

**[ EXECUTIVE ORDER NO. 311, December 10, 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, under Section 129 (as renumbered to Section 151 (a) (4) under Executive Order No. 273), of the National Internal Revenue Code, as amended, indigenous petroleum is subject to excise tax equivalent to Twenty-Two Percent (22%) of the fair international market price thereof;

WHEREAS, the said 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, 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 Internal 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 twenty-two percent (22%) to fifteen percent (15%) 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 effective implementation of the provisions of this Order.

Section 4. All orders, issuances, rules and regulations and other issuances or parts