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DOE reinforcing task force versus oil smuggling

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With the recent implementation of the Tax Reform for Acceleration and Inclusion (TRAIN) Law and the proposed policy on fuel marking, the Department of Energy (DOE) will be instituting a stronger multi-agency task force to go against oil smuggling in the country.

Energy Secretary Alfonso G. Cusi indicated that he has already written the Department of Justice (DOJ) for the revival of their task force, but this time, the body will have expanded memberships so they can effectively enforce the long arm of the law against violations of trade in the oil sector that have been depriving government of much-needed revenues.

The revived task force, according to the energy chief, will have memberships from the DOJ, Department of Finance (DOF), Department of Trade and Industry (DTI), Bureau of Customs (BOC), Bureau of Internal Revenue (BIR) and the National Bureau of Investigation (NBI).

Cusi explained that the involvement

of the finance department and its two main agencies – BIR and BOC, will be vital especially on the propounded fuel marking policy, a set-up that the DOF wants improved as previous rules were only applied on tax-exempt products but not on tax-paid fuel imports.

On DOE's part, it also wants to input 'consumption' as a component of the review process that the reinforced task force shall be focusing on.

Cusi emphasized that by merely looking at importation being validated by the BOC, the outcome is always equal to the declared importation.

But when fully validated on the ground, there's discrepancy on the volume of consumption – as reflected on the figures collated by the DOE.

"Taking into account the volume of importation with duties and tax payments at Customs, they are equal. But when the final consumption is tallied, there's difference in the figures because consumption is always higher than the level of declared product importations, so the math isn't adding up," Cusi stressed.

He added "our main goal is to recon-

cile that...that's the reason why we also want to give teeth to the task force, so we can go against offenders."

On smuggling, previous studies by the DOF indicated that the government was being stripped of P30 billion to P36 billion in revenues annually.

With both the TRAIN and fuel marking edicts being set forth, the government is targeting to shore up revenue collections – but in the process, it will also need to toughen up measures against oil smuggling.

"We're discussing with DOF on that (fuel marking), there's ongoing consultation on how it's supposed to run," DOE Assistant Secretary Leonido Pulido III has emphasized.

He added that the finance department's proposal is to include BOC and BIR in undertaking tests; and the DOE will just extend help on technical validation as to the quality of fuels being shipped.

"For us in the DOE, our main concern is to ensure that the quality of the fuel is not altered when they reach customers or the retail pumps," Cusi stressed.

* TAX REFORM FOR ACCELERATION & INCLUSION (TRAIN)
* DEPT. OF ENERGY (DOE)