

Congress of the Philippines }  
First Regular Session

SENATE

S. NO. 556

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INTRODUCED BY SENATORS MACEDA, OSMEÑA,  
GUINGONA, JR., LINA, JR., HERRERA AND SOTTO III

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AN ACT EXPANDING THE PURPOSES FOR WHICH THE OIL PRICE STABILIZATION FUND (OPSF) MAY BE USED, AMENDING FOR THE PURPOSE SECTION 8 OF PRESIDENTIAL DECREE NO. 1956, AS AMENDED BY EXECUTIVE ORDER NO. 137, SERIES OF 1987 AND FOR OTHER PURPOSES

*Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:*

1 SECTION 1. Section 8 of Presidential Decree No. 1956 is hereby  
2 amended to read as follows:

3 "SEC. 8. There is hereby created a Special Account in the  
4 General Fund to be designated as Oil Price Stabilization Fund  
5 for the purpose of minimizing frequent price changes brought  
6 about by exchange rate adjustments and/or an increase in world  
7 market prices of crude oil and imported petroleum products  
8 AND FOR THE PURPOSES OF FINANCING ENERGY

1 DEVELOPMENT PROJECTS AND / OR FOR INFUSING  
2 ADDITIONAL CAPITAL INTO THE NATIONAL POWER  
3 CORPORATION AS MAY BE DETERMINED BY THE  
4 PRESIDENT OF THE PHILIPPINES. The Fund may be  
5 sourced from any of the following:

6 (a) Any increase in the tax collection from *ad*  
7 *valorem* tax or customs duty imposed on  
8 petroleum products subject to tax under this Decree  
9 arising from exchange rate adjustment as may be  
10 determined by the Minister of Finance in consultation  
11 with the Board of Energy;

12 (b) Any increase in the tax collection as a result  
13 of the lifting of tax exemptions of government  
14 corporations under Presidential Decree No. 1931, as  
15 may be determined by the Minister of Finance in con-  
16 sultation with the Board of Energy;

17 (c) Any additional tax to be imposed on  
18 petroleum products to augment the resources of the  
19 Fund through an appropriate Order that may be  
20 issued by the Board of Energy requiring payment by  
21 persons or companies engaged in the business of  
22 importing, manufacturing and/or marketing  
23 petroleum products;

24 (d) Any resulting peso cost differentials in case  
25 the actual peso costs paid by oil companies in the

1 importation of crude oil and petroleum products is  
2 less than the peso costs computed using the reference  
3 foreign exchange rate as fixed by the Board of Energy.

4 The Fund herein created shall be used for the  
5 following:

6 1. To reimburse the oil companies for cost  
7 increases in crude oil and imported petroleum prod-  
8 ucts resulting from exchange rate adjustment and/or  
9 increase in world market prices of crude oil;

10 2. To reimburse the oil companies for possible  
11 cost under recovery incurred as a result of the  
12 reduction of domestic prices of petroleum products.  
13 The magnitude of the under recovery, if any, shall be  
14 determined by the Ministry of Finance. 'Cost under  
15 recovery' shall include the following:

16 i. Reduction in oil company take as  
17 directed by the Board of Energy without the  
18 corresponding reduction in the landed cost of  
19 oil inventories in the possession of the oil  
20 companies at the time of the price change;

21 ii. Reduction in internal *ad valorem*  
22 taxes as a result of foregoing government  
23 mandated price reductions. [;]

24 [ iii. Other factors as may be deter-  
25 mined by the Ministry of Finance to result in

1 cost under recovery. ]

2 3. TO FINANCE ENERGY DEVELOPMENT  
3 PROJECTS AND/OR FOR INFUSING ADDITIONAL  
4 CAPITAL INTO THE NATIONAL POWER COR-  
5 PORATION AS MAY BE DETERMINED BY THE  
6 PRESIDENT OF THE PHILIPPINES IN AN AMOUNT  
7 NOT TO EXCEED FOUR BILLION PESOS  
8 (P4,000,000,000.00).”

9 SEC. 2. The Department of Finance and the Department of  
10 Budget and Management shall prescribe the necessary rules and  
11 regulations to implement this Act.

12 SEC. 3. All laws, decrees, executive orders and rules and  
13 regulations which are inconsistent with the provisions of this Act are  
14 hereby considered repealed, amended or modified accordingly.

15 SEC. 4. This Act shall take effect immediately upon its approval.

Approved,