

MALACAÑANG  
Manila

**PRESIDENTIAL DECREE NO. 1956**

**IMPOSING AN AD VALOREM TAX ON CERTAIN MANUFACTURED OILS AND OTHER FUELS; BUNKER FUEL OIL AND DIESEL FUEL OIL; REVISING THE RATES OF SPECIFIC TAX THEREON; ABOLISHING THE OIL INDUSTRY SPECIAL FUND; AND FOR OTHER PURPOSES**

WHEREAS, the current economic crisis amounts to a grave emergency which affects the stability of the nation and requires immediate action;

WHEREAS, it is also desirable to stabilize the prices of petroleum products for a longer period despite exchange rate adjustments or world market price changes;

WHEREAS, the issuance of this decree is an essential and necessary component of the national economic recovery program formulated to meet and overcome the emergency;

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

SECTION 1. There is hereby imposed on certain manufactured oils and other fuels, bunker fuel oil and diesel fuel oil, an ad valorem tax, as follows:

- (a) Kerosene, fourteen per centum;
- (b) Naptha, regular gasoline and all similar products of distillation, twenty five per centum;
- (c) Premium and aviation gasoline, twenty five per centum;
- (d) Thinners and solvents, twenty five per centum;
- (e) Liquefied petroleum gas, fourteen per centum;
- (f) Asphalt, fourteen per centum;
- (g) Aviation turbo jet fuel, twenty five per centum;
- (h) Fuel oil, commercially known as bunker fuel oil, and on all similar fuel oils, having more or less the same generating power, seven per centum;
- (i) Fuel oil, commercially known as diesel fuel oil, and on similar fuel oils, having more or less the same generating capacity, twenty two per centum.

SECTION 2. The ad valorem tax shall be based on the wholesale posted price net of specific and domestic ad valorem taxes of the oil product concerned, as approved by the Board of Energy.

SECTION 3. The ad valorem tax shall be paid by the manufacturer, producer, owner, person having possession of importer, at the same time, in the same manner and

subject to the same penalties, as the Specific tax, as prescribed in Presidential Decree No. 1158, as amended.

SECTION 4. Proceeds realized from the ad valorem tax shall accrue to the General Fund.

SECTION 5. Section 153 of Presidential Decree No. 1158, as amended is hereby further amended to read as follows:

“Sec.153. Specific Tax on manufactured oils and other fuels. - On refined and manufactured mineral oils and motor fuels, there shall be collected the following taxes which shall attach to the articles hereunder enumerated as soon as they are in existence as such:

- “(a) Lubricating oil, per liter of volume capacity, four pesos and fifty centavos;
- “(b) Naphtha, regular gasoline and all other similar products of distillation, per liter of volume, capacity, one peso and twenty nine centavos; Provided, That on premium and aviation gasoline the tax shall be one peso and eighteen and one half centavos per liter of volume capacity;
- “(c) On denatured alcohol to be used for motive power, per liter of volume capacity, one centavo: Provided, That unless otherwise provided for by special laws, if the denatured alcohol is mixed with gasoline, the specific tax on which has already been paid, only the alcohol content shall be subject to the tax herein prescribed. For the purposes of this subsection, the removal of denatured alcohol of not less than one hundred eighty degrees proof (ninety per centum absolute alcohol) shall be deemed to have been removed for motive power, unless shown to the contrary;
- “(d) Processed gas, per liter of volume capacity, five centavos;
- “(e) Thinners and solvents, per liter of volume capacity, one peso and twenty centavos;
- “(f) Liquefied petroleum gas, per kilogram, sixty two and one half centavos; Provided, That liquefied petroleum gas used for motive power shall be taxed at a rate equivalent to the specific and ad valorem tax on diesel fuel oil;
- “(g) Greases, waxes and petrolatum, per kilogram, four pesos and fifty centavos;
- “(h) Aviation turbo jet fuel, per liter of volume capacity, one peso and twenty centavos;
- “(i) Fuel oil, commercially known as bunker fuel oil, and on all similar fuel oils, having more or less the same generating power, twenty five centavos per liter of volume capacity.”

SECTION 6. The payments of Special Fund as provided in section 17 of Republic Act 6173, as amended, shall be abolished; Provided, That petroleum products in the possession of the oil companies which had been removed from the refinery or from the bonded terminal but not yet sold, shall be subject to the same rate of special fund impost prevailing before the effectivity of this Decree.

SECTION 7. The special fund created under Section 8 paragraph (j), of Republic Act No. 6173, as amended, is hereby abolished. Outstanding claims against the Special Fund shall be settled from the existing resources and the balance, if any, shall be transferred to the General Fund.

SECTION 8. There is hereby created a Special Account in the General Fund to be designated as Oil Price Stabilization Fund for the purpose of minimizing frequent price changes brought about by exchange rate adjustments and/or an increase in world market prices of crude oil and imported petroleum products. The Fund may be sourced from any of the following:

- (a) Any increase in the tax collection from ad-valorem tax or customs duty imposed on petroleum products subject to tax under this Decree arising from exchange rate adjustment, as may be determined by the Minister of Finance in consultation with the Board of Energy;
- (b) Any increase in the tax collection as a result of the lifting of tax exemptions of government corporations under Presidential Decree No. 1931, as may be determined by the Minister of Finance in consultation with the Board of Energy;
- (c) Any additional tax to be imposed on petroleum products to augment the resources of the Fund through an appropriate Order that may be issued by the Board of Energy requiring payment by persons or companies engaged in the business of importing, manufacturing and/or marketing petroleum products.

The Fund created herein shall be used to reimburse the oil companies for cost increases on crude oil and imported petroleum products resulting from exchange rate adjustment and/or increase in world market prices of crude oil.

The Fund shall be administered by the Ministry of Energy.

SECTION 9. The Minister of Finance shall promulgate the necessary rules and regulations to implement this Decree.

SECTION 10. Sections 155 and 156 of Presidential Decree No. 1158, as amended, and all laws, decrees, executive orders, rules and regulations and other issuances, or parts thereof, which are inconsistent herewith, are hereby repealed, amended or modified accordingly.

SECTION 11. This Decree shall take effect on October 15, 1984.

DONE in the City of Manila, this 10th day of October, in the year of Our Lord, nineteen hundred and eighty-four.

**MARCOS**

President of the Philippines

**(Sgd.) FERDINAND E.**

By the President:

**(Sgd.) JUAN C. TUVERA**  
Presidential Executive Assistant