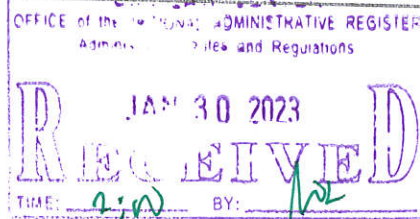
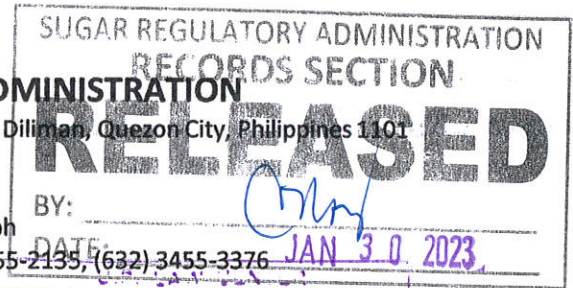




Republic of the Philippines
Department of Agriculture

SUGAR REGULATORY ADMINISTRATION

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SUGAR ORDER No. 5
Series of 2022-2023

SUBJECT: DISCONTINUANCE OF MANDATORY COLLECTION OF BRDE LIEN UNDER SUGAR ORDER No. 5, s. 2015-2016 AND TRANSFERRING ITS COLLECTION TO EPAP

WHEREAS, Sugar Order No. 5, series of 2015-2016 (SO No. 5) imposed the mandatory collection of monitoring fee of five centavos (P0.05) per liter of bioethanol fuel produced, and bioethanol, research, development and extension (BRDE) liens of ten centavos (P0.10) per liter thereof from all bioethanol fuel producers using sugarcane-based feedstocks;

WHEREAS, the BRDE lien being levied under SO #5 is set aside by SRA as a trust account specifically to fund RDE projects of the bioethanol fuel industry as endorsed by EPAP;

WHEREAS, in the Audit Observation Memorandum (AOM) dated 01 April 2016, the COA Resident Auditor flagged the SRA for treating as "trust fund" the BRDE lien collections without authority under EO No. 292 and is accordingly inconsistent with its role as member of the NBP, that is, to develop and implement policies in support of the biofuel program of the country;

WHEREAS, the COA Auditor recommended that SRA treat the liens levied as corporate income subject to tax and other impositions;

WHEREAS, the Ethanol Producers Association of the Philippines or EPAP in its letter to SRA on 28 July 2021 asked the management for the discontinuance of the lien collection as its original purpose of funding the research and development program of the industry is already defeated by the taxes and dividends tolled from the "trust funds";

WHEREAS, in the meeting held on 07 November 2022 between EPAP and SRA, both agreed to discontinue the SRA collection of BRDE lien and to let EPAP continue the collection of liens from its members to fund the bioethanol-related projects of the industry.

NOW, THEREFORE, under and by virtue of the powers vested in SRA, it is hereby ordered that:

SECTION 1. SRA shall effect the discontinuance of its mandatory collection of lien levied under SO No. 5 effective January 2023, and all [future] payments including past due accounts, if any, shall be paid directly or remitted to EPAP this time under its authority or discretion;



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SECTION 2. The issuance of this S.O will not in any way affect the collection by SRA of the monitoring fee in the amount of five centavos (P0.05) /liter in the form of regulatory fee from bioethanol fuel producers as mandated under Section 1 S.O No. 2015-2016;

SECTION 3. The SRA, subject to approval by the Sugar Board, will recommend and endorse all bioethanol -related projects to EPAP for its evaluation and funding, provided that it falls within the category of projects enumerated herein:

- a. Project proposals involving feedstocks that are not derived from sugarcane-based materials, project proposals on the processing of any feedstocks into bioethanol, activities relative to the development of products standards for higher ethanol blends, information campaign, development of test vehicles or flex-fuel vehicles and other related proposals; and,
- b. Project proposals which involve sugarcane research, development and extension of purely sugarcane agricultural RD&E in nature.

SECTION 4. In accordance with the provisions herein stated, the SRA and the EPAP will enter into a Memorandum of Agreement (MOA) regarding the general terms and conditions for the implementation of bioethanol-related projects above;

SECTION 5. Separability Clause. In case any provision in this Special Order is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

SECTION 6. Repealing Clause. Any Sugar Orders, Circular Letters or other SRA issuances that are not consistent with this policy are hereby amended, repealed or revoked accordingly.

SECTION 7. Effectively. A copy of this Order shall be filed with the Office of the National Administrative Registrar, U.P. Law Center, Diliman, Quezon City, and shall take effect immediately.

APPROVED BY:


DOMINGO F. PANGANIBAN
Chairperson/Senior Undersecretary




ADMINISTRATOR DAVID JOHN THADDEUS P. ALBA
Vice-Chairperson

MA. MITZI V. MANGWAG
Board Member – Millers' Representative


PABLO LUIS S. AZCONA
Board Member + Planters' Representative