

[PRESIDENTIAL DECREE NO. 1615, March 31, 1979]

AMENDING SECTION 199 OF THE NATIONAL INTERNAL REVENUE CODE BY IMPOSING A PERCENTAGE TAX ON LOCALLY PRODUCED CRUDE OIL.

WHEREAS, the discovery of local crude oil in the Philippines has led to its commercial production in gradually increasing quantities;

WHEREAS, the domestic production of crude oil eliminates the inward ocean freight and other incidental costs, as well as customs duties, as cost components, thereby reducing the acquisition price of locally produced crude oil;

WHEREAS, despite such a reduction in the buying price of crude oil by local processors and refineries, it is not yet economically feasible to reduce appreciably the selling price of petroleum products for consumption, thereby benefiting only a group of oil refinery companies;

WHEREAS, it is necessary to spread the benefits arising from the discovery and production of oil in our country to a greater number of our people as far as possible;

WHEREAS, taxation, which is an accepted instrument for redistribution of wealth, can be utilized to achieve the optimum distribution of the said benefits which would otherwise inure to oil refineries only;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the following:

SECTION 1. Section 199 of the National Internal Revenue Code is hereby amended by inserting a new subsection thereon to read as follows:

"Sec. 199 (a) *Percentage tax on sales of other articles.*—There shall be levied, assessed and collected once only on every original sale, barter, exchange, and similar transaction either for nominal or valuable consideration, intended to transfer ownership of, or title to, the articles not covered in Section 194, 195, 196, 197, 198 and 201, a tax equivalent to ten per centum (10%) of the gross selling price or gross value in money of the articles so sold, bartered, exchanged, or transferred, such tax to be paid by the manufacturer or producer: Provided, That any percentage, specific or mining tax paid under this title, title IV or title VII, respectively, on domestically manufactured, processed or produced, or imported raw materials, part, accessory or other article forming part of the finished product shall be credited against the sales tax due on the finished product: Provided, however, That in case the total tax paid on the raw material, part, accessory or other article exceeds the amount of the sales tax due on the finished product, the excess shall be credited against the sale tax liabilities of the manufacturer for the succeeding taxable quarters: And, provided, further, That the amount of the tax on the raw materials, part, accessory or other article shall be indicated as a separate item in the sale invoice.