

LOWERING THE COST TO CONSUMERS OF ELECTRICITY BY REDUCING THE FRANCHISE TAX PAYABLE BY ELECTRIC FRANCHISE HOLDERS AND THE TARIFF ON FUEL OILS FOR THE GENERATION OF ELECTRIC POWE...

PRESIDENTIAL DECREE NO. 551, September 11, 1974

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WHEREAS, the grantees of electric franchises are unable to reduce their rates due to their high cost of operation;

WHEREAS, there is a need to provide electric current for light, heat and power at a cost within the reach of consumers;

WHEREAS, assistance to the franchise holders by reducing some of their tax and tariff obligations is imperative to attain the above objectives;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree:

SECTION 1. Any provision of law or local ordinance to the contrary notwithstanding, the franchise tax payable by all grantees of franchises to generate, distribute and sell electric current for light, heat and power shall be two (2%) of their gross receipts received from the sale of electric current and from transactions incident to the generation, distribution and sale of electric current.

Such franchise tax shall be payable to the Commissioner of Internal Revenue or his duly authorized representative on or before the twentieth day of the month following the end of each calendar quarter or month as may be provided in the respective franchise or pertinent municipal regulation and shall, any provision of the Local Tax Code or any other law to the contrary notwithstanding, be in lieu of all taxes and assessments of whatever nature imposed by any national or local authority on earnings, receipts, income and privilege of generation, distribution and sale of electric current.

SEC. 2. Tariff Heading No. 27.09 of Sec. 104 of the Tariff and Customs Code, as amended, is hereby further amended as follows:

Tariff
Heading
No.

Description of Articles

Rate of Duty

27.09

Petroleum oils and oils obtained from bituminous minerals, crude.

(a)

for use as fuel oils for the generation of electric power imported by electric utilities

Ad Val. 10%

(b)

Others Ad Val. 20%

SEC. 3. Sec. 106 of the Tariff and Customs Code, as amended, is further amended by inserting a new paragraph "b" and relettering sub-paragraphs (b), (c), and (d), thereof to (c), (d), and (e), respectively, the new paragraph (b) of the said Sec. 106 to read as follows:

"b. On Petroleum Oils and Oils Obtained from Bituminous Minerals, Crude Eventually Used for Generation of Electric Power. — On petroleum oils and oils obtained from bituminous minerals, crude oils imported by non-electric utilities sold, directly or indirectly, in the same form or after processing, to electric utilities for the generation of electric power, a refund or tax credit shall be allowed not exceeding fifty per cent (50%) of the duty imposed by law upon such oils, which shall be paid or credited under such rules and regulations as may be prescribed by the Commissioner of Customs with the approval of the Secretary of Finance."

SEC. 4. All the savings realized by electric franchise holders from the reduction of the franchise tax under Section 1 and tariff reductions and tax credits under Sections 2 and 3, shall be passed on to the ultimate consumer. The Secretary of Finance shall promulgate rules and regulations and devise a reporting system to carry out the provisions of this Decree. Violation of this section or the regulations promulgated by the Secretary of Finance to implement it shall be penalized by a fine of not more than P50,000.00 and imprisonment of not more than six (6) months. In addition, the Secretary of Finance may order compulsory price or rate reduction, which may be either prospective or retroactive in application. If the offense is committed by juridical person, the manager or person in charge of the management of the business or affairs thereof shall be responsible therefor.

SEC. 5. This Decree shall take effect immediately.

Done in the City of Manila, this 11th day of September, in the year of Our Lord, nineteen hundred and seventy-four.

(Sgd.)

FERDINAND E. MARCOS

President of the Philippines

By the President:

(Sgd.)

ALEJANDRO MELCHOR

Executive Secretary

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