbered 1934 and 1950 and Imposing a Private Motor Vehicle Tax and for Other Purpose", approved October 10, 1984.

The last amendment to the PMVT was introduced on August 22, 1986 by Executive Order (EO) No. 43 series of 1986⁹. Although clear in its intention to impose a PMVT on all motor vehicles classified as private, PD 1958 and EO 43 series of 1986 did not include private trucks and buses within the scope of the coverage of the PMVT. To remove such inequity, the Land Transportation Office (LTO) issued Memorandum Circular (MC) No. 93-187 (July 26, 1993), as implemented by MC 94-002-A (February 9, 1994), which collected a deficiency tax on private trucks. After a year of implementation, the LTO issued MC 96-226 on November 21, 1995 integrating the tax deficiency to the basic registration fee payable by owners of private trucks and buses. This made owners of private trucks to pay first the basic PMVT of P1,000.00 or P900.00, depending on the age of the vehicle on the first 2700 kilograms, the gross vehicle weight (GVW) of their trucks/buses before applying the rates prescribed under BP 74.

In lieu of the registration fee under Section 8 of RA 4136, as amended by BP 74, and the PMVT under EO 43, series of 1986, a MVUC was imposed on every motor vehicle whether for hire or for private use, including government motor vehicles pursuant to RA 8794 (June 27, 2000)¹⁰. Under Section 7 of RA 8794, collections from the MVUC shall be earmarked solely and used exclusively to the following:

- (1) 80 percent to the Special Road Support Fund (SRSF) for road maintenance and the improvement of the road drainage of national primary and secondary roads;
- (2) 5 percent to the Special Local Road Fund (SLRF) for maintenance of local roads, traffic management, and road safety devices;
- (3) 7.5 percent to the Special Road Safety Fund (SRSaF) for the installation of traffic signs, pavement markings, and safety devices; and
- (4) 7.5 percent to the Special Vehicle Pollution Control Fund (SVPCF) for the air pollution control.

Furthermore, the same Section created the Road Board which was tasked to implement the prudent and efficient management and utilization of the special funds. The functions, duties and responsibilities of the Road Board were to: (1) establish necessary procedures including appropriate controls for the operation of special funds; (2) monitor the income and expenditure to the four special funds; (3) approve multiyear work programs and annual work program prior to the beginning of the fiscal year; and (4) approve special budget based on the approved work program, among others.

⁹ Entitled, "Restructuring the Private Motor Vehicle Tax", approved August 22, 1986.

¹⁰ Entitled, "An Act Imposing a Motor Vehicle User's Charge on Owners of All Types of Motor Vehicles and For Other Purposes", approved June 27, 2000.

However, the questionable use of MVUC collection and allegations of corruption led to the abolition of the Road Board by virtue of RA 11239 (March 8, 2019)¹¹. Under the said law, all monies collected from the MVUC shall be remitted to the National Treasury under a special account in the General Fund to be earmarked solely for the construction, upgrade, repair, and rehabilitation of roads, bridges, and road drainage to be included in the General Appropriations Act (GAA).

III. ADMINISTRATION AND DISPOSITION OF THE MVUC

The LTO is the authorized agency to collect the MVUC from the owners of motor vehicles across the country. With regard to the MVUC collections and releases, a total of P159 billion has been deposited to the MVUC fund since its enactment in 2001. The collections had been constantly growing at an average of 11.69 percent annually. On the other hand, the total releases from the fund amounted to P137 billion, P115 billion were from the SRSF, P7 billion from the SLRF, P11 billion from the SRSaF, and P4 billion from the SVPCF, bringing the total fund balance at about P22 billion. (See Table 1.)

Table 1

MVUC Collections and Releases, CY 2001-2017 (In Million Pesos)

Year	Collections	Releases
2001	3,172	-
2002	4,419	701
2003	5,456	4,069
2004	6,649	4,920
2005	7,207	6,869
2006	7,855	11,547
2007	8,444	10,579
2008	8,579	7,953
2009	9,031	6,267
2010	9,581	6,019
2011	10,100	8,836
2012	10,365	12,698
2013	10,856	8,217
2014	11,160	13,313
2015	12,517	14,405
2016	16,349	7,314
2017	17,358	13,123
Total	159,098	136,831

Notes. Data from the Road Board, official communications, 2018
Some numbers may not add up to total due to rounding.

