

# Proposed Tax Reform on the Excise Tax on Petroleum Products<sup>\*</sup>

## I. INTRODUCTION

The proposed increase in the excise tax on petroleum products is one of the revenue-enhancing measures being considered to compensate for the revenue loss from the proposed restructuring of the personal income tax (PIT). The excise tax rates on said products have not been adjusted since 1996 or for the last 20 years. The non-adjustment to inflation of tax rates on these products affects the revenue productivity and equity aspect of the tax. The Department of Finance (DOF) in its Comprehensive Tax Reform Package (CTRP) proposes the imposition of two-tiered excise tax rates on “gasoline and others” and “diesel and others”.

This paper discusses the historical changes in the excise taxation of petroleum products from 1987 to the present, revenue performance of the excise tax and the impact of the proposal to pump prices of said products and public transport fares.

## II. BACKGROUND INFORMATION

### A. Laws on Excise Taxation of Petroleum Products, 1987-2016

For the period 1987 to the present, four (4) laws were enacted relative to the excise taxation of petroleum products, viz.:

- (a) Executive Order (EO) No. 195<sup>1</sup> (Revising the Excise Tax Rates of Certain Petroleum Products), effective June 17, 1987;
- (b) Republic Act (RA) No. 6965<sup>2</sup> (Revising the Form of Taxation on Petroleum Products from Ad Valorem to Specific), effective September 19, 1990;

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<sup>1</sup> Entitled, “Amending Paragraph (b) of Section 128 of the National Internal Revenue Code, As Amended, By Revising the Excise Tax Rates of Certain Petroleum Products”, effective June 17, 1987.

- (c) RA 8184 (Restructuring the Excise Tax on Petroleum Products), effective July 26, 1996; and
- (d) RA 9337 (Reformed Value Added Tax (RVAT) Law), effective November 5, 2005.

### ***EO 195***

EO 195 amended then Section 128 (b) of the National Internal Revenue Code (NIRC), as amended as follows:

- (a) Adoption of an ad valorem tax (AVT) on certain petroleum products; and
- (b) Imposition of zero rate on bunker fuel oil.

### ***RA 6965***

RA 6965 amended then Section 145 of the NIRC, as amended, as follows:

- (a) Adoption of pure specific tax on all petroleum products;
- (b) Reduction of the excise tax rates on all petroleum products, except denatured alcohol, processed gas and lubricating oils;
- (c) Imposition of zero-rate on liquefied petroleum gas (LPG) provided that LPG used for motive power shall be taxed at the equivalent rate as the specific tax on diesel fuel oil; and
- (d) Stabilization of the prices of petroleum products and cushioning the impact of the increase in fuel prices and the deterioration of the peso against the US dollar. Thus, the specific tax rates were lower than their peso equivalent under the previous AVT regime.

### ***RA 8184***

RA 8184 further amended said Section as follows:

- (a) Increase of the excise tax rates on refined petroleum products (e.g. premium leaded gasoline, premium unleaded gasoline, naphtha, regular gasoline, aviation turbo, kerosene, diesel fuel oil, and bunker fuel oil);
- (b) Removal of the exemption of bunker fuel oil; and
- (c) Imposition of the same tax imposed on aviation fuel (Avturbo) on kerosene if used as aviation fuel.

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<sup>2</sup> Entitled, "An Act Revising the Form of Taxation on Petroleum Products from Ad Valorem to Specific, amending for the Purpose Section 145 of the National Internal Revenue Code as Amended by Republic Act Numbered Sixty-Seven Hundred Sixty-Seven", approved September 19, 1990



**RA 9337**

RA 9337 expanded the coverage of the VAT to include petroleum products and their raw materials and other previously exempt goods and services. It also increased the VAT rate from 10% to 12% effective February 1, 2006 via Bureau of Internal Revenue (BIR) Revenue Memorandum Circular (RMC) No. 7-2006.<sup>3</sup> It should be mentioned, however, that even prior to RA 9337, lubricating oil, processed gas, grease, wax and petrolatum were already subject to the VAT.<sup>4</sup>

RA 9337 also made the following amendments:

- (a) Reduction of the excise taxes for naphtha and regular gasoline; and
- (b) Imposition of zero rate on kerosene, diesel and bunker fuel oil, which were previously subject to excise taxes of PhP0.60, PhP1.63 and PhP0.30 per liter, respectively.

**Table 1** presents the excise tax rates on petroleum products under EO 195 and RAs 6965, 8184 and 9337:

**Table 1. EXCISE TAX RATES OF PETROLEUM PRODUCTS UNDER  
EO 195 AND RAs 6965, 8184 AND 9337  
(PhP per Liter Unless Otherwise Specified)**

Petroleum Products	Rates					Changes	
	EO 195 (1987)		RA 6965 (1990)	RA 8184 (1996)	RA 9337 (2005)	RA 6965- RA 8184	RA 8184- RA 9337
	AVT	Specific Tax					
Premium leaded gasoline*	48%	-	2.52	5.35	5.35	2.83	0.00
Premium unleaded gasoline	48%	-	2.52	4.35	4.35	1.83	0.00
Naphtha, regular gasoline & other similar product of distillation	48%	-	2.28	4.80	4.35	2.52	-0.45
Aviation turbo jet fuel (Avturbo)	48%	-	2.38	3.67	3.67	1.29	0.00
Kerosene	24%	-	0.50	0.60	0.00	0.10	-0.60
Diesel fuel oil	24%	-	0.45	1.63	0.00	1.18	-1.63
Bunker fuel oil	0%	-	0.00	0.30	0.00	0.30	-0.30
LPG	24%	-	0.00	0.00	0.00	0.00	0.00
Thinners and solvents	48%	-	-	-	-	-	-

<sup>3</sup> Entitled, "Publishing the Full Text of the Memorandum from Executive Secretary Eduardo R. Ermita dated January 31, 2006 Approving the Recommendation of the Secretary of Finance to Increase the Value Added Tax Rate from 10% to 12%, effective February 1, 2006".

<sup>4</sup> Section 109 (e) and (f) of RA 8424 exempts from VAT the sale or importation of petroleum products subject to excise tax under Title VI and the raw materials to be used by the buyer or importer himself in the manufacture of petroleum products except lubricating oil, processed gas, grease, wax and petrolatum.

Petroleum Products	Rates					Changes	
	EO 195 (1987)		RA 6965 (1990)	RA 8184 (1996)	RA 9337 (2005)	RA 6965-RA 8184	RA 8184-RA 9337
	AVT	Specific Tax					
Asphalts (per kg.)	24%	-	0.56	0.56	0.56	0.00	0.00
Denatured alcohol	-	0.05	0.05	0.05	0.05	0.00	0.00
Processed gas	-	0.05	0.05	0.05	0.05	0.00	0.00
Waxes and petrolatum (per kg.)	-	4.50	3.50	3.50	3.50	0.00	0.00
Lubricating oils (per ltr.) and greases (per kg.)	-	4.50	4.50	4.50	4.50	0.00	0.00

## B. Revenue Performance of the Excise Tax on Petroleum Products

### *Excise Tax Collection on Locally Manufactured Petroleum Products, 1991-2015*

Under RA 6965, excise tax collection on petroleum products for the years 1991 to 1996 was on the uptrend except for a slight decline in 1995. It registered an average share of 29.4% to total excise tax collection, 5.8% to total BIR collection and 0.6% to GDP. (**Table 2**)

When RA 8184 was implemented in mid-1996, excise tax collection went up by 52.1% despite the decline in the volume of removals (VOR) during the year (**Table 3**). With its full year implementation in 1997, excise tax collection grew by 81.3% or from PhP16.1 billion in 1996 to PhP29.3 billion in 1997. The increase in the collection was the result of the higher tax rates under RA 8184. Collections further increased by 5.1% or by PhP1.5 billion in 1998 due to the increase in the VOR.

However, excise tax collection on petroleum products registered negative performances for the next six years or from PhP30.8 billion in 1998 to PhP18.2 billion in 2004. The decrease in collection was attributed to the continuous drop in VOR during those years. Also, there was a decrease in excise tax collection from avturbo products on account of the tax exemption on the sale to international carriers under Section 135 of the Tax Code<sup>5</sup> as amended by RA 8424 effective January 1, 1998.

The collection, slightly recovered in 2005 but again decreased by 30.8% in 2006. The decrease was predominantly due to the reduction of the tax rates of naphtha and regular gasoline and the zero rating of kerosene, diesel and bunker fuel oil under RA 9337. It further dropped by 22.5% in the following year. However, collection in 2008 grew positively due to higher removals of unleaded premium gasoline and jet A-1 fuel.

<sup>5</sup> BIR Annual Report, 1999.



