

**[ BC CUSTOMS MEMORANDUM ORDER NO. 7-96,  
February 26, 1996 ]**

**RULES AND REGULATIONS IN THE AVAILMENT OF TAX-EXEMPT  
PETROLEUM PRODUCTS AT THE SPECIAL ECONOMIC  
ZONE/FREEPORTS**

**I  
Objectives**

1. To ensure the collection of correct duties and taxes;
2. To prevent the circumvention of government customs laws, rules and regulations on shipments of petroleum products entered thru the Special Economic Zones (SEZ) but are eventually used by non tax-exempt entities.

**II  
Coverage**

This Order shall apply to all Shipments of petroleum products imported tax and duty-free by Coastal Subic Bay Terminal Inc. and by other SEZ Registered Enterprises.

**III  
General Provisions**

A. Guidelines in Aircraft Refueling at the Subic Bay International Airport.

1. The Coastal Subic Bay Terminal, Inc. shall be allowed to sell aviation gas, fuel and oil, whether refined or in crude form or other petroleum products free from payment of duties and taxes to the following.

1.a Aircrafts of airlines, which by virtue of legislative franchise, are imposed the franchise tax in lieu of the imposition of all other taxes, duties and other charges. Provided; however, that the franchise specifically provides for the tax and duty free privilege for the local purchase or direct importation of the said petroleum products or provides for an "ipso facto clause" which operates to extend to the Grantee equal terms and/or provisions as those enjoyed by competing franchise-holders. Provided further, that such sales or deliveries of aviation gas, fuel and oil to the Grantee shall be for the exclusive use of its operations and other activities incidental thereto;

1.b Aircrafts of foreign or local registry refuelling for departure to a foreign destination;