¹¹ Entitled, "An Act Abolishing the Road Board and Providing for the Disposition of the Motor Vehicle User's Charge Collections, Amending for the Purpose 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", approved March 8, 2019.

A total of 3,157 projects, together with the routine maintenance of national roads and bridges in Metro Manila and other parts of the country amounting to over P56 billion¹², had been funded out of the MVUC collections from 2013-2017. (See Table 2.) During the period covered, the fund with the most number of projects financed was the SRSF with 1,930 projects costing over P46 billion. Among these projects were the National Road Improvement and Management Program (NRIMP) Phase II¹³, Road Upgrading and Preservation Program (RUPP)¹⁴, Routine Maintenance of National Roads and Bridges (Metro Manila and nationwide), among others. On the other hand, 696 projects amounting to almost P4 billion were funded out of the SLRF. Among these projects were the maintenance of various local roads, Local [*sic*] Referencing System Phase III¹⁵, installation of kilometer post, among others. While SRSaF has funded 512 projects such as Road Safety Projects, installation of CCTV devices, traffic signal lights, directional signages, route markers, sidewalk rehabilitation, among others, which amounted to over P4 billion. Nineteen projects had been funded out of the SVPCF, such as Motor Vehicle Inspection Center and Inspection of Private Emission Testing Center, Ortigas Greenways Project, EDSA re-greening, among others (Road Board, 2018).

Table 2

MVUC Funded Projects 2013-2017 (In Million Pesos)

Year	Details	SRSF	SLRF	SRSaF	SVPCF	Total
2013	No. of Projects	265 ^{a,b}	- ^c	53	- ^c	318
	Total Cost	7,639	- ^c	577	- ^c	8,217
2014	No. of Projects	517 ^{a,b}	259	213	13	1,002
	Total Cost	10,712	1,176	1,058	367	13,313
2015	No. of Projects	617 ^a	357	151	3	1,128
	Total Cost	11,631	1,190	1,247	337	14,405

¹² Inclusive of the Road Board's Operating Fund for the years covered.

¹³ The development objective of the NRIMP Phase II is to improve operation, organizational effectiveness and fiduciary control in the management and financing of the national road system to enhance road user satisfaction in the project areas and efficiency and integrity in the use of financial resources (World Bank, n.d.).

¹⁴ The RUPP is a sector-program-type of assistance that aims to improve, preserve, and manage national roads in an economically, socially, financially, and environmentally sound, effective, and sustainable manner (Official Gazette, 2011).

¹⁵ It is the conduct of road inventory survey in all provinces and cities nationwide. It is a major road mapping project which aims to update the country's road network inventory in order to help the LGUs to know which road would be a priority for investment. They can identify which roads are in need of repair or rehabilitation, and for road construction. It can be a tool which can be used to plan out how LGUs can manage their local roads.

Year	Details	SRSF	SLRF	SRSaF	SVPCF	Total
2016	No. of Projects	193	1	43	1	238
	Total Cost	6,372	500	430	13	7,314
2017	No. of Projects	338 ^a	79	52	2	471
	Total Cost	10,152	1,125	1,119	727	13,123
Total No. of Projects		1,930	696	512	19	3,157
Total Cost		46,506^d	3,991	4,431	1,444	56,372

Notes. Data from the Road Board, official communications, 2018

^a Projects funded by the SRSF in 2013, 2014, 2015 and 2017 include the nationwide routine maintenance of national roads and bridges as indicated in the DPWH Annual Work Program.

^b Projects funded by the SRSF in 2013 and 2014 include MMDA's Metro Manila roadside maintenance of national roads and bridges.

^c Per Road Board data, no projects were implemented for SLRF and SVPCF in 2013.

^d SRSF total costs for the years covered are inclusive of Road Board Operating Fund for each year.

Package 1C of the CTRP

Package 1C of the CTRP aims to make the current MVUC structure simpler, and for its rates to reflect current prices, thereby making it more effective in providing sufficient funds for maintenance of national and provincial roads, and air pollution control. In particular, the DOF proposes to impose a unitary rate based on weight for all vehicles, and increase the MVUC rates on a staggered basis at the following rates: P1.40 per kg of GVW on year 1; P1.95 per kg of GVW on year 2; and P2.50 per kg of GVW on year 3 (DOF, n.d.).

