

GUIDELINES FOR THE AVAILMENT OF ZERO-RATE SPECIFIC TAX ON NAPHTHA FOR USE AS REPLACEMENT FUEL FOR NATURAL GAS-FIRED COMBINED CYCLE POWER PLANT DURING THE NON-AVAILABILITY OF LOC...

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Pursuant to Section 1 of Republic Act No. 8184, otherwise known as “An Act Restructuring the Excise Tax on Petroleum Products, Amending for the Purpose Pertinent Sections of the National Internal Revenue Code, As Amended,” the Department of Energy and the Department of Finance, jointly adopt the following guidelines for the availment of zero-rated specific tax on naphtha for use as replacement fuel for natural gas-fired combined cycle power plant during the non-availability of locally-extracted natural gas.

SECTION 1. Coverage — These guidelines shall implement Section 1 of Republic Act No. 8184 which provides that Section 145 of the National Internal Revenue Code, as amended is thereby amended to read as follows:

“SEC. 145. Manufactured oils and other fuels — There shall be collected on refined and manufactured mineral oils and motor fuels, the following specific taxes which shall attach to the goods hereunder enumerated as soon as they are existing as such:

“(5) Naphtha, . . . , per liter of volume capacity, Four pesos and eighty centavos (P4.80): Provided, That naphtha, when used as a raw material in the production of petrochemical 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, subject to the rules to be promulgated by the Secretary of Energy in consultation with the Secretary of Finance, per liter of volume capacity, Zero (0.00).”

SECTION 2. Procedure for Availment — Applications for the availment of the zero-rated specific tax on naphtha sourced locally, or the importer, in case of naphtha sourced from importations, shall apply jointly with user with the Department of Energy (DOE) through the Energy Industry Administration Bureau (EIAB) for a “DOE Certification of Actual Requirement” (DCAR) for every shipment/delivery of naphtha to the end-user, stating therein the details of the shipment/delivery e.g., volume, time and place of loading/delivery, supplier, price and the name and address of the end-user. The EIAB shall validate the purpose and use for proposed shipment and, if warranted, effect the issuance of the DCAR within five (5) working days from submission thereof.

B. Application for “BIR Excise Tax Zero Rating Permit (ETZRP)”. Upon issuance by the DOE of the DCAR, the applicant shall apply with the Excise Taxpayers Service (ETS) of the Bureau of Internal Revenue (BIR) for an Excise Tax Zero-Rating permit addressed to the Assistant Commissioner, Excise Taxpayers Service (ACIR-ETS), through the Chief, Excise Taxpayers Assistance Division, at Rm. 102 BIR-NOB Diliman, Quezon City. The application shall be accompanied by the following:

1. Duly notarized application for excise Tax Zero rating Permit
2. Duly approved DCAR
3. Joint Surety Bond by the Supplier/Importer and user
4. Details of Shipment

- a. Quantity
- b. Time and Place of Delivery
- c. Origin/Destination
- d. Manner of Shipment

The ETS shall issue the ETZRP within five (5) working days from the date of application, after submission of all the required documents. ETS approved ETZRP will allow the withdrawal of the naphtha subjected to zero (P0.00) excise tax rate.

SECTION 3. Post-Shipment/Delivery Submission Requirements and Penalty for Non-Compliance — Within ten (10) working days after completion of the shipment/delivery to the end-user, the supplier or importer of the naphtha, as the case maybe, shall submit to the EIAB and the ETS a sworn declaration stating the actual volume of naphtha delivered to the said end-user as compared with the DCAR attaching copies of the sales/delivery documents. Any variation in excess of 5% shall be satisfactorily explained. Failure to submit the sworn declaration shall subject the supplier or importer to the full excise tax of Four pesos and eighty centavos (P4.80) per liter.

The ETS shall assign a Revenue Officer On-Premise (ROOP) at the users establishment to monitor the actual quantity received and used by the purchaser and to accomplish the installed Official Register Book (ROB) and submit a monthly transcript thereon to the ETS.

The end user shall submit to the EIAB and the ETS a monthly report stating, among others, as attested to by the assigned ROOP, the following:

1. Name of Suppliers;
2. Quantity Received;
3. Quantity Removed or withdrawn; and
4. Quantity Used for the Month - certified to by the User's Plant Engineer or his duly authorized representative.

SECTION 4. Transitory Provisions — Naphtha shipments/deliveries eligible for availment under these guidelines that have been made prior to effectivity hereof shall, upon evaluation and approval of the BIR be issued a Zero-Rating Permit effective as of date of DOE's Certification of Actual Requirement made prior to the issuance of these guidelines; Provided, that such shipments comply with the aforestated for availment.

SECTION 5. Effectivity — These general guidelines shall take effect immediately upon publication in a newspaper of general circulation.

Adopted: 27 June 2000

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Secretary

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