



**Republic of the Philippines
House of Representatives
Quezon City**



FIFTEENTH CONGRESS

First Regular Session

House Bill No. 4794

Introduced by Representative Hermilando I. Mandanas

EXPLANATORY NOTE

The problem of climate change, considering its adverse repercussions, is, without doubt, one of the most pressing concerns that confront many countries, the Philippines included, in the world today. Considering our country's location, high population and low adaptive capacity, it is considered a climate change hot spot vulnerable to sea level rise, flash floods, extreme and longer hot and rainy seasons, cyclones, storm surges, droughts and a host of other serious consequences. It is, thus, imperative for the Philippines, in line with the solutions to global warming being undertaken by the rest of the world, to step up its own efforts in dealing with this global concern. This it can very well do by legislating measures that could lessen, if not eradicate, the emission to the atmosphere of the so-called "harmful gases", which cause the Earth to warm up way beyond normal levels.

This bill seeks to address the climate change problem by providing fiscal and non-fiscal incentives for the manufacture, assembly, conversion and importation of electric, hybrid and other alternative fuel vehicles. As proposed, manufacturers, assemblers, converters and importers concerned shall be exempt to pay duties, excise taxes and the Value-Added Tax (VAT) for the period of nine (9) years, in appropriate cases. Likewise, said electric, hybrid and other alternative vehicles shall be exempt from the payment of the Motor Vehicle User's Charge (MVUC). These fiscal incentives, together with the non-fiscal ones, will promote the market for "cleaner" vehicles, paving the way for the realization of having a healthier environment.

In addition to this expected boon, the country will also provide an answer to its fuel-saving woes. With the advent of these environment-friendly cars, there will be less demand for the importation of traditional/conventional fossil fuels (gasoline and petroleum) and more for the production of alternative fuels like electric, solar, wind, hydrogen fuel cell, compressed natural gas (CNG), liquefied natural gas (LNG) and liquefied petroleum gas (LPG).

Accordingly, passage of the bill is earnestly sought.


HON. HERMILANDO I. MANDANAS
Second District, Batangas

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

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HOUSE BILL NO. 4794

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AN ACT
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY,
CONVERSION AND IMPORTATION OF ELECTRIC, HYBRID AND OTHER
ALTERNATIVE FUEL VEHICLES, AND FOR OTHER PURPOSES

*Be it enacted by the Senate and the House of Representatives of the
Philippines in Congress assembled:*

1 **SECTION 1.** Title. – This Act shall be known as the “Electric, Hybrid and Other
2 Alternative Fuel Vehicles Incentives Act of 2011.”
3

4 **SEC. 2. Declaration of Policy.** – It is the policy of the State to safeguard life and
5 environment by encouraging the use of alternative sources of energy for vehicles
6 intended for public and private use. To protect the well-being and promote the
7 economic condition of the people as well as to promote energy independence
8 and security in the midst of development and innovation in technology, the
9 following are hereby declared:
10

11 A) It is the policy of the State to protect and advance the right of the
12 people to a balanced and healthful ecology in accord with the rhythm
13 and harmony in nature. The State shall recognize and address the
14 detrimental effects on the environment, safeguard the welfare, and
15 protect the health of the people by improving air quality and by
16 reducing the impact of greenhouse gas effects emitted from man-made
17 sources such as vehicles operating on fossil fuels.
18

19 B) The State supports the need to promote the development of new
20 technology to accelerate social progress and promote human
21 development. The use of alternative sources of energy on vehicles
22 intended for public and private use is encouraged to promote

1 innovation, energy efficiency, security and conservation, and to speed
2 up the deployment of cleaner technology.
3

- 4 C) The State recognizes the indispensable role of the private sector,
5 encourages private enterprise, and provides incentives to needed
6 investments. To accelerate economic growth and generate
7 employment, the State shall provide incentives to private enterprises
8 and individuals engaged in the manufacture, assembly, conversion,
9 and importation of electric, hybrid and other alternative fuel vehicles.
10

11 **SEC. 3. Definition of Terms.** – As used herein, the following shall mean:
12

- 13 (a) "Electric Vehicle" (EV) shall refer to any vehicle that uses electric
14 motors solely for propulsion.
15
16 (b) "Hybrid Vehicle" (HV) shall refer to any vehicle that combines the
17 technologies of using internal combustion engine (ICE) with a battery-
18 powered electric motor to gain advantages of both propulsion systems.
19
20 (c) Other "Alternative Fuel Vehicle" (AFV) shall refer to any vehicle using
21 alternative sources of energy such as but not limited to: solar, wind,
22 hydrogen fuel cell, compressed natural gas (CNG) or liquefied natural
23 gas (LNG) and liquefied petroleum gas (LPG), other than conventional
24 sources of energy like petroleum and gasoline for propulsion.
25
26 (d) "Manufacturer" or "Assembler" shall mean any individual, partnership,
27 corporation or other entity engaged in the manufacture, assembly and
28 conversion of electric, hybrid and other alternative fuel vehicles
29 incorporated, organized and existing under Philippine laws.
30
31 (e) "Importer" shall mean any individual, partnership, corporation or other
32 entity engaged in the importation of completely built units (CBUs) of
33 electric, hybrid and other alternative fuel vehicles incorporated,
34 organized and existing under Philippine laws.
35