On a similar note, the House of Representatives approved HB 6136 which increases the MVUC rates by 90 percent, to be implemented on a staggered basis over three years, while retaining the present MVUC structure. For hire vehicles shall be subject to 50 percent of applicable tax rate. After the three-year period, the MVUC shall be increased by five percent annually through a revenue regulation issued by the Secretary of Finance. Collection from the MVUC 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 and bridges to be included in the annual GAA. Also part of the proposal is to earmark 50 percent of the incremental revenues to be specifically allocated for the following purposes: (1) 45 percent for the modernization of public utility vehicles; and (2) five percent for the prevention of road accidents and accident victims' assistance programs of the government.

IV. THE ROAD TAX DISPOSITION IN ASEAN AND SELECTED COUNTRIES

All ASEAN member-countries impose a road tax. In the Philippines, Brunei, Cambodia, Lao PDR, Myanmar, Singapore, Thailand, and Vietnam, the road tax is imposed by the national government (except road tax for motorcycles in Vietnam wherein the Local People's Councils in provinces and cities determine their own rates that fit their social and economic characteristics) (ADB, 2011; ADB, 2016; ADB, n.d.; Chia & Phang, 2001; Kingdom of Brunei Darrusalam, n.d.; Thailand Vehicle Act B.E 2522, 1979; Vietnam Law & Legal Forum, 2012). On the other hand, road tax in Malaysia and Indonesia are imposed by the regional and the provincial, district or city government, respectively (Law of Republic of Indonesia Concerning Road Traffic and Transportation, 2009; Zarulazam, Eusofe & Evdorides, 2015).

Among the countries outside the ASEAN region which are covered in this study, only New Zealand earmarks its road user charges to a special fund (New Zealand Transport Ministry, 2018a, 2018b). It earmarks the road tax collection to the National Land Transport Fund, managed by the New Zealand Transport Agency. The said fund is used to finance improvement and maintenance of roads, public transport, road safety, and improvement of walking and cycling facilities. Finland, Germany, Norway and Sweden, on the other hand, remit their collection from road user charges to the general treasury to finance not only road expenses but also other government expenditures (Finnish Transport and Communication Agency, 2018; Gühnemann, 2006; Hofverberg, 2014; Norwegian Tax Administration, n.d.).

Road tax collection accrues to the general fund in Brunei, Cambodia, Indonesia, Lao PDR, Myanmar, and Singapore. In contrast, collection from the road tax is earmarked to special funds in the Philippines (SRSF, SLRF, SRSaF and SVPCF), Indonesia (Road Preservation Fund), Malaysia and Vietnam (Road Maintenance Fund). A portion of the road tax collection is earmarked in Indonesia (minimum of 10 percent of the collection) while the remaining fund goes to the provincial/city government. Earmarked funds in the aforementioned countries are utilized for road construction and maintenance (Philippines, Indonesia, Malaysia, and Vietnam), road safety projects (Philippines and Malaysia) and pollution control (Philippines).¹⁶ Lao PDR and Cambodia, despite not earmarking their road tax collections to a special road fund, have established a special fund for road construction and maintenance, namely Road User Special Fund and Road Maintenance Fund, respectively. Cambodia's Road User Special Fund is sourced from special tax on fuels and managed by the Department of Public Works and Transport, while Lao PDR's Road Maintenance Fund constitutes collection from fuel levy, toll roads, border crossing fees, etc., and administered by the Road Maintenance Advisory Board.

In Malaysia, the Jabatan Pengangkutan Jalan or the Road Transport Department administers the earmarked revenue from the road tax while in Vietnam, the Road

¹⁶ "The use of MVUC funds for other purposes is evident in the utilization by the implementing agencies of about P297.58 million for administrative and miscellaneous expenses contrary to the provisions of RA 8794 requiring funds to be used exclusively for road maintenance and safety projects, and air pollution control programs." (COA, 2009)

Directorate's Road Maintenance Department manages the Road Maintenance Fund. In Indonesia, a separate government entity (Road Fund Board) was established in each district, to administer the Road Preservation Fund. This has also been the practice in the Philippines prior to the abolition of the Road Board¹⁷ (Aguinaldo & Tadalán, 2018; Patajo-Kapunan 2018; Porcalla, 2019). Irregularities and mismanagement of the MVUC funds can be traced back to a 2009 COA Sectoral Performance Audit Report which concluded that MVUC funds were not properly accounted for and effectively utilized. The MVUC collections and deposits could not be accurately established due to errors in recording, among others. Moreover, substantial amount of MVUC funds released to agencies covered in the audit were also used for other purposes and in implementing a number of projects without due regard to economy and effectiveness (COA, 2009).

