

[EXECUTIVE ORDER NO. 959, June 11, 1984]

**REVISING THE PERCENTAGE TAX RATE ON LOCALLY PRODUCED
CRUDE OIL**

WHEREAS, under Presidential Decree 1615 which took effect on March 13, 1979, a percentage tax of twenty-two per centum (22%) was levied on locally produced crude oil in order that its price can be placed at par with the price of imported crude oil which, in addition to the inward ocean freight and other incidental costs of importation, is subject to the payment of twenty-two per centum (22%) customs duty;

WHEREAS, without this percentage tax, those oil companies which have access to the market for locally produced crude oil would have undue advantage over other oil companies wholly dependent on imported crude oil;

WHEREAS, with the recent realignment of ad valorem duty on importations, it becomes imperative to adjust the rate of percentage tax on locally produced crude oil to a level consistent with the prevailing statutory rate of thirty-three per centum (33%) customs duty on imported crude oil.

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines by virtue of the powers vested in me under Section 290-B of the National Internal Revenue Code, as amended, do hereby direct and order that:

SECTION 1. Section 199(b) of the National Internal Revenue Code of 1977, as amended, be amended to read as follows:

"Sec. 199 (b) Percentage tax on sales of indigenous petroleum. — Notwithstanding the provisions of Section 202 of this Code, there shall be levied, assessed, and collected once on the first taxable sale, barter, exchange or similar transaction intended to transfer ownership of or title to indigenous petroleum, a tax equivalent to thirty-three per centum (33%) of the fair international market price thereof, such tax to be paid by the buyer or purchaser within fifteen (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 the indigenous petroleum in its original state to a first taxable transferee. The fair international market price shall be determined in accordance with Regulations to be promulgated by the Minister of Finance upon the recommendation of the Commissioner of Internal Revenue in consultation with an appropriate government agency.

For purposes 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.