**Table 2. EXCISE TAX COLLECTION ON LOCALLY MANUFACTURED PETROLEUM PRODUCTS AND RATIO TO TOTAL EXCISE TAX COLLECTION, TOTAL BIR COLLECTIONS AND GDP, 1991-2015**  
(Amounts in Billion PhP)

Year	Excise Tax Collection (ETC)	Growth Rate (%)	Ratio of Collection on Petroleum Products to:		
			Total ETC (%)	Total BIR Collection (%)	GDP (%)
A. Under RA 6965 (Effective September 19, 1990)					
1991	7.17	-	28.21	6.17	0.52
1992	8.03	12.08	29.08	6.00	0.54
1993	8.68	8.02	28.70	5.95	0.53
1994	10.63	22.48	30.05	5.67	0.57
1995	10.62	-0.11	27.20	5.02	0.50
1996	16.15	52.07	33.37	6.19	0.67
Ave.	10.21	18.91	29.44	5.83	0.55
B. Under RA 8184 (Effective July 26, 1996)					
1997	29.27	81.27	46.43	9.30	1.09
1998	30.76	5.08	49.01	9.12	1.04
1999	29.98	-2.52	48.54	8.78	0.92
2000	28.30	-5.62	45.88	7.84	0.79
2001	24.69	-12.75	42.06	6.35	0.63
2002	21.96	-11.06	38.52	5.57	0.52
2003	21.34	-2.80	37.42	5.01	0.47
2004	18.21	-14.68	30.59	3.89	0.36
2005	18.71	2.75	30.27	3.45	0.33
Ave.	24.80	4.41	40.97	6.59	0.68
C. Under RA 9337 (Effective November 5, 2005)					
2006	12.96	-30.75	22.24	1.98	0.21
2007	10.04	-22.54	18.25	1.41	0.15
2008	11.38	13.39	18.53	1.46	0.15
2009	12.77	12.23	21.09	1.70	0.16
2010	9.83	-23.02	14.63	1.20	0.11
2011	9.96	1.33	14.65	1.08	0.10
2012	10.16	1.97	14.04	0.96	0.10
2013	8.50	-16.30	7.15	0.70	0.07
2014	9.42	10.77	6.96	0.71	0.07
2015	11.89	26.21	7.51	0.82	0.09
Ave.	10.69	-2.67	14.51	1.20	0.12

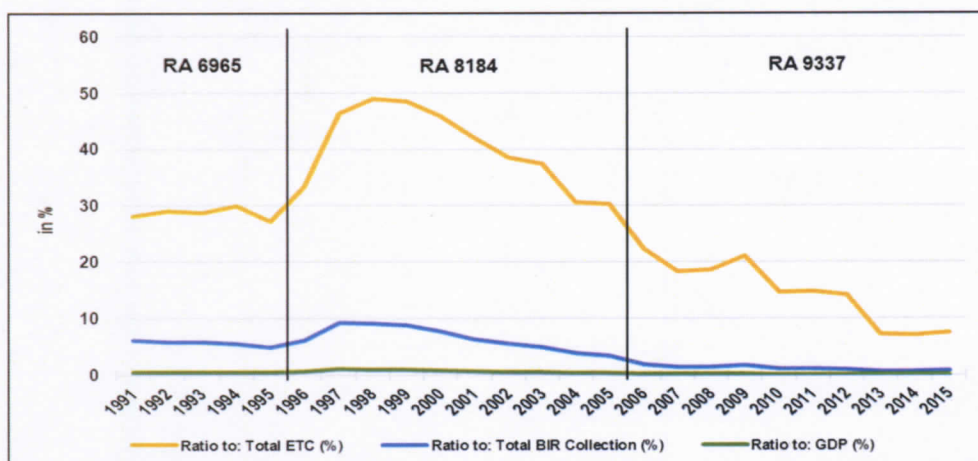
Source of basic data: BIR Annual Reports, 1991-2015.

In summary, excise tax collection on petroleum products for the period 2006 to 2015 moved erratically with an average annual excise tax collection of PhP10.7 billion. However, the average ratio of the excise tax collection on petroleum products to total excise tax collection declined from 22.2% in 2006 to 7.5% in 2015, to total BIR collection from 2.0% to 0.8% and to GDP from 0.2% to 0.1% during the period.

The declining ratio of the excise tax collection on petroleum to GDP implies that the tax has not been responsive to the changes in GDP which indicated leakages or weaknesses in the tax system. It is noted that the last time the ratio of the excise tax collection on petroleum to GDP was above 1% was in 1997. Since then, it has gone down reaching less than 0.1% in 2015.

RA 8184 brought in a short-lived increase in the excise tax collection. After two years of implementation, excise tax collection on petroleum products as well as its average annual contribution to total annual excise tax collection, total annual internal revenue taxes and GDP started to decline. RA 9337 further significantly decreased the excise tax collection upon its full year implementation in 2006. (Figure 1)

**Figure 1. RATIO OF EXCISE TAX COLLECTION ON LOCALLY MANUFACTURED PETROLEUM PRODUCTS TO TOTAL EXCISE TAX COLLECTIONS, TOTAL BIR COLLECTIONS AND GDP, 1991 – 2015**



Source of basic data: BIR and BSP

### *Volume of Removals of Locally Manufactured Petroleum Products, 1991-2014*

The VOR of petroleum products was increasing under RA 6965 until it dropped by 36.2% in 1996. It recovered the following year and further increased in 1998 with the implementation of the Oil Deregulation Law. However, the VOR started to drop in 1999 up to 2004 which can be attributed to, among others: (a) closure or slowing down of several manufacturing industries dependent on diesel fuel for their machinery consumption; (b) nationwide phase-out of leaded gasoline on January 1, 2001 as mandated by EO 446<sup>6</sup>; (c) slowdown in local production of major oil companies; (d) temporary shutdown of refinery operations of Pilipinas Shell Petroleum Corp. in Batangas City for two months and the closure of Pililia Plant; and (e) purchase of Jet A-1

<sup>6</sup> Entitled, "Mandating the Phase-out of Leaded Gasoline as One of the Means of Solving Air Pollution," effective November 2, 1997.



from local refineries without pre-payment of excise taxes delivered to tax exempt entities<sup>7</sup>, among others.

For the period 2005-2014, the VOR showed erratic trends except for the significant increase of 52.2% in 2008 due to higher removals of unleaded premium gasoline and jet A-1 fuel as earlier mentioned. **(Table 3)**

**Table 3. VOLUME OF REMOVALS OF LOCALLY MANUFACTURED PETROLEUM PRODUCTS, 1991-2014**  
(in Billion Liters)

Year	VOR	Growth Rate (%)
<b>RA 6965</b>		
1991	8.45	-
1992	9.57	13.25
1993	10.69	11.70
1994	15.31	43.22
1995	17.80	16.26
<b>Average</b>	<b>12.36</b>	<b>21.11</b>
<b>R.A 8184</b>		
1996	11.35	-36.24
1997	14.94	31.63
1998	15.15	1.41
1999	14.94	-1.39
2000	14.54	-2.68
2001	12.96	-10.87
2002	10.74	-17.13
2003	10.20	-5.03
2004	8.11	-20.49
2005	9.16	12.95
<b>Average</b>	<b>12.21</b>	<b>-4.78</b>
<b>RA 9337</b>		
2006	9.00	-1.75
2007	8.78	-2.44
2008	13.36	52.16
2009	11.62	-13.02
2010	12.6	8.43
2011	11.97	-5.00
2012	11.96	-0.08
2013	11.86	-0.84
2014	12.31	3.79
<b>Average</b>	<b>11.50</b>	<b>4.58</b>
<b>Ave. 91-14</b>	<b>11.97</b>	<b>3.38</b>

<sup>7</sup> BIR Annual Report, 2002.