A similar case is on the management of Vietnam's Road Maintenance Fund. A 2015-2016 audit on road maintenance fund conducted by the State Audit Office of Vietnam has revealed loopholes in its collection and expenditure, raising questions over the transparency of the fund's management. The Finance Ministry of Vietnam proposed putting an end to the road maintenance fund's operation. Road use fees collected from vehicles were proposed to be directed to the State budget (Vietnam Plus, 2018).

Among the countries outside the ASEAN region which are covered in this study, only New Zealand earmarks its road user charges to a special fund (New Zealand Transport Ministry, 2018a, 2018b); the road tax collection to the National Land Transport Fund, managed by the New Zealand Transport Agency. The said fund is used to finance improvement and maintenance of roads, public transport, road safety, and improvement of walking and cycling facilities. Finland, Germany, Norway and Sweden, on the other hand, remit their collection from road user charges to the general treasury to finance not only road expenses but also other government expenditures (Finnish Transport and Communication Agency, 2018; Gühnemann, 2006; Hofverberg, 2014; Norwegian Tax Administration, n.d.). Road infrastructure and maintenance is funded by the general budget in these countries. These countries source their road infrastructure and maintenance financing through appropriations from the general treasury. One of the possible reasons for such was mentioned in a study conducted by Chia & Pang (2011) which concluded that earmarking of motor vehicle revenue for highway maintenance programs is neither efficient nor effective since these revenues are procyclical or susceptible to revenue fluctuation, thus, low in financial viability and reliability. Developed countries, notably Finland and Norway, conduct first a cost-benefit analysis before the implementation of road infrastructure. It could be pointed out that the provision of earmarked fund for the purpose of road infrastructure makes the construction and maintenance of roads automatic; that is, the need for infrastructure is dependent on the earmarked fund and not on the program needs relative to road infrastructure. This makes the system inefficient where earmarking could lead to the financing of less important road infrastructure in one place over the more urgent need in other places. (See Annex C.)

¹⁷ The Road Board is a separate government agency responsible for the management of the MVUC fund.

IV. CONCLUSION

According to the World Economic Forum (2015), “Roads are the arteries through which the economy pulses”. Roads and transport services affect almost every economic activity. It cannot be given more emphasis how much road infrastructures contribute to the development of a country. In fact, the World Bank lends more for roads than for education, health, and social services combined. (World Economic Forum, 2015).

This highlights the importance of a country’s revenue sourced from road taxes, which directly or indirectly finance road infrastructure and maintenance. Similar to the Philippines, ASEAN member-countries such as Malaysia, Indonesia, and Vietnam, opt to earmark their road tax collection for road infrastructure. The earmarked fund mostly constitutes road taxes except for Malaysia, which includes penalties for traffic-related offenses, and Vietnam which includes fuel surcharge, license, and inspection fees. In general, such earmarked fund is administered by the government agency responsible for road infrastructure development (e.g., Malaysia – Road Transport Department; Vietnam – Road Directorate’s Road Maintenance Department; and New Zealand – NZ Transport Agency). Indonesia, on the other hand, is the only ASEAN member-country which established a separate government entity (Road Fund Board) tasked to manage the Road Preservation Fund. It is to be noted, however, that such was the practice in the Philippines before the abolition of the Road Board. Currently, it is the Department of Public Works and Highways which manages the earmarked MVUC proceeds for road infrastructure.

On the other hand, collections from road taxes and other motor vehicle-related impositions and fines of other ASEAN member-countries like Brunei, Cambodia, Lao PDR, Myanmar, Singapore and Thailand, as well as other countries outside the ASEAN region such as Finland, Germany, Norway and Sweden accrue to the general fund. Funding for road infrastructure is coursed through their annual budget appropriations.

