

Presidential Communications Operations Office
News and Information Bureau

**ECONOMIC BRIEFING WITH
BUREAU OF CUSTOMS DEPUTY COMMISSIONER TEDDY RAVAL;
BUREAU OF CUSTOMS ASSISTANT COMMISSIONER VINCENT MARONILLA;
BUREAU OF INTERNAL REVENUE DIRECTOR BEVERLY MILO;
AND CHIEF BIR STRIKE TEAM SONNY ADVINCULA
JANUARY 29, 2020 (11:35 A.M. – 12:02 P.M.)**

USEC. ROCKY IGNACIO: Magandang umaga MPC at sa ating mga bisita, kayo po ay nasa ating weekly Economic Briefing co-hosted by the Economic Development Cluster and PCOO.

Mahalaga po ang sapat na pondo sa pagsiguro na matagumpay na pagpapatupad ng mga programang lalong magpapalago ng ekonomiya at lalong magpapaginhawa sa pamumuhay ng bawat pamilyang Pilipino.

Ang buwis ay ang ‘lifeblood’ ng gobyerno sabi nga ni Pangulong Rodrigo Duterte. Sa taong 2019, umabot na sa mahigit anim na bilyong piso ang nakolektang buwis ng BIR mula sa Philippine Offshore Gaming Operators o POGO. Ang halagang ito ay may increase na 169% kumpara sa 2018. Dulot ito ng mas pinaigting na kampanya upang pagbayarin nang tamang buwis ang POGO service providers at workers.

Alinsunod sa Tax Reform for Acceleration and Inclusion or TRAIN Law, inilunsad ng Department of Finance, BIR at BOC ang Fuel Marking Program noong 2019. Sa darating na Pebrero po, mahahaluan na dapat ng specialized fuel marker ang lahat ng produktong petrolyo gaya ng diesel, gasolina at kerosene sa merkado na siya ring palatandaan na nabayaran na ang karampatang excise tax. Magsisilbing ebidensiya naman ng smuggling kung ang produktong petrolyo ay walang molecular marker.

Upang talakayin ang mahalagang updates sa Fuel Marking Program at enforcement efforts ng BIR at BOC, makakasama po natin sina Deputy Commissioner Teddy Raval; Assistant Commissioner Vincent Maronilla mula naman sa Bureau of Customs; at sina Director Beverly Milo; at ang Chief BIR Strike Team Sonny Advincula. Good morning.

ASST. COMM. MARONILLA: So magandang umaga po sa ating mga kaibigan sa media at ang ating mga kasama sa pamahalaan.

Anim na buwan matapos ang opisyal na simulan ang pagmamarka ng mga langis noong ikalawa ng Agosto taong 2019 sa terminal ng Sea Oil sa Mabini, Batangas, sisimulan na ng Bureau of Customs, Bureau of Internal Revenue at field testing technician ng SICPA-SGS ang pagsusuri ng mga langis sa mga gas station, tank truck at depot sa buong bansa sa kalagitnaan ng Pebrero ngayong taon.

Ito ay upang mabigyang pagkakataon ang mga kumpanya na apektado ng pagsabog ng Taal na maibalik sa normal ang kanilang operasyon at maituloy ang pagmarka ng kanilang produkto bago simulan ang pagsusuri ng petrolyo sa merkado.

Ang Fuel Marking Program ay binubuo ng dalawang bahagi: Una rito ang fuel marking o ang pagmamarka gamit ang isang espesyal na kemikal sa mga angkat at gawang diesel, gasolina at kerosene matapos itong mabayaran nang tamang buwis at bago ito ibenta sa publiko. Ang ikalawa ay ang field testing kung saan mag-iikot sa mga piling lokasyon ang mga kinatawan ng Bureau of Customs o Bureau of Internal Revenue katuwang ang field testing technicians ng SICPA-SGS upang suriin kung markado ba ang mga langis mula sa mga gas station, tank truck at mga depot sa buong bansa.

Kung mahuhulihan ang mga kumpanya nang hindi markado o hindi pasadong langis, maaaring kumpiskahin ng gobyerno ang mga ito dagdag pa ang pagsampa ng kaukulang kaso, pagbabayad ng multa at posibleng pagpapasara ng gas station.

Sa ngayon, nakapagmarka na ang Bureau of Customs at ang Bureau of Internal Revenue nang humigi't kumulang na dalawa at kalahating bilyong angkat na langis—angkat at gawang langis sa dalawampu't apat na mga terminal sa Batangas, dalawang refinery kasama ang mga lugar sa Subic, Bataan, Cebu, Leyte, Davao at Cagayan De Oro.