### *Excise Tax Collection on Imported Petroleum Products, 2003-2015*

Available data from the Bureau of Customs (BOC) show that excise tax collection on imported petroleum products was high at PhP13.9 billion in 2004. However, in 2005, the collection significantly declined to PhP1.8 billion as a result of the reduction of excise tax rate of naphtha and regular gasoline and zero-rating of diesel, kerosene and bunker fuel oil. From 2005 to 2015, the collection was generally increasing with the highest collection of PhP14.2 billion noted in 2013. (Table 4)

**Table 4. EXCISE TAX COLLECTION ON IMPORTED PETROLEUM PRODUCTS AND VOLUME OF OIL IMPORTS, 2003-2015**  
(Amounts in Billion PhP)

Year	Excise Tax Collection (Petroleum)	Total Excise Tax Collection	Percentage (%) Share to Total Excise Tax	Volume of Oil Imports (in mil. tons)	Growth Rate (in %)	
					Excise Tax Collection (Petroleum)	Oil Imports
2003	9.53	11.75	81.07	5.54	-	-
2004	13.88	17.00	81.69	6.01	45.72	8.48
2005	1.75	14.60	11.99	4.49	(87.39)	(25.29)
2006	5.63	10.76	52.34	4.30	221.64	(4.23)
2007	6.89	13.38	51.49	5.23	22.35	21.63
2008	7.26	15.51	46.81	5.98	5.34	14.34
2009	9.49	17.92	52.97	7.17	30.75	19.90
2010	9.29	21.04	44.16	6.64	(2.10)	(7.39)
2011	9.00	20.03	44.95	5.92	(3.11)	(10.84)
2012	10.27	25.53	40.24	6.55	14.11	10.64
2013	14.20	26.94	52.69	8.16	38.19	24.58
2014	13.76	30.43	45.23	9.03	(3.05)	10.66
2015	13.16	31.82	41.35	9.87	(4.39)	9.30
Ave.	9.55	19.75	49.77	6.53	23.17	5.98

Source of basic data: BOC Annual Reports, 2003-2015

### *Total Excise Tax Collection on Petroleum Products, 2003-2015*

The total excise tax collection from both locally manufactured and imported petroleum products from 2003 to 2015 averaged PhP22.3 billion, i.e. PhP12.7 billion for locally manufactured and PhP9.6 billion for imported petroleum products. It is noted that the ratio of total collection on petroleum products (local and imported) to GDP was high at 0.68% and 0.63% in 2003 and 2004, respectively. However, subsequent to the full implementation of RA 9337 (2005-2015), the ratio of total excise tax collection to GDP continuously declined from 0.36% in 2005 to 0.19% in 2015. (Table 5 and Figure 2)

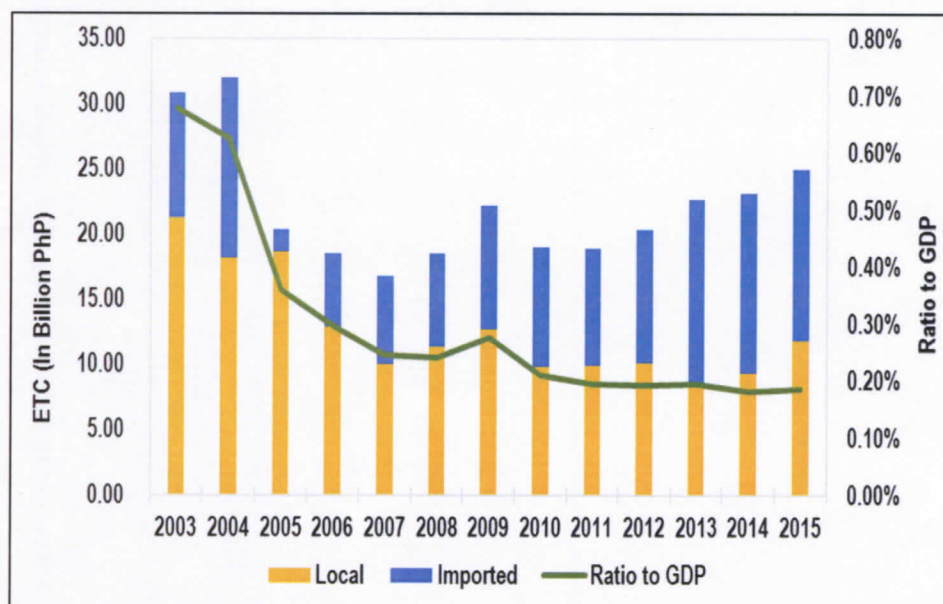


**Table 5. TOTAL EXCISE TAX COLLECTION ON LOCAL AND IMPORTED PETROLEUM PRODUCTS, 2003-2015**  
(Amounts in Billion PhP)

Year	Local	Imported	Total	% to GDP
2003	21.34	9.53	30.87	0.68%
2004	18.21	13.88	32.09	0.63%
2005	18.71	1.75	20.46	0.36%
2006	12.96	5.63	18.59	0.30%
2007	10.04	6.89	16.93	0.25%
2008	11.38	7.26	18.64	0.24%
2009	12.77	9.49	22.26	0.28%
2010	9.83	9.29	19.12	0.21%
2011	9.96	9.00	18.96	0.20%
2012	10.16	10.27	20.43	0.19%
2013	8.50	14.20	22.70	0.20%
2014	9.42	13.76	23.18	0.18%
2015	11.89	13.16	25.05	0.19%
Ave.	12.71	9.55	22.25	0.30%

Source of basic data: BIR & BOC Annual Reports, 2003- 2015

**Figure 2. TOTAL EXCISE TAX COLLECTION ON LOCALLY MANUFACTURED AND IMPORTED PETROLEUM PRODUCTS AND RATIO TO GDP, 2003-2015**



Source of basic data: BIR and BOC

### ***VAT Collection on Locally Manufactured Petroleum Products, 2003-2015***

Since RA 9337 included petroleum products within the ambit of VAT while reducing the excise tax on naphtha and regular gasoline and subjecting to zero rate diesel, kerosene and bunker fuel oil, it is important to present also the VAT collection on petroleum products.

Available data from the Large Taxpayers Service of the BIR shows that the VAT collection on locally manufactured petroleum products for the period 2003-2015 averaged PhP1.0 billion with the highest collection of PhP3.3 billion recorded in 2006 and the lowest collection of PhP0.2 billion in the following year. The abrupt increase in the VAT on petroleum products in 2006 was the result of the increase in the VAT rate from 10% to 12% pursuant to RA 9337 and the inclusion of all petroleum products in the VAT system other than those which were already subject to VAT even prior to RA 9337. (**Table 6**)

**Table 6. VAT COLLECTION ON LOCALLY MANUFACTURED PETROLEUM PRODUCTS, 2003-2015**  
(Amounts in Billion PhP)

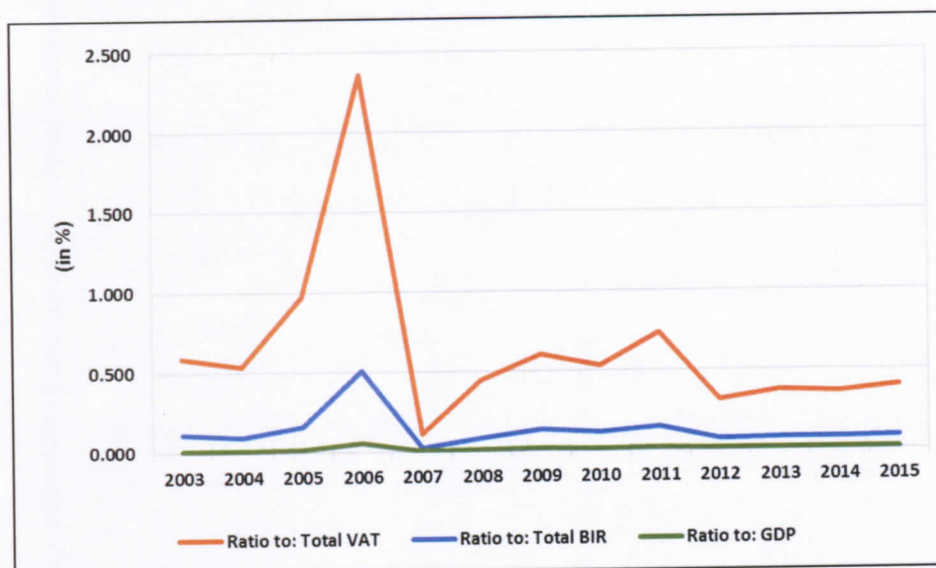
Year	VAT Collection	Growth Rate (%)	Ratio of VAT on Locally Manufactured Petroleum to:		
			Total VAT Collection (%)	Total BIR Collection (%)	GDP (%)
2003	0.48		0.59	0.11	0.01
2004	0.43	-11.77	0.53	0.09	0.01
2005	0.85	99.35	0.97	0.16	0.02
2006	3.32	290.05	2.36	0.51	0.05
2007	0.15	-95.46	0.10	0.02	0.00
2008	0.62	308.86	0.44	0.08	0.01
2009	1.01	63.12	0.60	0.13	0.01
2010	0.91	-9.30	0.53	0.11	0.01
2011	1.34	46.22	0.73	0.14	0.01
2012	0.72	-46.25	0.31	0.07	0.01
2013	0.93	29.32	0.37	0.08	0.01
2014	1.00	7.81	0.36	0.07	0.01
2015	1.17	16.90	0.40	0.08	0.01
Ave.	0.99	58.24	0.64	0.13	0.01

Source of basic data: BIR-LTS and BIR Annual Report, 2003-2014

The ratio of the VAT collection on locally manufactured petroleum to total VAT collection and to total BIR collection displayed erratic trends from 2003 to 2015 with the highest ratios noted in 2006 for the reason earlier mentioned. Likewise, its ratio to GDP for the period under review was mostly at 0.01% except in 2006 at 0.05% of GDP.