Road taxes remain the main source of revenue to provide sufficient and sustainable funding for the construction and maintenance of road networks, especially in countries which specifically earmark this fund source. For the Philippines, the MVUC remains an indispensable tool of the government in raising fund for road construction and maintenance. Earmarking of funds can be viewed as one of the ways to guarantee a steady and reliable funding source most especially for priority programs, such as road infrastructure. However, it also has several caveats such as reduction in the budget flexibility, and less transparency and accountability. While earmarking can be one of the best ways to provide public service as it directly connects revenues to specific desired expenditures, i.e., financing road infrastructure, it could also be pointed out that the provision of earmarked fund for the purpose of road infrastructure makes the construction and maintenance of roads automatic. That is, the need for infrastructure is dependent on the earmarked fund and not on the program needs relative to road infrastructure. This makes the system inefficient where earmarking could lead to financing of less important road infrastructure in one place over the more urgent need in other places.

In the end, the effective and efficient administration and disposition of the MVUC fund is essential in maintaining road networks and addressing traffic congestion, and air pollution, among others.

Annex A

Legal/Historical Background of MVUC

Laws/Issuances	Particulars
Act No. 3992 (December 3, 1932)	Controlled the registration and operation of motor vehicles, licensing of owners, dealers, and chauffeurs, the carrying of lights on all vehicles and all similar matters.
Republic Act (RA) No. 4136 (June 20, 1964)	Compiled all laws relative to land transportation and traffic rules and created the Land Transportation Commission.
Presidential Decree (PD) 843 (January 1, 1976)	Amended Section 8 of RA 4136 (registration fee, energy tax).
PD 896 (January 26, 1976)	Amended Section 8 of RA 4136 (increase in registration fees).
Batas Pambansa (BP) Blg. 74 (June 11, 1980)	Restructured the registration fees on motor vehicles by adopting a new schedule of registration fees on all types of motor vehicles.
PD 1686 (March 19, 1980)	Imposed a tax on some motor vehicles (MVs) equipped with air-conditioners to discourage consumption of more gasoline.
PD 1934 (June 11, 1984)	Repealed PD 1686 and increased the registration fee imposed on MVs, trailers and motorcycles; imposed a road users' charge on owners of MVs which shall be paid in lieu of the energy tax imposed under Section 2 of PD 843; introduced a new Section 8-B which imposed a Common Carrier's Tax (CCT) on keepers of garages, cars for rent or hire in lieu of the percentage tax on carriers and keepers of garage.
PD 1950 (July 18, 1984)	Reduced the amounts payable as road users' charge on trucks and CCT on owners of for hire jeeps and motorcycles.
PD 1958 (October 10, 1984)	Repealed PD Nos. 1934 and 1950, thereby imposing the Private Motor Vehicle Tax (PMVT) on all private MVs in lieu of the registration fee and energy tax, discarded the rate differentiation based on type of fuel used per BP 74 but retained the deceleration of fees based on the age of vehicles which was first introduced via PD 1934.
Executive Order (EO) No. 43 (August 22, 1986)	Last amendment to the PMVT; owners of for hire and private MVs not covered by EO 43 s. 1986 were required to pay the amounts provided under BP 74.

Laws/Issuances	Particulars
Memorandum Circular (MC) No. 93-187 (July 26, 1993), implemented by MC No. 94-002-A	Collected deficiency tax on private trucks.
MC No. 96-226 (November 21, 1995)	Integrated the tax deficiency to the basic registration fee payable by owners of private trucks and buses.
RA 8794 (June 27, 2000)	Imposed the Motor Vehicle User's Charge (MVUC) in lieu of the registration fee under section 8 of RA 4136, as amended by BP Blg. 74, and the PMVT under EO 43, series of 1986. Directed MVUC collections to four special funds (i.e, Special Road Support Fund, Special Local Road Fund, Special Road Safety Fund, and Special Vehicle Pollution Control Fund) which are managed by the Road Board.
RA 11239 (March 8, 2019)	Abolished the Road Board and directed all monies collected from the MVUC to the National Treasury under a special account in the General Fund to be earmarked solely for the construction, upgrade, repair, and rehabilitation of roads, bridges, and road drainage to be included in the General Appropriations Act.

