


15 JUN -4 P3:00

SENATE
P. S. R. No. 1388

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28
29
30
31

RESOLUTION

DIRECTING THE PROPER SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID
OF LEGISLATION, ON THE COMMISSION ON AUDIT REPORT THAT MALAMPAYA
CONTRACTORS OWE THE GOVERNMENT P53.14 BILLION
IN UNPAID INCOME TAXES

WHEREAS, the Constitution, Article 2, Section 28 provides: "Subject to reasonable conditions prescribed by law, the State adopts and implements a policy of full public disclosure of all its transactions involving public interest";

WHEREAS, Presidential Decree No. 87, otherwise known as "The Oil Exploration and Development Act of 1972," states:

Section 2. Declaration of policy. It is hereby declared to be the policy of the State to hasten the discovery and production of indigenous petroleum through the utilization of government and/or private resources, local and foreign under the arrangements embodied in this Act which are calculated to yield the maximum benefit to the Filipino people and the revenues to the Philippine government for use in furtherance of national economic development, and to assure just returns to participating private enterprises, particularly those that will provide the necessary services, financing and technology and fully assume all exploration risks....

WHEREAS, P.D. No. 1459 states:

Section 1. Any provision of law to the contrary notwithstanding, the Secretary of Energy is hereby authorized to enter into petroleum service contracts, or re-negotiate and modify existing ones, upon the approval of the President of the Philippines, subject to the following conditions:

(a) The share of the Government, including all taxes, shall not be less than sixty per cent of the difference between the gross income and the sum of operating expenses and such allowances as the Secretary of Energy may deem proper to grant....

WHEREAS, quoting state auditors, the *Manila Bulletin* on 18 May 2015 reported that contractors of the Malampaya gas field owe the government P53,140,307,739.86 in underpaid income taxes from 2003 to 2009;

1 WHEREAS, the contractors claimed the amount was deductible from the government's
2 60 percent share of taxes during the period, a view supported by the Department of Energy
3 (DOE);

4 WHEREAS, the Commission on Audit (COA) reportedly countered the contractors'
5 contention, saying that P.D. No. 87 and P.D. No. 1459 are clear that the minimum government
6 share was 60 percent of the net earnings of any exploration;

7 WHEREAS, according to the report, among the contractors involved in the Malampaya
8 project are Shell Philippines Exploration B.V., Chevron Malampaya LLC, and Philippine
9 National Oil Company;

10 WHEREAS, the government must balance the interest between profit of investors and
11 state revenue, while at all times ensuring that public interest is primordial;

12 WHEREAS, Congress should intensify existing legislation to clarify revenue sharing
13 issues on the Malampaya gas field project;

14 WHEREFORE, BE IT HEREBY RESOLVED BY THE PHILIPPINE SENATE to direct
15 the proper Senate committee to conduct an inquiry, in aid of legislation, on the Commission on
16 Audit (COA) report that Malampaya contractors owe the government ₱53.14 billion in unpaid
17 income taxes.

Adopted,


MIRIAM DEFENSOR SANTIAGO

/mb