**Figure 3. RATIO OF VAT COLLECTION ON LOCALLY MANUFACTURED PETROLEUM PRODUCTS TO TOTAL VAT COLLECTIONS, TOTAL BIR COLLECTIONS AND GDP, 2003-2015**



Source of basic data: BIR

#### *VAT Collection on Imported Petroleum Products, 2003-2015*

The average VAT collection from imported petroleum products for the period 2003-2015 was PhP22.0 billion. It is noted that before the implementation of RA 9337 in 2005, collection was over PhP1.0 billion only. Under RA 9337, VAT collection increased with the highest of PhP42.1 billion recorded in 2014.

Similarly, under RA 9337, reasonable increases in the ratios of the VAT collection on imported petroleum to total VAT collection and to total BOC collection were noted although starting 2013, said ratios displayed declining trends.

#### *Total VAT Collection on Petroleum Products, 2003-2015*

The total VAT collection from both locally manufactured and imported petroleum products is presented in Table 8. As can be noted, the passage of RA 9337 in 2005 has significantly increased the VAT collection on petroleum products and its ratio to GDP. The VAT collection mostly came from oil imports.

**Table 7. VAT COLLECTION ON IMPORTED PETROLEUM PRODUCTS 2003-2015**  
(Amounts in Billion PhP)

Year	VAT Collection	Growth Rate (%)	Ratio of VAT on Imported Petroleum to:		
			Total VAT Collection (%)	Total BOC Collection (%)	GDP (%)
2003	1.10		2.10	0.94	0.02
2004	1.65	49.73	2.81	1.30	0.03
2005	9.60	480.70	13.95	6.21	0.17
2006	13.63	41.97	11.46	6.88	0.22
2007	17.18	26.06	13.32	8.20	0.25
2008	26.59	54.79	17.00	10.22	0.34
2009	22.34	-15.99	16.68	10.14	0.28
2010	24.75	10.77	15.71	9.55	0.27
2011	28.37	14.65	14.17	10.70	0.29
2012	33.40	17.73	15.13	11.52	0.32
2013	39.06	16.94	16.29	12.81	0.34
2014	42.10	7.78	15.08	11.40	0.33
2015	26.50	-37.05	9.65	7.21	0.20
Ave.	22.02	55.67	12.56	8.24	0.24

Source of basic data: BOC

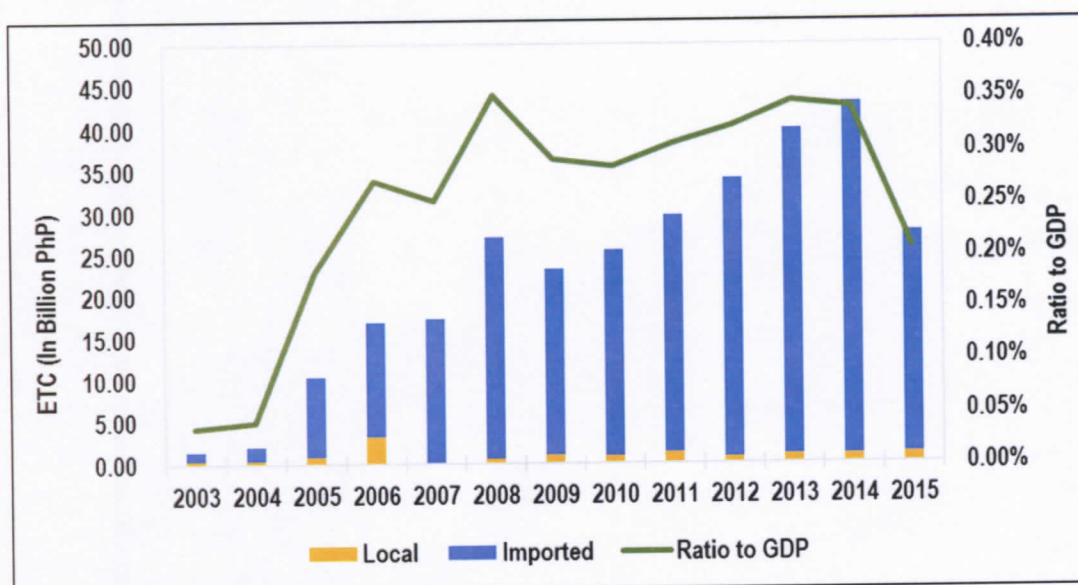
**Table 8. TOTAL VAT COLLECTION ON LOCAL AND IMPORTED PETROLEUM PRODUCTS, 2003-2015**  
(Amounts in Billion PhP)

Year	Local	Imported	Total	% to GDP
2003	0.48	1.10	1.59	0.03%
2004	0.43	1.65	2.08	0.04%
2005	0.85	9.60	10.45	0.18%
2006	3.32	13.63	16.95	0.27%
2007	0.15	17.18	17.33	0.25%
2008	0.62	26.59	27.21	0.35%
2009	1.01	22.34	23.35	0.29%
2010	0.91	24.75	25.66	0.28%
2011	1.34	28.37	29.71	0.31%
2012	0.72	33.40	34.12	0.32%
2013	0.93	39.06	39.99	0.35%
2014	1.00	42.10	43.10	0.34%
2015	1.17	26.50	27.67	0.21%
Ave.	0.99	22.02	23.02	0.25%

Source of basic data: BIR & BOC



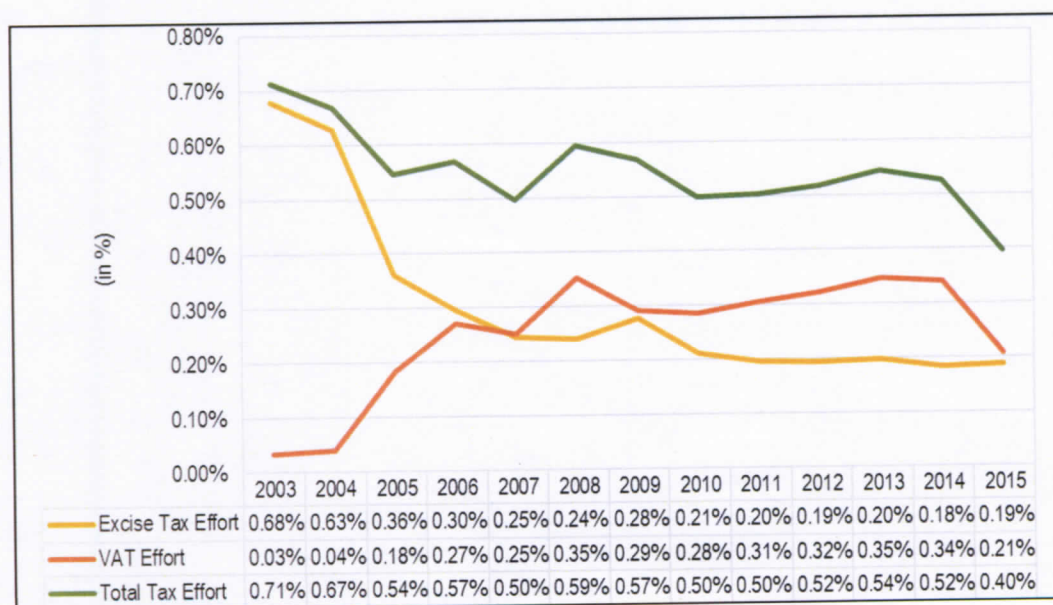
**Figure 4. TOTAL VAT COLLECTION ON LOCALLY MANUFACTURED AND IMPORTED PETROLEUM PRODUCTS AND RATIO TO GDP 2003-2015**



Source of basic data: BIR and BOC

It is noted while VAT effort generally increased, excise tax effort remarkably declined. The overall tax effort for petroleum products declined over time. There is therefore a need to adjust upward the excise tax on said products in order to improve its revenue productivity.

**Figure 5. EXCISE TAX, VAT AND TOTAL TAX EFFORT ON LOCALLY MANUFACTURED AND IMPORTED PETROLEUM PRODUCTS 2003-2015**



### C. Ratio of Excise Tax to Pump Prices of Petroleum Products, 1991-2015

From 1991-1996, under RA 6965 the ratio of excise tax to pump prices averaged 26.5%, 23.1%, 6.3% and 7.0% for unleaded gasoline, regular gasoline, diesel oil and kerosene, respectively. With the full year implementation of RA 8184 in 1997 there was an abrupt increase in the ratios of regular gasoline and diesel oil due to the increase in the excise tax rates of petroleum products. Such increase in the ratios, however, was not sustained due to the non-indexation to inflation of the specific tax on petroleum products.