Annex B

MVUC Matrix of Issuances and Rates

Issuance	MVUC rates						Remarks		
PD 1934 (June 11, 1984)	Type	Charges (in pesos)					The MVUC was first imposed. Paid in lieu of the energy tax imposed under Section 2 of PD 843 (December 12, 1975)		
	Passenger cars	1 yr	2-3 Yrs	4-5 Yrs	6 Yrs& above				
	Light (1600cc& below)	1,000	800	600	400				
	Medium (100cc-2800cc)	2,000	1,600	1,200	800				
	Heavy (2801cc& above)	6,000	4,000	3,600	2,400				
	Utility vehicles including trucks and buses				Charges (in pesos)		Repealed PD 1686 and increased the registration fee imposed on motorized vehicles, trailers and motorcycles.		
	2500 GVW and below				1,000				
	2501 GVW to 4500GVW				2,000				
	4501 GVW and over								
	2/3 Axles (per 100 kgs. of gross vehicle weight)				60				
	4 Axles and above (per 100 kgs. of gross vehicle weight)				20				
	Trailers (per 100 kgs. of gross vehicle weight)				20				
	Motorcycles								
	49 cc and below (without Sidecar)				100				
	50 cc to 650 cc (without Sidecar)				150				
	651 and above (without Sidecar)				1,000				
	Side cars				150				
PD 1950 (July 18, 1984)	Utility vehicles including trucks and buses				Charge (in pesos)			The road users' charge on 2/3 axle trucks were reduced from P60.00 to P40.00.	
	2/3 Axles (per 100 kgs. of gross vehicle weight)				40				
PD 1958 (October 10, 1984)	Vehicle type	Current	1yr	Age of vehicle		4yrs	5yrs	6yrs	Imposed the PMVT on all motor vehicles classified as private in lieu of the registration fee and energy tax introduced by PD 843.
				2yrs	3yrs				
				(in pesos)					
	Private passenger cars								
	Light (0-1600cc)	1,000	1,000	1,000	1,000	1,000	1,000	800	
	Medium (1601cc-2800cc)	2,000	2,000	2,000	2,000	1,600	1,600	1,200	
	Heavy (2800cc & above)	4,000	4,000	4,000	4,000	4,000	4,000	2,800	

Issuance	MVUC rates								Remarks
	Private utility vehicles (2700kg GVW & below)								
	1,000 (regardless of age of vehicle)								
EO 43, s. 1986 (August 22, 1986)	Vehicle type	Current	1yr	Age of vehicle 2yrs 3yrs (in pesos)		4yrs	5yrs	6yrs	Last amendment to the PMVT
	Private passenger cars								
	Light (0- 1600cc)	1,000	1,000	1,000	1,000	1,000	1,000	700	
	Medium (1601cc- 2800cc)	3,000	3,000	3,000	3,000	2,000	2,000	1,200	
	Heavy (2800cc &above)	6,000	6,000	6,000	6,000	6,000	6,000	2,800	
	Private utility vehicles (2700kg GVW& below)								
	1,000 (regardless of age of vehicle)								
LTO Memorandum Circular (MC) No. 93- 187 (July 26, 1993), as implemented by MC 94- 002-A (February 09, 1994)	a. For trucks whose age are current up to five years old: P460.00 for gasoline-fed P676.00 for diesel-fed b. For trucks whose age are more than five years old: P360.00 for gasoline-fed P576.00 for diesel-fed								Collected a deficiency tax on private trucks as PD 1958 and EO 43, s.1986 did not include private trucks and buses within the scope of the coverage of the PMVT
LTO MC 96- 226 (November 21, 1995)	Integrated the tax deficiency to the basic registration fee payable by owners of private trucks and buses.								

Annex C
Road Tax Disposition in ASEAN and Other Selected Countries

Country	Type of Road Tax	Type of Imposition	Disposition of Road Tax		If earmarked		Remarks
			Earmarked	General Fund	Agency Responsible	Type of Work Financed	
Philippines	Vehicle registration	National	✓		DPWH	Construction, upgrading, repair and rehabilitation of road, bridges, and road drainage	MVUC collections shall be remitted to the National Treasury under a special account in the General Fund to be earmarked solely and used exclusively for the construction, upgrade, repair and rehabilitation of road, bridges, and road drainage to be included in the annual GAA.
Brunei	Vehicle License Fee	National		✓			Collections from the annual vehicle license fee are directed to the general fund. Funds for construction of roads are sourced by the general budget.

