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Oil firms cleared on TRAIN pricing violations — DOE

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The Department of Energy (DOE) has cleared oil companies that reportedly hiked prices even before the Tax Reform for Acceleration and Inclusion (TRAIN) Law took effect last month.

However, three liquefied petroleum gas (LPG) retailers have violated administrative regulations and would be meted with penalties, DOE assistant secretary Leonido Pulido said.

"So far we're still validating. We compared their submissions with historical data and so far, there are no violations," he said.

"But we found three LPG retailers to have violated administrative rules. We have implemented requirements such as posting of prices compliant with TRAIN within their vicinity," he said.

Last month, the DOE issued show cause orders against at least 20 oil retailers in Metro Manila that implemented higher prices due to TRAIN earlier than expected.

The agency has found about 30 percent of the oil industry, which counts around 6,800 retail stations, to have raised prices prematurely due to TRAIN.

These include 408 Shell stations in Luzon from Jan. 5 to 11; 245 Petron stations in Luzon from Jan. 8-12; 37 Flying V stations in Luzon from Jan. 9 to 11 and 178 Caltex stations — 49 in Luzon, 84 in Visayas and 45 in Mindanao—from Jan. 13 to 14.

If the retailers are found to have unduly raised fuel prices, the DOE will impose penalties such as revoking their license to operate.

In its investigation, Pulido said the DOE required oil companies to submit several documents such as inventory as of Dec. 31, 2017 and the withdrawal records from depots as of Jan. 28. These were compared with historical records.

"We based it on historical records and usually that's enough because their numbers should be within a reasonable range," he said.

To further validate the submissions, the DOE had asked the Bureau of Internal Revenue (BIR) to confirm the reports given by the oil companies.

This is because the BIR cannot provide official register books (ORBs) to the DOE since these are treated as confidential documents, Pulido said.

"We wrote BIR last week, confirming that the ORB is confidential, but if they can confirm what (the oil firms) submitted to us are more or less accurate," he said. "I met with BIR deputy commissioner and assistant commissioner...and they agreed in principle (that there were no violations), but we haven't received their formal reply," the DOE official said.

The DOE has tightened its watch on oil firms amid reports that some gas stations already implemented the new excise tax on fuel under the TRAIN Law.

Under TRAIN, gasoline will have a higher excise tax from P4.35 per liter to P7 per liter while new tax rates of P2.50 per liter will be imposed on diesel, P3 per liter on kerosene and P2.50 per liter on auto liquefied petroleum gas (LPG).

Based on DOE estimates, gasoline prices are expected to have an additional P2.97 per liter, diesel with P2.80 per liter, kerosene with P3.36 per liter, liquefied petroleum gas for motor vehicles with P2.80 per liter and LPG for household with P1.12 per kilogram.

* INDUSTRY-OIL
* Tax Reform for Acceleration
and Inclusion (TRAIN)