**Table 9. HISTORICAL RATIO OF EXCISE TAX TO PUMP PRICES OF PETROLEUM PRODUCTS, 1991-2015**

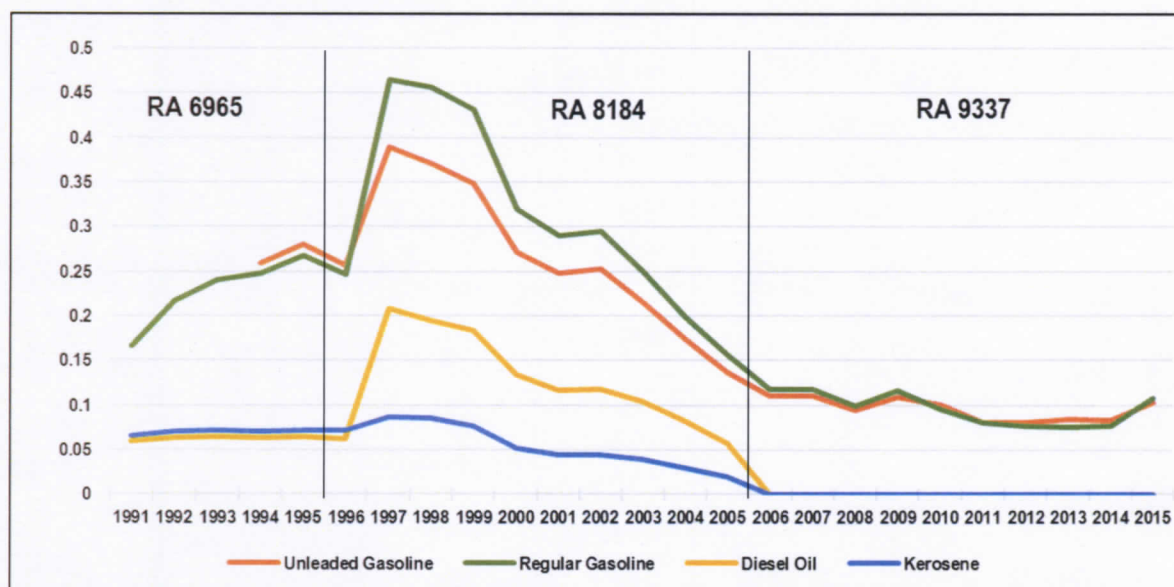
Year	Unleaded Gasoline	Regular Gasoline	Diesel Oil	Kerosene	Average
<b>A. Under RA 6965 (Effective September 19, 1990)</b>					
1991		16.6%	6.0%	6.6%	9.7%
1992		21.7%	6.4%	7.1%	11.7%
1993		24.0%	6.4%	7.1%	12.5%
1994	25.9%	24.7%	6.3%	7.0%	16.0%
1995	28.0%	26.8%	6.4%	7.1%	17.1%
1996	25.7%	24.7%	6.2%	7.2%	15.9%
<b>Ave.</b>	<b>26.5%</b>	<b>23.1%</b>	<b>6.3%</b>	<b>7.0%</b>	<b>13.8%</b>
<b>B. Under RA 8184 (Effective July 26, 1996)</b>					
1997	38.9%	46.4%	20.8%	8.7%	28.7%
1998	37.0%	45.6%	19.4%	8.5%	27.7%
1999	34.8%	43.2%	18.3%	7.7%	26.0%
2000	27.1%	32.0%	13.4%	5.1%	19.4%
2001	24.8%	29.0%	11.7%	4.4%	17.5%
2002	25.3%	29.6%	11.7%	4.4%	17.7%
2003	21.6%	25.1%	10.3%	3.9%	15.2%
2004	17.3%	19.9%	8.1%	2.9%	12.1%
2005	13.6%	15.6%	5.7%	2.0%	9.2%
<b>Ave.</b>	<b>26.7%</b>	<b>31.8%</b>	<b>13.3%</b>	<b>5.3%</b>	<b>19.3%</b>
<b>C. Under RA 9337 (Effective November 5, 2005)</b>					
2006	11.1%	11.8%	0.0%	0.0%	5.7%
2007	11.0%	11.8%	0.0%	0.0%	5.7%
2008	9.4%	9.9%	0.0%	0.0%	4.8%
2009	10.9%	11.7%	0.0%	0.0%	5.7%
2010	10.0%	9.6%	0.0%	0.0%	4.9%
2011	8.0%	8.0%	0.0%	0.0%	4.0%
2012	8.0%	7.7%	0.0%	0.0%	3.9%
2013	8.4%	7.5%	0.0%	0.0%	4.0%
2014	8.3%	7.7%	0.0%	0.0%	4.0%
2015	10.3%	10.7%	0.0%	0.0%	5.3%
<b>RA 9337</b>	<b>9.5%</b>	<b>21.3%</b>	<b>6.5%</b>	<b>3.8%</b>	<b>12.5%</b>
<b>1991-2015</b>	<b>18.9%</b>	<b>20.9%</b>	<b>6.3%</b>	<b>3.6%</b>	<b>12.2%</b>

Source of basic data: DOE



Also, the average annual ratio of the excise tax to pump price continued to drop because of the reduced rates on regular gasoline and zero rating in the excise tax on kerosene, diesel and fuel oil products under RA 9337.

**Figure 6. RATIO OF EXCISE TAX RATE TO AVERAGE ANNUAL PUMP PRICE OF SELECTED PETROLEUM PRODUCTS, 1991 – 2015**



Source of basic data: Department of Energy (DOE)

#### D. Petroleum Product Consumption, 2009-2013

A review of petroleum product consumption by fuel type shows that the most commonly consumed petroleum product is diesel fuel oil which comprises 47.1% of total consumption for the period 2009-2013. This is followed by premium unleaded gasoline at 21.8% and LPG at 13.8%. It is noted that diesel is commonly used by the transport sector (Table 10) such as jeepneys, buses, trucks and others, whereas, unleaded gasoline is widely used by passenger cars.

On the other hand, petroleum product consumption by sector indicates that any proposal to increase or restructure the taxation of petroleum products will affect the transport sector which accounts for 66.9% of the total petroleum product consumption. At this point, it should be mentioned that in recognition of its impact on the transport sector, the government will implement targeted programs such as the Pantawid Pasada in the first year of implementation to offset fare increase.

**Table 10. DISTRIBUTION OF PETROLEUM PRODUCT CONSUMPTION  
BY SECTOR AND FUEL TYPE, 2009-2013  
(Excluding Power Generation Sector)**

Sector	Premium Unleaded	Regular	Kerosene	Diesel	Fuel Oil	LPG	Jet A-1	Aviation Gasoline	Others	Total
Manufacturing	0.00%	0.00%	0.16%	2.45%	4.66%	1.10%	0.00%	0.00%	0.00%	<b>8.36%</b>
Mining	0.00%	0.00%	0.00%	1.41%	0.20%	0.00%	0.00%	0.00%	0.00%	<b>1.61%</b>
Construction	0.00%	0.00%	0.00%	0.72%	0.10%	0.00%	0.00%	0.00%	0.00%	<b>0.82%</b>
Transport	21.81%	3.90%	0.00%	36.03%	1.76%	0.71%	2.68%	0.04%	0.00%	<b>66.93%</b>
Residential	0.00%	0.00%	1.01%	0.00%	0.00%	9.46%	0.00%	0.00%	0.00%	<b>10.47%</b>
Commercial	0.00%	0.00%	0.00%	4.95%	1.12%	2.51%	0.00%	0.00%	0.00%	<b>8.58%</b>
Agriculture	0.00%	0.35%	0.01%	1.50%	0.04%	0.00%	0.00%	0.00%	0.00%	<b>1.90%</b>
Others, Non-Energy Use	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	1.32%	<b>1.32%</b>
<b>Total</b>	<b>21.81%</b>	<b>4.25%</b>	<b>1.18%</b>	<b>47.06%</b>	<b>7.88%</b>	<b>13.78%</b>	<b>2.68%</b>	<b>0.04%</b>	<b>1.32%</b>	<b>100.00%</b>

Source of basic data: DOE

### III. EXCISE TAXATION OF PETROLEUM PRODUCTS IN THE ASEAN MEMBER COUNTRIES

A matrix showing the comparative structure of excise taxation on petroleum products imposed by ASEAN member-countries is presented in **Annex A**. The significant points/observations are as follows:

- (a) Among the ten (10) member-countries of the ASEAN, five (5) countries are imposing the excise tax or excise duty, namely, Philippines, Lao PDR, Singapore, Thailand and Vietnam while two (2) countries are imposing excise tax-like structure namely, Specific Tax on Certain Merchandise and Services Tax of Cambodia and Commercial Tax of Myanmar. In the case of Indonesia, Malaysia, and Brunei, no excise taxes are imposed on petroleum products.
- (b) Among the seven (7) countries, four (4) are using ad valorem tax rates. These are Lao PDR with excise tax rates ranging from 5% to 25%; Myanmar, two-tiered rates of 8% or 10%; Vietnam, 10% excise tax on all kinds of gasoline, naphtha, reformat components and other components for mixing gasoline; and Cambodia, 20% tax on certain kinds of petroleum.
- (c) In Lao PDR, gasoline is taxed at an average of 23% while diesel, aviation fuel and vehicle fuel are taxed at 10%. In Myanmar, a tax rate of 10% is imposed on gasoline, diesel oil or jet fuel and 8% on natural gas.
- (d) On the other hand, Philippines and Singapore impose specific tax rates which vary depending on the type of petroleum product. The tax base is per liter (or per kilogram for certain products) for the Philippines and per decaliter (equivalent to 10 liters) for Singapore. Singapore is imposing higher tax rates when converted to Philippine Peso, ranging from SGD 0.20/decaliter to SGD 7.10/decaliter or PhP6.71/liter to PhP23.81/liter compared to Philippines with



PhP0.00/liter to PhP4.35 per liter. For instance, regular gasoline in Singapore has an average excise tax of PhP18.78/liter while the Philippines has an excise tax of PhP4.35/liter. Thus, the excise tax of regular gasoline in Singapore is more than four times the excise tax being imposed in the Philippines.