Isang magandang simula na lalong pag-iigtingan sa taong ito kasabay ng pagdiriwang ng ika-isandaan at labingwalong anibersaryo ng Bureau of Customs sa ika-pito ng Pebrero nitong taon na 'to. At bilang paghahanda, sa ngayon ay nakapagmarka na ang Bureau of Customs at ang Bureau of Internal Revenue ng humigi't kumulang, sinabi namin kanina, dalawa at kalahating bilyon angkat na gawang langis sa mga terminal na nabanggit. At patuloy na gagawin ito ng ating pamahalaan at ang Bureau of Customs at ang Bureau of Internal Revenue sa buong taon na 'to upang mailunsad na ang kaukulang full implementation ng Fuel Marking Program.

Maraming salamat po sa inyo.

DIRECTOR MILO: Para sa ating mga kaibigan sa media and of course our supporters and viewers, magandang umaga po sa ating lahat.

Sinabi na ng partner namin sa Customs na ang Fuel Marking Program ay nailunsad na for the marking, so iyon 'yung unang aspect ng programa, kailangang markahan muna lahat ang gasolina. So 'pag nakita po ninyo, dalawa po ang agency na involved dito – mayroon pong BOC at saka iyong BIR. Ang jurisdiction ng bawat isa ay identified. Sa BOC will be for the importation and of course for the BIR, para po sa local production ng petrolyo. And here ang jurisdiction namin dadalawa lang po, kasi at this moment dadalawa ang nagpo-produce ng petrolyo sa Pilipinas.

From the marking, hindi po nagtatapos ang Fuel Marking Program – iyon lang po ang umpisa. So we need to proceed and conduct what is known as the enforcement activity by way of random inspection. So ito na po, magkasama po ang BIR at saka BOC; puwedeng magkahiwalay na operation, puwedeng mag-joint depende sa sitwasyon. So ang BIR will be handling all the

gasoline stations within the country, nationwide po 'yan. And as already stated, we will be doing it in collaboration with the service provider – that is SICPA and SGS.

Kasama po namin 'yan, and when we do the testing mayroon po kaagad iyong Mobile Unit Laboratory, nandoon na po 'yung testing equipment. During the testing, lalabas po 'yung result, makikita po ng taxpayer, makikita po ng team and therefore it will be covered by a CCTV camera in order to make the testing as transparent as possible to avoid accusation that—or baka naman mali iyong result na lumalabas diyan, okay.

So right there and there 'pag tinst po 'yung gasolina within the site, ilalabas na po 'yung result within a few minutes. So from there, it depends kung ang resulta ay pass or fail. Doon po ma-i-enforce ang BIR; 'pag passed po, okay na lang po 'yan, it's just part of the reporting process; pero 'pag nag-fail po, the enforcement will follow, okay, and the corresponding imposition of penalties and assessment of taxes payable. So 'yun lang po 'yun.

CHIEF BIR STRIKE TEAM ADVINCULA: Good morning. One of the enforcement of the BIR in addition to this enforcement activity, is the creation of the BIR Strike Team – simply to address the proliferation of illicit cigarettes in the in the markets. So this was created by the Deputy Commissioner Arnel Guballa and Commissioner of Internal Revenue Attorney Cesar Dulay last March 2018. And up to this time, we are trying our best to address this problem of manufacturing and dealing with these untaxed cigarettes. Iyon lang, thank you po.

ARIANNE MEREZ/ABS-CBN.NEWS.COM: For the Bureau of Customs po. Sir, di ba po dapat last year mai-implement itong fuel marking program, dahil hindi po na-implement agad last year, how was does affected your collection target po noong 2019?

CUSTOMS: Noong 2019, we were given additional collection target of about 10 billion supposedly anticipating the full implementation, itong fuel marking program. Pero nga dahil sa mga pangyayari na wala naman sa control din ng ating pamahalaan at ng mga kumpanya ng langis, medyo ito ay na-moved for this year. Initially lang marking lang iyong nailagay namin, marking lang iyong nagawa pero wala pa naman iyong field testing. So, hindi namin ma-translate iyon into the actual collection of the target that was given to us, pero kahit naman na hindi na-implement ito, sa tingin namin maayos naman iyong aming pagpapatupad ng aming mga polisiya ngayon, so tinanggap pa rin namin iyong sampung bilyon. Pero hindi din namin kinakaila na part ito nung isa sa mga factors na sinasabi namin kung bakit, merong may kaunting shortfall kami doon sa target namin.

