

SIXTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



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SENATE

P. S. Res. No. 577

RECEIVED BY: *ja*

Introduced by Senator Manuel "Lito" M. Lapid

RESOLUTION

DIRECTING THE SENATE COMMITTEE ON WAYS AND MEANS AND OTHER APPROPRIATE COMMITTEES IN THE SENATE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE IMPOSITION OF VALUE ADDED AND EXCISE TAXES ON AVIATION FUEL WHICH MAY HAVE ADVERSE EFFECTS ON TOURISM IN THE COUNTRY AND MAY HAVE VIOLATED OBLIGATIONS BY THE PHILIPPINES TO INTERNATIONAL AIR TREATIES AND CONVENTIONS

*WHEREAS*, the Board of Airlines Representatives (BAR), an organization of international airlines calling port in Manila, has made a pronouncement that Manila is now the most expensive place in Asia to fuel an aircraft;

*WHEREAS*, Atlanta-based Delta Airlines has applied with the Civil Aeronautics Board (CAB) for a \$45 increase in its fuel surcharge which should consequently translate to higher ticket prices to and from destinations within Japan and the United States of America (USA) which are among our top tourism markets;

*WHEREAS*, said application for increased fares is allegedly brought about by new impositions of value added tax (VAT) and excise tax on aviation fuel sold to international carriers;

*WHEREAS*, there is reason to believe that other members of the BAR may follow suit and apply for respective increases in their fuel surcharges;

*WHEREAS*, international carriers are exempted from the payment of excise tax on petroleum products as provided in Section 135 of the National Internal Revenue Code of 1997;

*WHEREAS*, despite the exemption, excise taxes on aviation fuel being indirect taxes have been passed on to international carriers and are considered part of the purchase price as interpreted in a long line of cases decided by the Supreme Court;

*WHEREAS*, such application may likewise be considered a circumvention of our obligation to international treaties and conventions providing for exemption to covered entities apart from being clearly exempted by municipal laws;

*WHEREAS*, there is a need to stand by our obligations under international treaties and to review legislation to properly address the need to extend certain tax exemptions on entities that help boost commerce and most especially tourism;

**WHEREAS**, increased airfares may have an adverse effect on tourist arrivals and necessarily to the tourism industry targets of the country;

**NOW, THEREFORE, BE IT RESOLVED** as it is hereby resolved to direct the Senate Committee on Ways and Means and other appropriate committees in the Senate to conduct an inquiry, *in aid of legislation*, into the imposition of value added and excise taxes on aviation fuel which may have adverse effects on tourism in the country and may have violated obligations of the Philippines to international air treaties and conventions.

**ADOPTED,**

  
MANUEL "LITO" M. LAPID  
Senator