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

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January 5, 2018

REVENUE REGULATIONS NO. 2-2018

SUBJECT : **Providing for the Revised Tax Rates and other Implementing Guidelines on Petroleum Products Pursuant to Republic Act. No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law"**

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

SECTION 1. SCOPE. — Pursuant to the provisions of Section 244 in relation to Section 245 of the National Internal Revenue Code (NIRC) of 1997, as amended, these Regulations are hereby promulgated to implement the provisions on Petroleum Products under Section 84 of Republic Act No. 10963, amending provisions of Section 148, Chapter V of Title VI Excise Tax on Petroleum Products, of the NIRC, as amended.

SEC. 2. REVISED EXCISE RATES AND BASES OF SPECIFIC TAX. — There shall be collected on refined and manufactured mineral oils and motor fuels, the following excise taxes which shall attach to the goods hereunder enumerated as soon as they are in existence as such:

<table>
<tr><th rowspan="2">PRODUCTS</th><th colspan="3">EFFECTIVITY</th></tr>
<tr><th>January 1, 2018</th><th>January 1, 2019</th><th>Janaury 1, 2020</th></tr>
<tr><td>(a) Lubricating oils and greases, including but not limited to base stock 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 and kilogram respectively, of volume capacity or weight.</td><td rowspan="6">P8.00</td><td rowspan="6">P9.00</td><td rowspan="6">P10.00</td></tr>
<tr><td>(a.1) Locally produced or imported oils previously taxed but subsequently reprocessed, re-refined, recycled, per liter and kilogram of volume capacity or weight.</td></tr>
<tr><td>(b) Processed gas, per liter of volume capacity.</td></tr>
<tr><td>(c) Waxes and petrolatum per kilogram.</td></tr>
<tr><td>(d) Denatured alcohol to be used for motive power, per liter of volume capacity.</td></tr>
<tr><td>(e) Asphalts, per kilogram.</td></tr>
<tr><td>(f) Naphtha, regular gasoline, pyrolisis gasoline and other similar products of distillation, per liter of volume capacity</td><td rowspan="2">P7.00</td><td rowspan="2">P9.00</td><td rowspan="2">P10.00</td></tr>
<tr><td>(g) Unleaded premium gasoline, per liter of volume capacity</td></tr>
<tr><td>(h) Kerosene, per liter of volume capacity</td><td>P3.00</td><td>P4.00</td><td>P5.00</td></tr>
</table>

(i) Aviation turbo jet fuel, aviation gas, per liter of volume capacity	**P4.00**	**P4.00**	**P4.00**
(j) Kerosene, when used as aviation fuel, per liter of volume capacity			
(k) Diesel fuel oil, and on similar fuel oils having more or less the same generating power, per liter of volume capacity	**P2.50**	**P4.50**	**P6.00**
(l) Liquefied petroleum gas used for motive power, per kilogram			
(m) Bunker fuel oil, and on similar oils having more or less the same generating power, per liter of volume capacity			
(n) Petroleum coke, per metric ton			
(o) Liquefied petroleum gas, per kilogram	**P1.00**	**P2.00**	**P3.00**
(p) Naphtha and pyrolysis gasoline, when used as a raw material in the production of petrochemical products or in the refining of petroleum 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, per liter of volume capacity	**P0.00**	**P0.00**	**P0.00**
(q) Liquefied petroleum gas, when used as raw material in the production of petrochemical products, per kilogram			
(r) Petroleum coke, when used as feedstock to any power generating facility, per metric ton			

SEC. 3. EXCEPTION TO REVISED EXCISE TAX RATES. — The revised rates under Section 2 shall not apply under the following instances:

a) Lubricating oils and greases produced from basestocks and additives on which the excise tax has already been paid shall no longer be subject to excise tax.

b) Unless otherwise provided by special laws, if the denatured alcohol is mixed with gasoline, the excise tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. The removal of denatured alcohol of not less than one hundred eighty degrees (180°) proof (ninety percent (90%) absolute alcohol) shall be deemed to have been removed for motive power, unless shown otherwise;

SEC. 4. CREDITABLE EXCISE TAX. — The excise tax paid on the purchased basestock (bunker) used in the manufacture of excisable articles and forming part thereof shall be credited against the excise tax due thereon. For purposes of these regulations, any excess of excise taxes paid on raw materials resulting from manufacturing, blending, processing, storage and handling losses shall not give rise to a tax refund or credit.