Country	Type of Road Tax	Type of Imposition	Disposition of Road Tax			If earmarked		Remarks
			Earmarked	General Fund	Agency Responsible	Type of Work Financed		
Cambodia	Vehicle Registration Fee	National		✓				The road tax collection accrues to the general fund. Road construction and maintenance are financed through annual appropriation and the Road User Special Fund sourced from the special tax on fuels.
Indonesia	Pajak Kendaraan Bermotor (PKB) or the Motor Vehicle Tax	Provincial, district or city government	✓		Road Fund Board	Road infrastructure rehabilitation and improvement of public transportation mode and facilities		Minimum of 10% of motor vehicle tax collection is earmarked to the Road Preservation Fund
Lao PDR	Vehicle Registration Fee, traffic and transport	National		✓				Collection from the road tax goes to the general revenue. Road maintenance is financed from the Road Maintenance Fund

Country	Type of Road Tax	Type of Imposition	Disposition of Road Tax		If earmarked		Remarks
			Earmarked	General Fund	Agency Responsible	Type of Work Financed	
	fines, overloading fines, toll fee						which constitutes collection from fuel levy, toll roads, border crossing fees, etc.
Malaysia	Vehicle registration fee and penalties for traffic-related offenses	Regional	✓		Jabatan Pengangkutan Jalan (JPJ) or the Road Transport Department	Road construction, maintenance and road safety	Collection from the Road Tax and penalties from traffic offenses are earmarked for road construction, maintenance, and road safety programs. However, the budget for road construction and maintenance, and road safety programs comes mainly from the annual government funding.
Myanmar	Inspection fee, vehicle registration fee, vehicle registration tax, toll fee and license fee	National		✓			Collection from road tax accrues to the general fund.

Country	Type of Road Tax	Type of Imposition	Disposition of Road Tax		If earmarked		Remarks
			Earmarked	General Fund	Agency Responsible	Type of Work Financed	
Singapore	Road tax	National		✓			Motor vehicle tax revenue, including collections from the road tax, goes into the general revenue and used as part of government spending.
Thailand	Vehicle registration fee	National		✓			The annual road tax collection from vehicle users are vested/consigned to the city or province where such taxes/fees were collected. The sources of financing for Thailand's road infrastructure are government and state-owned enterprise borrowings, annual budget allocation, Public-Private Partnerships, and state-owned enterprise revenues and the Toll Road Fund.
Vietnam	Road user charges, fuel surcharge,	National (except	✓		Road Directorate's Road	Administration and maintenance of national	The Road Maintenance Fund sourced from the annual state budget allocations and

Country	Type of Road Tax	Type of Imposition	Disposition of Road Tax		If earmarked		Remarks
			Earmarked	General Fund	Agency Responsible	Type of Work Financed	
	license and inspection fees	road tax for motorcycles)			Maintenance Department	highways and local roads	revenue sources related to road use provides funding to the administration and maintenance of national highways and local roads.
Finland	Vehicle Registration Tax	National		✓			Revenues from Vehicle Tax, Car Tax and Fuel Fee accrue to the general fund and road maintenance is funded by the state budget.
Germany	Motor vehicle tax	National		✓			Revenues from the motor vehicle tax accrue to the federation. General public budgets are the main source of funding for transport infrastructure procurement. There is no dedicated fund for building and maintaining highways.

Country	Type of Road Tax	Type of Imposition	Disposition of Road Tax		If earmarked		Remarks
			Earmarked	General Fund	Agency Responsible	Type of Work Financed	
New Zealand	Road User Charges	National	✓		NZ Transport Agency (NZTA)	Improvement and maintenance of roads, public transport, road safety, and walking and cycling	Revenues from the RUC are earmarked to the National Land Transport Fund (NLTF) while part of the collection from the motor vehicle registration and fuel excise goes to the general fund and part is earmarked to the NLTF.
Norway	Motor vehicle liability tax	National		✓			Road tax goes to the general budget. Road infrastructure are financed by toll fee collections and allocations from the general budget.
Sweden	Motor vehicle tax	National		✓			Road user taxes (i.e., fuel taxes, kilometer tax and vehicle tax) accrue to the general treasury. There is no hypothecation (earmarking) of road user taxes.

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