



REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF CUSTOMS
MANILA

FEB 26 1996

CUSTOMS MEMORANDUM ORDER

NO. 7-96

TO : The Collectors of Customs
Subic and Clark Collection
Districts and Other Special
Economic Zones/Freeports
SBMA & CDC Concerned Officials
The Manager, Coastal Subic
Bay Terminal, Inc.
And All Others Concerned

SUBJECT : Rules and Regulations in
the Availment of Tax-Exempt
~~Petroleum Products at the~~
Special Economic Zone/Free-
ports

I. Objectives:

1. To ensure the collection of correct duties and taxes;
2. To prevent the circumvention of government/customs laws, rules and regulations on shipments of petroleum products entered thru the Special Economic Zones (SEZ) but are eventually used by non tax-exempt entities.

II. Coverage:

This Order shall apply to all shipments of petroleum products imported tax and duty-free by Coastal Subic Bay Terminal, Inc. and by other SEZ Registered Enterprises.

III. General Provisions:

A. Guidelines in Aircraft Refueling at the Subic Bay International Airport:

1. The Coastal Subic Bay Terminal, Inc. shall be allowed to sell aviation gas, fuel and oil, whether refined or in crude form or other petroleum products, free from payment of duties and taxes to the following:

1.a Aircrafts of airlines, which by virtue of legislative franchise, are imposed the franchise tax in lieu of the imposition of all other taxes, duties

CMO-7-96

- 2 -

and other charges. Provided; however, that the franchise specifically provides for the tax and duty free privilege for the local purchase or direct importation of the said petroleum products or provides for an "ipso facto clause" which operates to extend to the Grantee equal terms and/or provisions as those enjoyed by competing franchise-holders. Provided further, that such sales or deliveries of aviation gas, fuel and oil to the Grantee shall be for the exclusive use of its operations and other activities incidental thereto;

1. b Aircrafts of foreign or local registry refuelling for departure to a foreign destination;

1. c When the use of the petroleum products, is clearly for activities within the Zone, under such control system which will be jointly agreed upon by the SEZ Authorities and the Bureau, to prevent leakages and abuses of the privilege, e.g. bunker fuel, grease for plant installation.

2. The appropriate Import Entry shall be filed for all purchases of aviation gas, fuel and oil, and other petroleum products.

3. Other than those provided for under 1. a up to 1. c, any aircraft, foreign or domestic, which refuels at the SEZ shall be imposed the prevailing duties and taxes.

4. For monitoring purposes, a Customs Officer shall be continuously stationed at the Airport Refueling Station.

IV. Effectivity:

This Order shall take effect FEB 27 1996.


GUILLERMO L. PARANO, JR.
Commissioner