- (e) Thailand is the only ASEAN country which has mixed impositions (ad valorem or specific rate), of which the excise tax rate depends on the rate that will produce the highest value. The ad valorem rate, which is based on the value of the product, ranges from 0% to 36% while the specific tax rate ranges from Baht 0.00 to Baht 7.00 or PhP0.00 to PhP9.33 per liter/kilogram. Thailand has the highest ad valorem tax of 36%, which is a tax levied on naphtha, reformat, pyrolysis, gasoline and other fluids with similar properties; and natural gas fluids and similar products.
- (f) For diesel, Thailand imposes specific tax rates of Baht 5.04 or Baht 5.31 equivalent to Philippine peso of PhP6.72 or PhP7.08 per liter, while the Philippines imposes no tax on diesel. Singapore likewise does not impose excise tax on diesel.

The excise tax on gasoline constitutes 8.8% to 31.6% of the price of gasoline or an average of 16.4% in the ASEAN with Singapore having the highest ratio. The Philippines has the second lowest excise tax rates on gasoline which is below the ASEAN average excise tax of PhP10.27 per liter. On the other hand, the excise tax is 0.0% to 16.5% of the price of diesel in the ASEAN, or an average of 7.6% with Thailand having the highest ratio and the Philippines and Singapore exempting diesel from the excise tax rates. The ratio of excise tax to pump price of gasoline and diesel is presented in **Table 11**.

**Table 11. WORLD BANK PUMP PRICE<sup>8</sup> OF GASOLINE AND DIESEL IN ASEAN COUNTRIES INCLUSIVE OF EXCISE TAX, 2014**

Gasoline						Diesel				
Country	Pump Price US\$1 <sup>9</sup>	PhP*	Excise Tax	Estimated Excise Tax (PhP)	Ratio of Excise Tax to Price (%)	Pump Price US\$1	In Peso	Excise Tax	Estimated Excise Tax (PhP)	Ratio of Excise Tax to Price (%)
Philippines	1.05	49.48	4.35	4.35	8.79	0.82	38.63	0.00	0.00	0.00
Lao PDR	1.40	63.68	25%	14.47	22.72	1.08	49.13	10%	4.46	9.08
Myanmar	1.14	52.04	10%	4.96	9.53	0.93	42.46	10%	4.04	9.51
Vietnam	1.04	47.66	10%	4.33	9.09	0.91	41.70	10%	3.79	9.09
Cambodia	1.34	60.86	20%	11.07	18.19	1.24	56.32	20%	5.09	9.04
Thailand	1.29	60.61	7 Baht	9.18	15.15	0.90	42.28	5.31 Baht	6.96	16.46
Singapore	1.58	74.50	\$7.10 <sup>10</sup>	23.51	31.56	1.65	54.63	0	0.00	0.00
<b>Ave.</b>	<b>1.26</b>	<b>58.40</b>	<b>-</b>	<b>10.27</b>	<b>16.43</b>	<b>1.08</b>	<b>46.45</b>	<b>-</b>	<b>3.48</b>	<b>7.60</b>

Source of basic data: World Bank 2014

<sup>8</sup> Fuel prices refer to the pump prices of the most widely sold grade of gasoline. Prices are converted from the local currency to U.S. dollars.

<sup>9</sup> Exchange rate US\$1 = PhP47.12, November 10, 2015

<sup>10</sup> 1 Per dal = 10 liters

#### IV. ON RESTRUCTURING THE EXCISE TAXATION ON PETROLEUM PRODUCTS

It is noted that the excise tax on naphtha, regular gasoline and other similar products of distillation was lowered from PhP4.80 to PhP4.35 per liter and the excise tax rates of kerosene, diesel and fuel oil were set to PhP0.00 under RA 9337. However, from equity standpoint, rich people also consume diesel. Many sports utility vehicles and luxury cars run on diesel. Moreover, diesel is one of the highest contributors to environmental pollution. Diesel emissions contribute to pollution of air and water; reductions in visibility; and global climate change. They also contribute to the development of cancer and other cardiovascular and respiratory diseases. Moreover, the exemption of diesel from excise tax under RA 9337 is not in line with international practice. In most other countries, the excise tax is imposed on diesel at slightly lower rates than on premium unleaded gasoline.

Thus, to simplify the taxation of petroleum products, the proposal is to impose two-tiered rates in tranches, as follows: **(Table 12)**

**Table 12. PROPOSED TWO-TIERED EXCISE TAX RATES ON PETROLEUM PRODUCTS**  
(Amounts in PhP/Liter Unless Otherwise Specified)

Present Rates				DOF Proposal	
Regular Gasoline & Others		Diesel & Others		Gas & Others	Diesel & Others
Regular Gasoline	4.35	Diesel	0.00	PhP7/liter (second half of 2017)	PhP3/liter (second half of 2017)
Lubricating oils (ltr.) and greases (kg.)	4.50	Processed Gas	0.05		
Waxes and petrolatum (kg.)	3.50	Denatured alcohol used for motive power	0.05	PhP9/liter (2018)	PhP5/liter (2018)
Naphtha	4.35	Kerosene	0.00	PhP10/liter (2019)	PhP6/liter (2019)
Leaded Gasoline*	5.35	LPG	0.00		
Unleaded Gasoline	4.35	Asphalts (kg.)	0.56	PhP10.40/liter (2020**)	PhP6.24/liter (2020**)
Avturbo	3.67	Fuel oil	0.00		

\*Phased out

\*\*Annual indexation by 4% starting 2020

Note: There shall be no indexation for the year if the average Dubai Crude Oil Price in the month preceding the scheduled indexation exceeds USD100/barrel



The above proposal is in line with the best practice in the excise taxation of petroleum products i.e. to have minimum excise tax rate differentials between products to avoid product substitution and tax evasion opportunities.<sup>11</sup> Likewise, in order to optimize taxation, the structure should be simple with minimum items or categories.

#### Jeepney Fare Rates, 2005-2016

Presently, there is no rule of thumb in setting the jeepney fare rates, particularly in Metro Manila. The Land Transportation and Franchising Board (LTFRB) generally compares the historical data on fare rates and diesel price with the current price of diesel as basis in the grant of petitions to reduce or increase jeepney fares, to wit:

“It will be recalled that when the Board approved on June 14, 2014 the Petition for Fare increase for fifty centavos (0.50) for the first four (4) kilometers or from ₱8.00 to ₱8.50 and ten centavos (0.10) for every succeeding kilometers or from ₱1.40 to ₱1.50, the average diesel pump prices was pegged at ₱43.44/liter. In February 2009, the Board provided for a minimum fare of ₱7.00 when the diesel was at ₱23.00/liter. But when the diesel price increased to ₱37.75/liter, the minimum fare was also increased to ₱8.00.” (LTFRB Case No. 2014-16849)

Available data on historical jeepney fare rates in Metro Manila and diesel price per liter are as follows:

**Table 13. HISTORICAL JEEPNEY FARE RATES IN METRO MANILA  
2005-2016**

Year	Month	Diesel Php/liter	% Inc. / Dec.	Fare	
				First 4 kms.	Succeeding km.
2005	May	27.00		7.50	1.25
2008	May	42.05	55.74%	8.00	1.25
	July	52.00	23.66%	8.50	1.50
	November	39.95	-23.17%	8.00	1.50
	December	34.15	-14.52%	7.50	1.40
2009	February	23.00	-32.65%	7.00	1.40
2011	January	37.75	64.13%	8.00	1.40
2012	March	47.00	24.50%	8.50	1.40
	May	45.00	-4.26%	8.00	1.40
2014	June	43.44	-3.47%	8.50	1.50
	December	32.95	-24.15%	7.50	1.50
2016	January	20.20	-38.69%	7.00	1.50
2017	February	31.00	53.47%	8.00	1.50

Source of data: LTFRB website (viewed August 25, 2016)

<sup>11</sup> ASEAN Excise Tax Reform: A Resource Manual, p. 72

It is noted that based on historical data on jeepney fare rates and current diesel price of PhP31.00/liter more or less, the estimated retail pump price under the DOF proposal will be PhP34.00 (PhP31.00+PhP3.00) could be a basis to increase the jeepney fare rates by fifty centavos (PhP0.50). It is to be noted however that effective February 8, 2017 the minimum jeepney fare was already increased to PhP8.00 ahead of the impending fuel tax hike this July.

