

**[ EXECUTIVE ORDER NO. 312, December 16, 1987 ]**

**REDUCING THE RATE OF TAX ON INDIGENOUS PETROLEUM AS PROVIDED FOR UNDER SECTION 129, (AS RENUMBERED TO SECTION 151 (A) (4) UNDER EXECUTIVE ORDER NO. 273), OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED.**

WHEREAS, the tax on indigenous petroleum is intended to equalize the tax and duty treatment of imported crude oil and indigenous petroleum;

WHEREAS, Executive Order No. 303 dated August 25, 1987 reduced from Twenty Percent (20%) Ad Valorem to Fifteen Percent (15%) Ad Valorem the import duty on imported crude oil;

WHEREAS, Executive Order No. 311 dated December 10, 1987 reduced the tax on indigenous petroleum from Twenty-Two Percent (22%) to Fifteen Percent (15%) as a consequence of the reduction of the duty rate on imported crude oil under Executive Order No. 303 dated August 25, 1987;

WHEREAS, Executive Order No. 306 dated October 20, 1987 further reduced from Fifteen Percent (15%) Ad Valorem to Ten Percent (10%) Ad Valorem the import duty on imported crude oil;

WHEREAS, in order to maintain the equal tax and duty treatment of indigenous petroleum and imported crude oil, there is likewise a need to decrease the excise tax on indigenous petroleum to match the reduced duty on imported crude oil.

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, pursuant to Section 241 of the National Revenue Code, as amended, hereby order as follows:

Section 1. The rate of excise tax imposed on indigenous petroleum as provided for under Section 129, (as renumbered to Section 151 (a) (4) under Executive Order No. 273), of the National Internal Revenue Code, as amended, is hereby reduced from fifteen percent (15%) to ten percent (10%) of the fair international market price thereof.

Section 2. For expediency and pending promulgation of guidelines to determine the fair international market price of indigenous petroleum, the contract price in an arms length transaction between the petroleum producer and the buyer including freight and insurance premium covering the transportation of the indigenous petroleum to the domestic refineries shall be used as the tax base in computing the excise tax due thereon.

Section 3. The Commissioner of Internal Revenue is hereby authorized to promulgate such rules and regulations, guidelines or issuances necessary to ensure