

[**KRI REVENUE REGULATIONS NO. 7-90, October 03, 1990**]

REVENUE REGULATIONS IMPLEMENTING REPUBLIC ACT NO. 6995 – AN ACT REVISING THE FORM OF TAXATION ON PETROLEUM PRODUCTS FROM AD VALOREM TO SPECIFIC, AMENDING FOR THE PURPOSE SECTION 145 OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED

SECTION 1. Scope – Pursuant to the provisions of Section 245 in relation to Section 4 of the National Internal Revenue Code, as amended, these regulations are hereby promulgated to implement the provisions of R.A. 6965, amending Section 145 of Title VI of the said Code revising the form of excise tax on manufactured oil and other fuel products from *ad valorem* tax to specific tax.

SECTION 2. Definition of Terms – For purposes of these regulations and for a more effective enforcement and collection of specific taxes, the following words and phrases shall have the sense and meaning indicated below:

- a. The term "**specific tax**" means an excise tax which imposes a specific amount based on weight or volume capacity or any other physical unit of measurement.
- b. The term "**volume capacity**" is the quantity of petroleum products *at air* at the time of removal from the place of production.
- c. The term "**at air**" is the room temperature or of the environment in which any physical or chemical event occurs.
- d. The term "**basestock**" is a residue left from distillation or refining or the bottom products derived from distillation.
- e. The term "**high vacuum distillates**" includes lubricants, waxes, asphalts, and greases which are derived from distillates boiling above 370 degrees centigrade and are separated by vacuum distillation and then treated and refined to meet quality requirements.
- f. The term "**aromatic extracts**" means extracts derived from aromatic materials produced by solvent extraction using N- methylpyrrolidienone, phenol, or furfural which are common solvents and includes BTX (benzene, toluene, xylene) from naphtha fractions used for chemical manufacture, upgrading middle distillates such as kerosene, diesel, and jet fuel.
- g. The term "**petroleum additives**" means any material which, when incorporated in finished petroleum products supplement their natural characteristics and improve their performance in existing applications or broaden the areas of their suitability.

SECTION 3. Rate and Base of Tax – The following petroleum products indicated below are subject to the specific tax in the amount as follows:

Petroleum Products	Rate of Tax
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a) 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 base or not.	P4.50 per liter
b) Processed gas	0.05 per liter
c) Waxes and petrolatum	3.50 per kilogram
d) Denatured alcohol (motive power)	0.05 per liter
e) Naphtha and regular gasoline	2.28 per liter
f) Premium gasoline	2.52 per liter
g) Aviation turbo jet fuel	2.38 per liter
h) Kerosene	0.50 per liter
i) Diesel fuel oil	0.45 per liter
j) Liquefied petroleum	0.00 per liter
k) Liquefied petroleum (used for motive gas power)	0.45 per liter
l) Asphalts	0.56 per kilogram
m) Bunker fuel oil	0.00 per liter
n) Naphtha (used as a raw material)	0.00 per liter

SECTION 4. Manner of Removal – Petroleum products which are taxed by law in kilograms or liters shall be removed from the place of production based on the unit of measurement prescribed by law, *i.e.* in kilograms, liters, or *at air*, as the case may be. The same units of measurement shall also be used in recording, reporting, and monitoring of such products.