36 **SEC. 4. Coverage.** – This Act shall cover electric, hybrid and other alternative
37 fuel vehicles but shall not include vehicles powered by gasoline, petroleum, bio-
38 diesel and bio-ethanol.
39

40 **SEC. 5. Incentives to Manufacturers or Assemblers.** – The provision of any
41 special or general law to the contrary notwithstanding, the manufacture or
42 assembly of completely knocked-down (CKD) parts of electric, hybrid and other
43 alternative fuel vehicles, including the conversion of vehicles into electric, hybrid
44 and other alternative fuel vehicles, shall be exempt from the payment of excise
45 taxes and duties for nine (9) years from the effectivity of this Act.
46

1 The imposition of the Value-Added Tax (VAT) for the purchase and
2 importation of raw materials, spare parts, components and capital equipment
3 used in the manufacture or assembly of electric, hybrid and other alternative fuel
4 vehicles shall be suspended for the next nine (9) years from the effectivity of this
5 Act.

6
7 **SEC. 6. Incentives to Importers.** – The provision of any special or general law
8 to the contrary notwithstanding, the importation of completely built units (CBUs)
9 of electric, hybrid and other alternative fuel vehicles shall be exempt from the
10 payment of excise taxes and duties for nine (9) years from the effectivity of this
11 Act.

12
13 **SEC. 7. Exemption from the Payment of Motor Vehicle User's Charge**
14 **(MVUC).** – Electric, hybrid and other alternative fuel vehicles shall be exempt
15 from the payment of the Motor Vehicle User's Charge (MVUC) imposed by the
16 Land Transportation Office (LTO) under Republic Act (RA) No. 8794, otherwise
17 known as "Motor Vehicle User's Charge (MVUC) Act."

18
19 **SEC. 8. Non-Fiscal Incentives.** –

20
21 1. *Priority in Registration and Issuance of Plate Number.* – Registration and
22 renewal of registration of electric, hybrid and other alternative fuel vehicles shall
23 be prioritized by the Land Transportation Office. A special type of vehicle plate to
24 be determined by the Land Transportation Office shall be exclusively issued to all
25 electric, hybrid and other alternative fuel vehicles upon registration.

26
27 2. *Priority in Franchise Application.* – Public Utility Vehicle (PUV) operators
28 exclusively utilizing electric, hybrid and other alternative fuel vehicles shall be
29 granted priority by the Land Transportation Franchising and Regulatory Board
30 (LTFRB) in the approval of applications for franchise to operate, including their
31 renewal, for nine (9) years from the effectivity of this Act.

32
33 3. *Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or*
34 *Number-Coding Scheme.* – All electric, hybrid and other alternative fuel vehicles
35 shall be exempted from the mandatory Unified Vehicular Volume Reduction
36 Program (UVVRP) or Number-Coding Scheme being implemented by the Metro
37 Manila Development Authority (MMDA) and other local government units (LGUs)
38 concerned.

39
40 4. *Mandatory Provision for Parking Spaces in New Establishments.* – Business
41 and commercial establishments to be constructed after the effectivity of this Act
42 are mandated to provide exclusive parking spaces for all electric, hybrid and
43 other alternative fuel vehicles. No building permit shall be issued for the
44 construction of business and commercial establishments that include parking
45 spaces unless the owner submits an affidavit that there shall be parking spaces

1 to be exclusively designated for electric, hybrid and other alternative fuel
2 vehicles.

3
4 **SEC. 9. Registration, Implementation and Monitoring.** – The Department of
5 Finance (DOF) and Department of Trade and Industry (DTI) shall be responsible
6 for the administration and implementation of the incentives granted under this
7 Act.

8
9 Manufacturers, assemblers, converters and importers of electric, hybrid
10 and other alternative fuel vehicles shall register with the Department of Finance
11 in order to avail of the incentives provided under this Act. For proper monitoring,
12 the Department of Finance and the Department of Trade and Industry shall meet
13 regularly to monitor and review the implementation of the incentives provided
14 herein.

15
16 **SEC. 10. Implementing Rules and Regulations.** – The Department of Finance,
17 in coordination with the Department of Trade and Industry, shall promulgate the
18 necessary rules and regulations for the effective implementation of this Act.

19
20 **SEC. 11. Separability Clause.** – If any provision of this Act is subsequently
21 declared invalid or unconstitutional, other provisions hereof which are not
22 affected thereby shall remain in full force and effect.

23
24 **SEC. 12. Repealing Clause.** – All laws, acts, presidential decrees, executive
25 orders, issuances, presidential proclamations, rules and regulations or parts
26 thereof which are contrary to and inconsistent with any provision of this Act are
27 hereby repealed, amended or modified accordingly.

28
29 **SEC. 13. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its
30 publication either in the Official Gazette, or in at least two (2) newspapers of
31 general circulation, whichever comes earlier.

Approved,