

REPUBLIC ACT NO. 8184

AN ACT RESTRUCTURING THE EXCISE TAX ON  
PETROLEUM PRODUCTS, AMENDING FOR THE  
PURPOSE PERTINENT SECTIONS OF THE NATIONAL  
INTERNAL REVENUE CODE, AS AMENDED

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

SECTION 1. Section 145 of the National Internal Revenue  
Code, as amended, is hereby further amended to read as follows:

"SEC. 145. *Manufactured oils and other fuels.* – There shall be collected on refined and manufactured mineral oils and motor fuels, the following specific taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such:

"(1) Lubricating oils and greases including but not limited to basestock 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 of volume capacity, Four pesos and fifty centavos (P4.50): *Provided, however,* That the specific taxes paid on the purchased feedstock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the specific tax due therefrom: *Provided, further,* That lubricating oils and greases produced from basestocks and additives on which the specific tax had already been paid shall no longer be subject to specific tax;

"(2) Processed gas, per liter of volume capacity, Five centavos (P0.05);

"(3) Waxes and petrolatum, per kilogram, Three pesos and fifty centavos (P3.50);

"(4) On denatured alcohol to be used for motive power, per liter of volume capacity, Five centavos (P0.05): *Provided*, That unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the specific 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 proof (ninety percent absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

"(5) Naphtha, regular gasoline and other similar products of distillation, per liter of volume capacity, Four pesos and eighty centavos (P4.80): *Provided, however*, That naphtha, when used as a raw material in the production of petrochemical 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 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 byproduct 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 specific tax specified in this section, except when such byproducts 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 specific tax under this section;

"(6) 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);

"(7) Aviation turbo jet fuel, per liter of volume capacity, Three pesos and sixty-seven centavos (P3.67);

"(8) Kerosene, per liter of volume capacity, Sixty centavos (P0.60): *Provided*, That kerosene, when used as aviation fuel, shall be subject to the same tax on aviation turbo jet fuel under

the preceding paragraph (7), such tax to be assessed on the user thereof;

"(9) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, One peso and sixty-three centavos (P1.63);

"(10) Liquefied petroleum gas, per liter, Zero (P0.00): *Provided*, That liquefied petroleum gas used for motive power shall be taxed at the equivalent rate as the specific tax on diesel fuel oil;

"(11) Asphalts, per kilogram, Fifty-six centavos (P0.56); and

"(12) Bunker fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity, Thirty centavos (P0.30)."

SEC. 2. Subparagraph (2) of paragraph (a) of Section 151 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"(2) On all non-metallic minerals and quarry resources, a tax of two percent (2%) based on the actual market value of the gross output thereof at the time of removal, in the case of those locally extracted or produced; or the value used by the Bureau of Customs in determining tariff and customs duties, net of excise tax and value-added tax, in the case of importation."

Notwithstanding the provision of subparagraph (4) of paragraph (a) of Section 151, locally extracted natural gas and liquefied natural gas shall be taxed at the rate of two percent (2%).

SEC. 3. Subparagraph (4) of paragraph (a) of Section 151 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"(4) On indigenous petroleum, a tax of three percent (3%) of the fair international market price thereof, on the first taxable

sale, such tax to be paid by the buyer or purchaser within 15 days from the date of actual or constructive delivery to the said buyer or purchaser. The phrase 'first taxable sale, barter, exchange or similar transaction' means the transfer of indigenous petroleum in its original state to a first taxable transferee. The fair international market price shall be determined in consultation with an appropriate government agency.

"For the purpose of this subsection, 'indigenous petroleum' shall include locally extracted mineral oil, hydrocarbon gas, bitumen, crude asphalt, mineral gas and all other similar or naturally associated substances with the exception of coal, peat, bituminous shale and/or stratified mineral deposits."

SEC. 4. *Transitory Provision.* – Refined and manufactured products of petroleum produced from crude oil and/or indigenous petroleum on which the ten percent (10%) *ad valorem* basic duty and the Ninety-five centavos (P0.95) special levy under Harmonized System Heading No. 27.09 of the Tariff and Customs Code of the Philippines, as amended, or the fifteen percent (15%) tax imposed under Section 151(a)(4) of the National Internal Revenue Code, as amended, have been paid before the effectivity of this Act, but which shall be removed from the place of production or released from custom's custody, as the case may be, on or after the effectivity of this Act, shall not be subject to specific tax prescribed under Section 1 hereof but to the rates of specific tax under Section 145 of the National Internal Revenue Code, as amended, prior to this Act.

SEC. 5. If any provision of this Act is declared unconstitutional and the application thereof to any person, circumstance or transaction is held invalid, the validity of the remaining provisions of this Act or the applicability of such provision to other persons, circumstances of transactions shall not be affected thereby.

SEC. 6. The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate and publish the necessary rules and regulations for the effective implementation of this Act.

SEC. 7. All laws, decrees, executive orders, rules and regulations and other issuances or parts thereof which are inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 8. This Act shall take effect upon the initial implementation of the automatic oil pricing formula provided for under Republic Act No. 8180.

Approved, June 11, 1996.