In this aspect, as earlier noted, part of the incremental revenue from the excise tax on petroleum shall be allocated to fund highly targeted transfer programs in the first year of implementation such as the Pantawid Pasada to offset increase in fares. Also, the money that will be generated mostly from the rich will plow-back to the poor through the unconditional cash transfer program and improved infrastructure and basic social services.

## V. CONCLUSION AND RECOMMENDATION

The declining collection from excise taxes on petroleum and considering that the country has one of the lowest excise tax rates in the ASEAN Region show that there is a need to restructure the excise taxation of petroleum products by increasing the tax rates and removing the zero-rates set forth under RA 9337.

The proposed adjustment of the tax rates will bring in more revenues for the government that will offset any revenue loss from lowering personal income tax. Aside from generating revenue, it will partially recoup the cost of the damage brought about by the production, transportation, storage and use of petroleum-derived fuels on the environment. As people will tend to drive less or make more prudent use of fuel oil products in response to higher prices, there will be reduced pollution emissions and less road and bridge damages. More prudent use of the vehicles will also result in traffic decongestion. There is also a need to index the rates to inflation and adjust them to their present values on a regular basis to preserve the real excise tax burden..





## Annex A

## COMPARATIVE EXCISE TAXATION OF PETROLEUM PRODUCTS IN ASEAN COUNTRIES

Country	Particulars	Tax Rates	Tax Base	Peso Equivalent
Philippines <sup>1</sup> (Excise Tax)	1. Lubricating oils and greases	PhP 4.50	Per liter	
	2. Processed gas	PhP 0.05	Per liter	
	3. Waxes and petrolatum	PhP 3.50	Per kilogram	
	4. Denatured alcohol	PhP 0.05	Per liter	
	5. Naphtha, regular gasoline and other similar products of distillation	PhP 4.35	Per liter	
	6. Leaded premium gasoline (Phased-out)	PhP 5.35	Per liter	
	7. Unleaded premium gasoline	PhP 4.35	Per liter	
	8. Aviation turbo jet fuel	PhP 3.67	Per liter	
	9. Kerosene	PhP 0.00	Per liter	
	10. Diesel fuel oil	PhP 0.00	Per liter	
	11. Liquefied petroleum gas	PhP 0.00	Per liter	
	12. Asphalts	PhP 0.56	Per kilogram	
	13. Bunker fuel oil and similar fuel	PhP 0.00	Per liter	
	14. Naphtha to be used for petro-chemicals	PhP 0.00	Per liter	

<sup>1</sup> RA 9337 reduced excise tax of naphtha from PhP4.80 to PhP4.35, kerosene from PhP0.60 to PhP0.00, diesel fuel oil from PhP1.63 to PhP0.00 and bunker fuel oil from PhP0.30 to PhP0.00.

Country	Particulars	Tax Rates	Tax Base	Peso Equivalent
<b>Singapore<sup>2</sup></b> (Excise Duty)	1. Motor spirit of RON 97 & above leaded	SGD 7.10	Per decaliter <sup>3</sup>	PhP 238.08 <sup>4</sup> (PhP23.81/L)
	2. Motor spirit of RON 97 & above unleaded	SGD 6.40	Per decaliter	PhP 214.60 (PhP21.46/L)
	3. Motor spirit of RON 90 & above but below RON 97 leaded	SGD 6.80	Per decaliter	PhP 228.02 (PhP22.80/L)
	4. Motor spirit of RON 90 & above but below RON 97 unleaded	SGD 5.60	Per decaliter	PhP 187.78 (PhP18.78/L)
	5. Motor spirit of RON below 90 leaded	SGD 6.30	Per decaliter	PhP 211.25 (PhP 21.13/L)
	6. Motor spirit of RON below 90 unleaded	SGD 3.70	Per decaliter	PhP 124.07 (PhP12.41/L)
	7. Natural gas used as motor fuel	SGD 0.20	Per kilogram	PhP6.71
<b>Lao PDR<sup>5</sup></b> (Excise Tax)	1. Inflammable fuel (a) Super gasoline	25%		

<sup>2</sup> Singapore Customs, "List of Dutiable Goods", <http://www.customs.gov.sg/businesses/valuation-duties-taxes--fees/duties-and-dutiable-goods/list-of-dutiable-goods>, viewed 18 January 2016.

<sup>3</sup> 1 decaliter (dal) = 10 liters

<sup>4</sup> Foreign exchange rate: SGD1.00= PhP 33.5319, <http://www.oanda.com/currency/converter>, as of 27 January 2016

<sup>5</sup> Lao People's Democratic Republic, Tax Law (amended version), <http://www.laotradeportal.gov.la/index.php?r=site/display&id=629#a20>, viewed 18 January 2016.



Country	Particulars	Tax Rates	Tax Base	Peso Equivalent
	(b) Regular gasoline	20%	Domestic – wholesale or retail value (excluding value added tax and the excise tax)	
	(c) Diesel	10%		
	(d) Aviation gasoline	10%	Imported – declared value for customs (CIF) plus import tax and other fees (if any)	
	(e) Lubricant, hydraulic oil, grease and brake oil	5%		
	2. Gas for vehicle	10%		
<b>Myanmar<sup>6</sup></b> (Commercial Tax)	1. Gasoline	10%	Domestic – proceeds of sale	
	2. Diesel oil	10%	Imported – landed cost	
	3. Jet fuel	10%		
	4. Natural gas	8%		
<b>Vietnam<sup>7</sup></b> (Excise Tax)	Gasoline of all kinds, naphtha, reformed components and other components for mixing gasoline	10%	Domestic – selling price set by the producer Imported – import-duty calculation price plus the import duty	

<sup>6</sup> The Commercial Tax Law, [http://www.mof.gov.mm/sites/default/files/CommercialTaxLawEnglish\\_1.pdf](http://www.mof.gov.mm/sites/default/files/CommercialTaxLawEnglish_1.pdf), viewed 18 January 2016.

<sup>7</sup> Socialist Republic of Vietnam, “Law on Excise Tax”, [http://www.customs.gov.vn/Lists/EnglishDocuments/Attachments/1061/Law%20on%20Excise%20Tax%20\(no.27%2008%20\(7\).doc](http://www.customs.gov.vn/Lists/EnglishDocuments/Attachments/1061/Law%20on%20Excise%20Tax%20(no.27%2008%20(7).doc), viewed 18 January 2016.

Country	Particulars	Tax Rates		Tax Base	Peso Equivalent
Cambodia <sup>8</sup> (Specific Tax on Certain Merchandises & Services)	1. Petroleum Products (a) Motor gasoline, super and ordinary (b) Lubricating oils	20%		Domestic – ex-factory sales price recorded on invoice  Imported– customs value of the product, plus all duties and taxes on imports, excluding the specific tax and the consumption tax	
Thailand <sup>9</sup> (Excise Tax)	1. Gasoline and similar products (a) Unleaded gasoline (b) Gasoline except unleaded gasoline (c) Imported unleaded gasoline sold to privileged individuals as stipulated by international law, treaties,	<u>Ad Valorem</u> (%)	<u>Specific</u>	<u>Ad Valorem</u> (%)	<u>Specific</u>
		0%  0%  Tax exempted	Baht 7.00  Baht 7.00  Tax exempted		Per liter  Per liter
					PhP 9.33 <sup>10</sup>  PhP 9.33

<sup>8</sup> “Kram dated February 24, 1997 on Taxation”, [http://www.bigpond.com.kh/Council\\_of\\_Jurists/Fiscal/fsc001g.htm](http://www.bigpond.com.kh/Council_of_Jurists/Fiscal/fsc001g.htm), and “Kram of 1<sup>st</sup> September 1995 Amending Act of Finance Management 1995”, [http://www.bigpond.com.kh/Council\\_of\\_Jurists/Finpubl/fin011f.htm#Art21](http://www.bigpond.com.kh/Council_of_Jurists/Finpubl/fin011f.htm#Art21), viewed 18 January 2016.