ARIANNE MEREZ/ABS-CBN.NEWS.COM: Can we know the figure, sir – iyong target po for 2019 and then iyong shortfall?

ASST. COMMISSIONER MARONILLA: Ang target namin is 661 billion, and then we were able to collect 630.34 billion if I am not mistaken. So, there was about a shortfall of about 6%.

ARIANNE MEREZ/ABS-CBN.NEWS.COM: And then you attribute that shortfall dahil po hindi na-implement agad itong fuel marking program?

ASST. COMMISSIONER MARONILLA: Hindi lang naman. May mga macro-economic assumptions din kami na tingin namin supposedly we were expecting to happen, pero hindi rin nangyari; iyong nag-play out din iyong, of course, iyong dollar exchange, iyong exchange rate. Iyong volume ng ating pag-aangkat ng importation according to the Philippine Statistics Authority also, was down by about same rate, about 6%, I think. So, in all kasama iyon, kasama iyong epekto ng, of course, additional target namin, isa iyon sa mga factors na tinitingnan namin. Again, it was the Bureau of Customs, who actually said that there's no need to adjust even if walang full implementation, because we were confident enough that mukhang kakayanin namin. Kaya nga lang, may mga ibang macro-economic assumptions na hindi nangyari. Pero overall, masaya pa rin naman kami doon sa—mas masaya kami kung sana na-meet namin iyong target, pero looking at how we actually performed and looking at the rate of assessment that we made, kahit papano nakapag-improve kami at malaki ang koleksiyon namin.

ARIANNE MEREZ/ABS-CBN.NEWS.COM: And sir, for this year, for 2020, dahil full implementation na po iyong fuel marking program. Ano po iyong target collection natin for this year and how confident are we na mareach po natin iyon or even ma-exceed?

ASST. COMMISSIONER MARONILLA: About 760 billion, I think iyong—we have an additional 100 billion for this year. If everything goes well, which we expect dito sa implementation ng fuel marking at titingnan ninyo iyong mga figures na pinag-aralan namin sa leakage natin sa oil smuggling, makakatulong ng malaki ito para ma-meet namin iyon. Pero bukod doon, siyempre, may mga reform agenda din na pinapatupad si Commissioner Guerrero, pamunuan namin sa Department of Finance para ma-meet namin itong collection target ngayon. Ine-expect namin, mas magiging maganda iyong economic environment sa pag-aangkat ngayon. Of course, we're guarding against some other issues na maaring makaapaketo dito. Pero overall, we are confident that we will be able to meet this year's collection target.

ARIANNE MEREZ/ABS-CBN.NEWS.COM: Sir, how much po iyong loses last year for oil smuggling at paano po ito makakatulong para ma-reduce po.

ASST. COMMISSIONER MARONILLA: I can't provide you with an estimate. There are studies na sinasabi for – maybe DepCom Raval because he is in-charge of fuel marking – can tell you later on kung magkano iyong nawawala. Pero ang intensified na programa namin sa fuel marking, tapos pinapalakas din namin iyong risk management system namin ngayon, at the same time, fully implemented na iyong post clearance audit namin – these are the measures that we are undertaking to ensure that leakages is, let's say if there is smuggling of petroleum products ay ma-minimize. But I'll turnover you to DepCom Raval, maybe he has some data on figures on estimates of fuel smuggling.

DEPCOM RAVAL: Actually the data we have shows an increase in the collection of duties from oil. If I may read iyong report namin: Compared to the previous years – in 2017, for oil products. In 2017 remember wala pa pong fuel marking at that time, because the TRAIN Law was passed in December of 2017. So, in 2017, the collection for oil products by the Bureau of customs is at 45.9 billion; In 2018, when the TRAIN law was in effect, it jump – actually it doubled to 91.9 billion, I'm referring to oil products alone ha; And in 2019 last year lang, the

collection for oil products by the Bureau of Customs, again increased by as much as 45 billion, kasi ang total namin for 2019 is 145.2 billion.

So, although we cannot attribute this to a fuel marking, dahil hindi pa nga n-implement iyan, fully implemented last year, although we started marking in August. But of course the statistics don't lie, so the conclusions – kayo na po ang bahalang gumawa ng conclusion.

CELERINA MONTE/MANILA SHIMBUN: Regarding your target for this year sa fuel marking. You have mentioned that you are grounded with some issues. If ever, what are these risks, sir?