SEC. 5. SUSPENSION OF SCHEDULED INCREASE. — For the period covering 2018 to 2020, the scheduled increase in the excise tax on fuel as imposed in this section shall be suspended when the average Dubai crude oil based on Mean Of Platts Singapore (MOPS) for three (3) months prior to the scheduled increase of the month reaches or exceeds eighty dollars (USD 80) per barrel. A separate Revenue Regulation (RR) shall be issued for this purpose.

SEC. 6. MANDATORY MARKING OF ALL PETROLEUM PRODUCTS. — The use of an official fuel marking or similar technology on petroleum products that are

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refined, manufactured, or imported into the Philippines, and that are subject to the payment of taxes and duties, such as but not limited to unleaded premium gasoline, kerosene, and diesel fuel oil shall be required. It shall be implemented in accordance with rules and regulations to be issued by the Secretary of Finance in consultation with the Commissioner of Internal Revenue and Commissioner of Customs and in coordination with the Secretary of Energy.

SEC. 7. MANUFACTURERS AND/ OR IMPORTERS TO PROVIDE THEMSELVES WITH COUNTING OR METERING DEVICES TO DETERMINE VOLUME OF PRODUCTION AND IMPORTATION. — Manufacturers of oil products subject to excise tax shall provide themselves with such necessary number of suitable counting or metering devices to determine as accurately as possible the volume, quantity or articles produced by them under the rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner of Internal Revenue: *Provided*, That the Department of Finance shall maintain a registry of all petroleum manufacturers and/ or importers and the articles being manufactured and/ or imported by them: *Provided, further*, That the Department of Finance shall mandate the creation of a real-time inventory of petroleum articles being manufactured, imported or found in storage depots of such petroleum manufacturers and/ or importers: *Provided, finally*, That importers of finished petroleum products shall also provide themselves with Bureau-accredited metering devices to determine as accurately as possible the volume of petroleum products imported by them.

SEC. 8. TRANSITORY PROVISION. — For the effective implementation of the Act, the following guidelines shall be followed during the transitory period:

a) *Submission of Stock Inventories.* Concerned oil companies, owners, operators or lessees of storage depots shall submit duly notarized inventories of all petroleum products as of midnight of December 31, 2017 to Excise LT Field Operations Division (ELTFOD) in the case of taxpayers registered within Revenue Region (RR) Nos. 4 (San Fernando, Pampanga), 5 (Caloocan), 6 (Manila), 7 (Quezon City), 8 (Makati City) and 9 (San Pablo City) or to the concerned Excise Tax Area (EXTA) in the case of taxpayers registered outside of RR 4 to 9, on or before January 15, 2018, in the prescribed format in Annex "A". Likewise, similar inventories shall be submitted as of midnight of December 31, 2018, December 31, 2019 and December 31, 2020. These sworn statements shall likewise be subjected to verification as required under existing regulations and issuances. In the case of failure to submit the required inventories by any of the aforesaid taxpayer, petroleum products found in their possession as of January 1, 2018, January 1, 2019 and January 1, 2020 shall be subjected to the new excise tax rates.

b) *Accounting for stocks or inventory of goods after each date of effectivity of the new excise tax rates.* These inventories of petroleum products taken prior to each date of effectivity shall be liquidated and accounted for on a "First-In First-Out" (FIFO) method of inventory.

c) *Issuance of Withdrawal Certificates.* All Withdrawal Certificates issued covering the removals of petroleum products subject to the old or previous tax rates products shall be prominently stamped with the phrase "STOCKS ON HAND PRIOR TO APPLICABLE DATE OF EFFECTIVITY". The removals of finished goods where the accompanying Withdrawal Certificate/s do not bear such information shall be

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subject to the new excise tax rates imposed under these Regulations at the time of its actual removal, even if the same were taken from the old or previous inventory.

SECTION 9. PENALTIES. — Violations of the provisions of these Regulations shall be subject to the corresponding penalties provided for under Title X of the NIRC of 1997, as amended, and applicable regulations.

SECTION 10. REPEALING CLAUSE. — All rules and regulations inconsistent with the provisions of these Regulations are hereby repealed or amended accordingly.

SECTION 11. EFFECTIVITY. — These Regulations shall take effect immediately following its complete publication in at least one (1) newspaper of general circulation.

CARLOS G. DOMINGUEZ
Secretary of Finance
JAN 11 2018

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Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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BIR TRAIN IRR/RR Drafting Committee