Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE RESOLUTION NO. 767

Introduced by Representative MICAELA S. VIOLAGO

RESOLUTION DIRECTING THE COMMITTEES ON WAYS & MEANS AND ECONOMIC AFFAIRS TO CONDUCT A JOINT INQUIRY, IN AID OF LEGISLATION, ON THE UNABATED SMUGGLING OF PETROLEUM PRODUCTS IN SUBIC AND OTHER ECONOMIC AND FREEPORT ZONES VIS-À-VIS THE FUEL-MARKING PROGRAM OF THE GOVERNMENT

WHEREAS, the Federation of Philippine Industries (FPI) said that the country loses around PHP 200 billion in revenues annually due to increasingly sophisticated forms of smuggling, with petroleum being among the top products;

WHEREAS, oil smuggling had been a real problem even during past administrations, and became as big as it is now because the national government had no specific program in place which would have finally curtailed it;

WHEREAS, Finance Secretary Carlos Dominguez said authorities expected smuggling of oil products to increase following the implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law in 2018;

WHEREAS, prior to the implementation of TRAIN Act, studies done by the Department of Finance, Asian Development Bank, the oil industry, and the FPI estimated a tax leakage due to oil smuggling of about P40 billion a year, which must be higher now post-TRAIN;

WHEREAS, a 2017 report by the United Nations Trademap has showed that 91.8 million barrels of diesel and gasoline were exported from Taiwan to the Philippines, compared to the 3.3 million barrels reported by the Philippine Statistics Authority (PSA), which means a difference of 88.5 million barrels or P60 billion in unpaid duties from Taiwan imports alone;

WHEREAS, the huge discrepancy could only mean smuggling involving only Taiwan and not including the refineries in Singapore, Thailand, Vietnam which could also be sources of unreported petroleum product exports to the Philippines;

WHEREAS, while TRAIN was able to raise P43 billion in excise taxes during the first nine months of 2018, the government could have collected more revenues if it was able to capture every barrel of fuel that was brought into the country;

WHEREAS, Secretary Dominguez said the anticipated increase in oil smuggling as a result of the excise tax hike is the reason behind the fuel marking program, which was implemented late 2019;

WHEREAS, the fuel-marking program is mandated under the TRAIN Law to curb oil smuggling and misdeclaration of petroleum products in the country, and increase revenue collection from taxable imported and locally refined petroleum products;

WHEREAS, the government is implementing fuel marking on all petroleum products that are refined, manufactured, or imported into the Philippines, such as gasoline, denatured alcohol for motive power, kerosene and diesel fuel oil after the taxes and duties have been paid;

WHEREAS, if the petroleum products do not contain the official marker, or which contain the official marker but are diluted beyond the acceptable percentage, then it will be presumed that it was withdrawn with the intention to evade payment of taxes due;

WHEREAS, in order to be more effective, it was suggested that the fuel marking program should first be implemented in areas where smuggling is rampant such as Subic, Philippine Veterans Investment Development Corporation, and other private and free ports;

NOW, THEREFORE, BE IT RESOLVED BY THE HOUSE OF REPRESENTATIVES, to direct the Committees on Ways & Means and the Economic Affairs to jointly conduct an inquiry, in aid of legislation, on the unabated smuggling of petroleum products in Subic and other Economic and Freeport Zones, vis-à-vis the fuel-marking program of the government.

ADOPTED.

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