ASST. COMMISSIONER MARONILLA: Sa fuel marking, Ma'am? I mean we are saying that maybe it was last year, but this year, we are expecting to gain some collection from the full implementation of the fuel marking. Last year kasi, there were some issues that we needed to thresh out before we can fully roll-out the fuel marking program. There were some technical issues that we needed to clear out to ensure iyong mga security and safety measures namin in implementing this program. But, that was last year, ngayon ho, since expected namin na lahat ng petrolyong bayad sa merkado ay namarkahan na by February of this year then iyong full implementation po nito ay mapapatupad na at were expecting to garner additional, substantial additional revenues out of the fuel marking program.

CELERINA MONTE/MANILA SHIMBUN: Sir, this target of 760 billion for fuel marking alone, like, how much iyong share niya with the total expected revenue of Bureau of Customs for this year?

ASST. COMMISSIONER MARONILLA: Ma'am iyong 760 billion, iyon ang total target namin. We are still now looking at how much of that is going to be attributed or the estimates of that is going to be attributed to the success of the fuel marking program. Last year ho, 10 billion – so most likely we looking at same figure or maybe a little adjustment to it, so mga ganoon ho siguro din ang portion na ine-expect namin kung hindi man, mas malaki doon.

Q: For Bureau of Customs po. Segue lang po sa mainit na isyu ngayon, sa gitna po nung 2019 Novel Coronavirus. May I ask kung, para lang din alam po ng publiko, paano natin sine-secure na safe from any viruses iyong mga pumapasok na animal products sa Pilipinas and kumusta po ba iyong imports ng animal products, like, may exotic animals ba tayong naitatala, like specifically, paniki?

ASST. COMMISSIONER MARONILLA: Well, we have intercepted some exotic animals, usually dumadaan iyan sa Ninoy Aquino International Airport. But very vigilant naman iyong Task force natin doon. There's an interagency task force there outside of the efforts of the men and women of the Bureau of Customs in NAIA. Nai-intercept naman namin 'yan kasi very active ngayon 'yung regional intelligence liaison office coordination namin. So, this is an intelligence coordination na network from our other partner customs authorities all over Asia. So mayroon kaming nakukuhang advance information.

Now, with regards to the Coronavirus: Number one, the Commissioner has already issued a directive to our personnel - most specifically to our personnel - to be in complete gear when conducting the initial examination for items coming in from countries that have been identified to have been—to have positive results in terms of infection of these viruses.

Pangalawa ho, nakikipagtulungan kami very closely with the Department of Agriculture in treating food products coming in from these countries. We're leaving it to the Department of Agriculture if they will impose a ban or some stricter measure but right now, we don't allow any importation of food products without the corresponding license coming from the Food and Drug Authority or the Department of Agriculture.

We're also working very closely with the task force on anti-agricultural smuggling formed by Secretary Dar of the Department of Agriculture and the intelligence and enforcement groups of the Bureau of Customs are now on full alert as per order of the Commissioner. Again, guarding against all items not just food items - by which we have coordinated with the DoH and the DA - that might be a carrier or a source of carrying these diseases other than actual humans.

INA ANDOLONG/CNN PHILIPPINES: Sa BIR naman po. This is about collections from POGO operations, which was also mentioned earlier. Can we get your expectations for this year and if you have new data regarding 'yung compliance po sa letter notices which I were given out late last year?

CHIEF ADVINCULA: Pardon, ma'am... pardon?

INA ANDOLONG/CNN PHILIPPINES: Can we get your expectation sa collections po from POGO operations this year and if mayroon po kayong updated or new data regarding 'yung compliance po nung iba doon sa nabigyan ng notices with unpaid—

CHIEF ADVINCULA: Yes ma'am, they are complying. There are some also na naka-calendar na puwedeng i-operate pa. Hindi pa namin puwedeng i-divulge dito. So, we are doing our best, 'yung mga iba na na-notify na pumupunta na sa opisina.

INA ANDOLONG/CNN PHILIPPINES: Ang huli ko po kasing nakuhang data sir mayroon pa silang combined liability of twenty-five billion, this is as of November 13. Has there been a significant—I mean, how significant na po 'yung compliance because I believe that covers more than a hundred sixty letter notices.

CHIEF ADVINCULA: Mayroon, mayroon. Actually, 'yung iba nagbayad na, naka-comply na kaya medyo maganda ang collection namin diyan sa POGO. But the exact figure hindi ko po masabi kasi wala pa, hindi pa binabalik sa akin.