<sup>9</sup> The Excise Department, “Excise Tax Rates for Merchandise”, [http://excise-english.excise.go.th/PEOPLE/KNOWLEDGE/GOODS\\_KNOW/OIL/WEBPORTAL\\_16200031052](http://excise-english.excise.go.th/PEOPLE/KNOWLEDGE/GOODS_KNOW/OIL/WEBPORTAL_16200031052), viewed 28 January 2016.

<sup>10</sup> Foreign exchange rate: Baht 1.00 = PhP 1.33, <http://www.oanda.com/currency/converter>, as of 27 January 2016.



Country	Particulars	Tax Rates		Tax Base		Peso Equivalent
		<u>Ad Valorem (%)</u>	<u>Specific</u>	<u>Ad Valorem (%)</u>	<u>Specific</u>	
	agreements and diplomatic arrangements made with foreign governments and the United Nations					
	(d) Gasohol E10	0%	Baht 6.30		Per liter	PhP 8.40
	(e) Gasohol E20	0%	Baht 5.60		Per liter	PhP 7.46
	(f) Gasohol E85	0%	Baht 1.05		Per liter	PhP 1.40
	2. Naphtha, reformulated, pyrolysis gasoline and other similar types of liquids	36%	Baht 7.00	Value of the product	Per liter	PhP 9.33
	3. Kerosene and other similar lighting oils					
	4. Jet fuel	0%	Baht 3.055		Per liter	PhP 4.07
	(a) Jet fuel not used in aircrafts	23%	Baht 3.00	Value of the product	Per liter	PhP 3.40
	(b) Jet fuel used for domestic aircrafts	1%	Baht 0.20	Value of the product	Per liter	PhP 0.27
	(c) Jet fuel oil used for aircrafts going abroad	Tax exempted	Tax exempted			

Country	Particulars	Tax Rates		Tax Base		Peso Equivalent
		<u>Ad Valorem</u> (%)	<u>Specific</u>	<u>Ad Valorem</u> (%)	<u>Specific</u>	
	5. Diesel and other similar types of oil					
	(a) Diesel with sulfur content more than 0.035% by weight	0%	Baht 5.31		Per liter	PhP 7.08
	(b) Diesel with sulfur content not exceeding 0.035% by weight	0%	Baht 5.31		Per liter	PhP 7.08
	(c) Diesel fuel to be sold in contiguous zone	Tax exempted	Tax exempted			
	(d) Diesel fuel sold in contiguous zones to vessels registered under the Thai Vessel Act B.E.2481 (1938) remaining in the tanks while travelling into the Kingdom	Tax exempted	Tax exempted			
	(e) Diesel fuel with biodiesel consisting of not less than 4% of fat-based methyl esters	0%	Baht 5.04	Value of the product	Per liter	PhP 6.72
	6. Natural gas liquid (NGL) and similar liquefied gases					
	(a) NGL and similar liquefied gases	36%	Baht 5.31	Value of the product	Per liter	PhP 7.08
	(b) NGL and similar liquefied gases that have been refined in an oil refinery	Tax exempted	Tax exempted			



Country	Particulars	Tax Rates		Tax Base		Peso Equivalent
		<u>Ad Valorem (%)</u>	<u>Specific</u>	<u>Ad Valorem (%)</u>	<u>Specific</u>	
	7. Liquefied petroleum gas (LPG), liquefied propane gas and similar liquefied gases					
	(a) LPG and similar liquefied gases	0%	Baht 2.17	Value of the product	Per kilogram	PhP 2.89
	(b) Liquid propane gas and similar liquefied gases	0%	Baht 2.17	Value of the product	Per kilogram	PhP 2.89
	(c) LPG, liquefied propane gas and similar liquefied gases used in electricity generation which would be sold to the Electricity Generating Authority of Thailand	Tax exempted	Tax exempted			
	8. Liquid methane, liquid ethane, liquid butane isomers, and other similar liquefied gas substances					
	(a) Liquid methane, liquefied butane, liquefied butane isomers, and other similar liquefied gas substances	Tax exempted	Tax exempted			
	(b) Liquid ethane	23%	Baht 2.17	Value of the product	Per kilogram	PhP 2.89

Country	Particulars	Tax Rates		Tax Base		Peso Equivalent
		<u>Ad Valorem (%)</u>	<u>Specific</u>	<u>Ad Valorem (%)</u>	<u>Specific</u>	
	9. Liquefied ethylene, liquid propylene, liquid butylene, liquefied isomers of butylene, liquefied butadiene and other similar liquefied substances					
	(a) Liquefied ethylene, liquid propylene, liquid butylene, liquefied butylene isomers, liquefied butadiene and other similar liquefied substances	23%	Baht 2.17	Value of the product	Per kilogram	PhP 2.89
	(b) Liquefied ethylene and other similar liquefied substances with purity exceeding 95%	Tax exempted	Tax exempted			
	(c) Liquefied propylene, liquefied butylene, liquefied butadiene and other similar liquefied substances with purity exceeding 90%	Tax exempted	Tax exempted			
	10. Methane gas, ethane gas, propane gas, butane gas, butane isomers and other similar gases					



Country	Particulars	Tax Rates		Tax Base		Peso Equivalent
		<u>Ad Valorem (%)</u>	<u>Specific</u>	<u>Ad Valorem (%)</u>	<u>Specific</u>	
	(a) Ethane gas	23%	Baht 2.17	Value of the product	Per kilogram	PhP 2.89
	(b) Propane gas	23%	Baht 2.17	Value of the product	Per kilogram	PhP 2.89
	(c) Methane gas, butane gas, butane gas isomers and other similar gases	Tax exempted	Tax exempted			
	11. Ethylene gas, propylene gas, butylene gas, butylene gas isomers and other similar gases	Tax exempted	Tax exempted			
	12. Other types of products according to the Minister of Commerce in the Royal Thai Government Gazette					
	(a) Residual fuel oil and other similar types of fuel oil	5%	Baht 0.00	Value of the product	Per Liter	
	(b) Bitumen-based fuel					
	i. Bitumen-based fuel	12%	Baht 0.00	Value of the product	Per Liter	
	ii. Bitumen-based fuel used in electricity generation which would be sold to the Electricity Generating Authority of Thailand	10%	Baht 0.00	Value of the product	Per Liter	

Country	Particulars	Tax Rates		Tax Base		Peso Equivalent
		<u>Ad Valorem</u> (%)	<u>Specific</u>	<u>Ad Valorem</u> (%)	<u>Specific</u>	
	(c) Hydrocarbon solvents that have specific characteristics i. Hydrocarbon solvents that has specific characteristics ii. Hydrocarbon solvents that have specific characteristics such tan they can be used in various kinds of industry  13. Oil and oil products produced by industrial manufacturers to be used internally in production processes  14. Oil and oil products to be used as raw materials or components of production in oil refineries and other oil products  Note: Any goods which ad valorem and specific excise tariffs are both prescribed shall be burdened to the excise tariff that produces the highest value. <sup>11</sup>	30%  Tax exempted  Tax exempted  Tax exempted	Baht 0.00  Tax exempted  Tax exempted  Tax exempted	Value of the product	Per Liter	

<sup>11</sup> Section 4 of Excise Tariff Act, B.E. 2527 (1984), <http://www.thailawonline.com/en/thai-laws/laws-of-thailand/217-excise-tariff-act-be-2527-1984.html>, viewed 28 January 2016.



Country	Particulars	Tax Rates	Tax Base	Peso Equivalent
<b>Indonesia</b>	No excise tax applicable <sup>12</sup>			
<b>Malaysia</b>	No excise tax applicable <sup>13</sup>			
<b>Brunei</b>	No excise duties. <sup>14</sup>			

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<sup>12</sup> Excise duty is imposed only on ethyl alcohol, beverages with ethyl alcohol and tobacco products. Source: Ministry of Finance, Indonesia Customs and Excise, [www.becukai.go.id/arsip/cuk/cukai.html](http://www.becukai.go.id/arsip/cuk/cukai.html), viewed 28 January 2016.

<sup>13</sup> Excise duty is levied only on liquor; cigarettes, tobacco and tobacco products; motor vehicles; playing cards; and mahjong tiles. Source: Royal Malaysian Customs Department, "Excise", [http://www.customs.gov.my/en/faq/Pages/faq\\_exc.aspx](http://www.customs.gov.my/en/faq/Pages/faq_exc.aspx), viewed 28 January 2016.

<sup>14</sup> KPMG, "Brunei Darussalam Tax Profile (Updated April 2013)", <https://www.kpmg.com/Global/en/services/Tax/regional-tax-centers/asia-pacific-tax-centre/Documents/CountryProfiles/Brunei.pdf>, viewed 28 January 2016.