NATIONAL ADMINISTRATIVE REGISTER · JANUARY 2, 1996

# ADJUSTING THE PUMP PRICES OF PETROLEUM PRODUCTS ACROSS-THE-BOARD

*ERB RESOLUTION NO. 96-01, January 02, 1996*

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WHEREAS, Republic Act No. 7716 (Law on the Expanded Value-Added Tax) was approved on May 5, 1994, restructuring the value-added tax (VAT) system, widening its tax base and enhancing its administration and for these purposes, amending and repealing the relevant provisions of the National Internal Revenue Code, as amended and for other purposes;

WHEREAS, the implementation of R.A. No. 7716 is to be effective on January 1, 1996, which implementation has been delayed as a result of several petitions filed with the Supreme Court questioning the constitutionality of the said law;

WHEREAS, under Section 103 of the said Act (Section 4.100-1 of Revenue Regulations No. 7-95), the sale of manufactured petroleum products (except lubricating oil, processed gas, grease, wax and petroleum) is exempt from the coverage of the Expanded Value Added Tax (E-VAT). However, under Section 102 of the same Act (Section 4.102-1 of Revenue Regulations No. 7-95), the sale or exchange of services shall be subject to E-VAT;

WHEREAS, the imposition of the E-VAT will cover the rentals of the lands where the depots, refineries and gasoline stations are situated, sale of service of the transshipment and pipeline companies, hauling companies and the real property rentals of the persons engaged in the petroleum industry like the LPG Dealers;

WHEREAS, at present, there are six (6) applications for the approval of the proposed adjustment in freight/rates of petroleum cargo pursuant to R.A. No. 7716 pending with Board;

WHEREAS, the E-VAT is of judicial notice and a motu propio adjustment in the wholesale posted and pump prices of petroleum products is imperative there being no applications filed to that effect by the oil companies and other persons/entities engaged in the petroleum business;

WHEREAS, due to lack of material time and data available to the Board, a Resolution adjusting the prices of petroleum products has not been issued before the implementation of the E-VAT Law;

WHEREFORE, be it resolved as it is hereby resolved to adjust effective 6:00 P.M. January 2, 1996, the pump prices of petroleum products across-the-board by P0.03 per liter, broken down as follows:

Adjustment

(In Peso Per Liter)



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Direct Company Recovery (inclusive of P0.005 per liter E-VAT on the pipe-line or transshipment)

**P0.02**

E-VAT on the Hauling Service

**P0.005**

E-VAT on Gasoline Dealers

**P0.005**

**TOTAL**

**P0.03**

However, with respect to LPG, the adjustment of P0.02 per liter direct company recovery, when converted to kilogram, will result in an adjustment of P0.03578 per kilogram. Therefore, the resultant adjustment, taking into account the P0.005 E-VAT, of the LPG Refillers, Marketers and Dealers is as follows:

Adjustment (In Pesos)

Product

Per Liter

Per Kilogram

Per Cylinder

Bulk

0.02

0.03578


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Filled Cylinder

0.0250

0.0447

Per 11 kg.

0.50

Per 50 kg.

2.25

Resultant Dealer to Consumer Pick- Up Price (11 kg.)

**P125.50**

Pick-Up Price (50 kg.)

**P570.45**

Retail Outlet to Consumer Pick- Up Price (11 kg.)

**P129.50**

A table showing the resulting price build-up is hereto attached as Annex “A” *.

Let it be emphasized that the adjustments abovementioned are for recovery only and no profit or gain is involved.

Any adjustment in the price of petroleum products pursuant to this Resolution shall be taken into consideration in the final evaluation of the cases now pending with the Board.

In the event of any excess collection as a result of the implementation of this Resolution, the said excess shall be contributed/deposited to the Oil Price Stabilization Fund (OPSF).

Finally, since the imposition of E-VAT will ultimately affect the prices of petroleum products, the oil companies/LPG refillers and marketers are required to submit to the Board on a quarterly basis one month after each quarter, the pertinent data on the tax adjustment computation for verification and confirmation purposes.

The oil companies/LPG refillers and marketers are further directed to disseminate to their respective dealers the new pump prices of petroleum products.

Adopted: 02 Jan. 1996

(SGD.) REX V. TANTIONGCO
Chairman

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