INA ANDOLONG/CNN PHILIPPINES: [OFF MIC] Thank you, sir.

CHIEF ADVINCULA: Thank you, ma'am.

SAM MEDENILLA/BUSINESS MIRROR: Mag-inquire lang po kami regarding po doon sa update regarding doon sa collection ng government for Rice Tariffication, ‘yung nag-start po since last year?

ASST. COMMISSIONER MARONILLA: Well, sa amin na-meet naman namin ‘yung target na sinet sa amin. I think, we’re—from the latest figures is about eleven or—but more than ten billion pesos were already collected out of the Rice Tariffication. We’re just trying to fine tune the exact figures up until December. It could run to about eleven or twelve billion.

The expectation was about fourteen kaya lang medyo nag-slowdown because medyo naging careful din doon sa volume. So, ‘yung SPS issuances ng Department of Agriculture came into play also.

And I just like to clarify, I think the latest figures that we got now is that—the collection target of the Bureau of Customs is actually seven hundred thirty one billion for this year. So, ‘yung seven-sixty was the earlier one that was talked about but the final figure is seven hundred thirty one.

GILLIAN CORTEZ/BUSINESS WORLD: Back to the fuel marking. Do you have any data on how much in total are the smug—oil smuggled that you have retrieved in the past few years?

DEP. COMMSR. RAVAL: Ah... I don’t know how to say this. Actually, we can’t quantify ‘yung amount or volume that is smuggled, kasi nga smuggled siya ‘di ba? But I can give you the figures in volume in terms of increase of the declared volume from 2015 to 2019.

So, for 2015, oil products declared with the Bureau was at 10.57 billion; then in 2016, it was at 11.4 billion; 2017, 11.45 billion; in 2018, it increased by more than a billion with 12.39 billion, and it jumped by another two billion in 2019 which is now at 14.8 billion.

So, if you noticed, tumataas po ‘yung volume that is being declared. So, if there is a smuggling we cannot say but what I can assure you is that they are declaring more volume that they used to do.

GILLIAN CORTEZ/BUSINESS WORLD: So, with that pattern—because every year tumataas ‘yung volume of smuggled oil, do you think with the full rollout this year we will finally at least lessen it or totally...

ASST. COMMISSIONER MARONILLA: Eliminate?

GILLIAN CORTEZ/BUSINESS WORLD: Yes, eliminate it.

ASST. COMMISSIONER MARONILLA: That’s the expectation, that’s why we’re rolling out; because as you note, the fuel marking program is actually an anti-smuggling effort that anticipates higher rate of illicit activities because of the effects of the TRAIN Law.

Kung itinaas ho natin ang ano natin... ang rate ng mga buwis na babayaran para sa pag-angkat ng petrolyo at pagbenta ng petrolyo, ang kaukulan ho nitong tinitingnan namin is magkakaroon ng

mas malaking gain o malaking incentive ang mga indibidwal na nag-iisip ng masasama para mag-conduct ng illicit trade.

So, that's why the government needs to balance that particular risk by putting in fuel marking program para maiwasan ho 'yun, at the same time, to address the long standing issue on smuggling.

We don't have figures kasi nga tama 'yun smuggled nga naman but studies coming from other international organizations would usually support the increase in volume that's now being declared to us.

We attribute the increase in volume because those who have usually been evading payment of taxes are now fearful of the implementation of the program. So, instead of actually having the long arm of the law finally catch up with them, they're trying to pay the right duties and taxes now so that's why nag-i-increase.

So, if you go by that, by that alone titingnan mo na about forty percent nung actual volume na binabayaran dito, mga forty percent nun to fifty percent nai-smuggle; kasi ganun 'yung increase ng volume bigla eh. Of course, may factor din naman na baka puwedeng may high demand but we're looking at this as not the highest of likelihood.

Plus, may mga studies nga na nagsasabing roughly it's about twenty to forty billion pesos daw ang nawawala sa gobyerno a year because of oil smuggling. And looking at the estimates, maaaring suportado at least within those figures 'yung nawawala dito na gusto naming ma-recover.

USEC. ROCKY: Okay. Thank you, Gillian. May tanong pa? Okay na tayo, MPC? Joyce, may tanong ka? Okay. Thank you po sa ating mga bisita mula sa BIR at BOC. Thank you, MPC.

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Source: PCOO-NIB (News and Information Bureau-Data Processing Center)