Bringing in Revenues for Nation-building

REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

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RECORDS MANAGEMENT DIVISION
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August 29, 2024

REVENUE MEMORANDUM CIRCULAR NO. 105 - 2024

SUBJECT : **Implementation of Increased Biodiesel Blend Requirements, and updating of the requirements for permit to operate for Downstream Oil Industry participants.**

TO : **All Internal Revenue Officials and Others Concerned**

SECTION 1. OBJECTIVES - This Revenue Memorandum Circular (RMC) is issued to inform and compel all concerned parties to comply with the new biodiesel blend requirements as stipulated in the Department of Energy (DOE) Department Circular 05-2024. This directive aims to ensure a smooth transition and adherence to the new mandates in line with the government's commitment to environmental sustainability and the ease of doing business.

SECTION 2 SCOPE - Pursuant to the DOE Department Circular No. DC 2024-05-0014, all participants in the Downstream Oil Industry (DOI) are required to increase the biodiesel blend in their diesel products. This mandate is part of the government's initiative to promote the use of renewable energy sources and reduce dependence on fossil fuels.

SECTION 3. DEFINITION OF TERMS. - For the purposes of this issuance, the following terms shall be defined as follows:

A. **Alternative Fuel Vehicles Engines:** shall refer to vehicles/engines that use alternative fuels such as biodiesel, bioethanol, natural gas, electricity, hydrogen and automotive LPG, instead of gasoline and diesel;
B. **Biodiesel**: shall refer to Fatty Acid Methyl Ester (FAME) or mono-alkyl esters derived from vegetable oils or animal fats and other biomass-derived oils that shall be technically proven and approved by the DOE for use in diesel engines, with quality specifications in accordance with the Philippine National Standards (PNS);
C. **Bioethanol:** shall refer to ethanol (C_2H_5OH) produced from feedstock and other biomass;
D. **Bioethanol Fuel:** shall refer to hydrous or anhydrous bioethanol suitably denatured for use as motor fuel, with quality specifications in accordance with the PNS;
E. **Biofuel:** shall refer to bioethanol and biodiesel and other fuels made from biomass and primarily used for motive, thermal and power generation, with quality specifications in accordance with the PNS;
F. **Biomass:** shall refer to any organic matter, particularly cellulosic or ligno-cellulosic matter, which is available on a renewable or recurring basis, including trees, crops and associated residues, plant fiber, poultry litter and other animal wastes, industrial wastes, and the biodegradable component of solid waste;

G. **Diesel:** shall refer to refined petroleum distillate, which may contain small amounts of hydrocarbon or non-hydrocarbon additives to improve ignition quality or other characteristics, suitable for compression ignition engine and other suitable types of engines with quality specifications in accordance with the PNS;

H. **DOI (Downstream Oil Industry)**: The segment of the oil industry involved in the refining, distribution, and marketing of petroleum products.

SECTION 4. POLICY and GUIDELINES

A. NEW BIODIESEL BLEND REQUIREMENTS - Effective **October 1, 2024**, the biodiesel blend requirements and their respective date of effectivity for diesel fuel shall be as follows:

- **October 1, 2024:** Increase from the existing two percent (2%) biodiesel blend to three percent (3%).
- **October 1, 2025:** Further increase to a **four percent (4%)** biodiesel blend.
- **October 1, 2026:** Further increase to a **five percent (5%)** biodiesel blend.

a. Voluntary Compliance

i. The DOI participants may offer consumers gasoline fuel containing **twenty percent (20%) bioethanol blend** on a voluntary basis.

B. REQUIREMENTS FOR PERMIT TO OPERATE

a. All affected permits to operate within the DOI must reflect the changes prescribed by this order. Specifically:

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i. Permit holders must ensure that their operations comply with the increased biodiesel blend requirements.

ii. All relevant documentation, including but not limited to applications, renewals, and compliance reports, must clearly indicate adherence to the new biodiesel blend percentages.

iii. Existing permits must be updated to reflect these changes no later than December 31, 2024. All new permits issued on the date of this order will be valid until December 31, 2025 and must also comply with these updated requirements.

C. VALIDITY OF PERMIT TO OPERATE

a. All existing and valid permits as of the date of this circular shall remain valid only **until December 31, 2024.**

b. All applications and renewals done as of the date of this circular shall be valid **until December 31, 2025.**

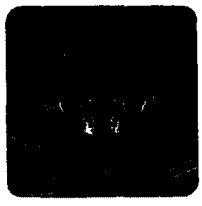
SECTION 5. COMPLIANCE AND ENFORCEMENT - All DOI participants, fuel distributors, and fuel retailers are hereby directed to comply with the aforementioned biodiesel blend requirements. Non-compliance with this mandate will result in penalties and sanctions as provided by existing laws and regulations.

SECTION 6. SEPARABILITY CLAUSE. - If any provisions of this Circular shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SECTION 7. REPEALING CLAUSE. - The provisions of any existing regulations, rulings or orders, or portions thereof inconsistent with the provisions of these Regulations are hereby revoked, repealed or amended accordingly.

SECTION 8. EFFECTIVITY. - All concerned are hereby enjoined to be guided accordingly and give this Circular as wide a publicity as possible.

This Circular shall take effect immediately.



ROMEO D. LUMAGUI JR.
Commissioner of Internal Revenue

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