



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Fifteenth Congress
Second Regular Session



COMMITTEE REPORT NO. 1499

Submitted by the Committees on Ways and Means and Trade and Industry on

~~10 NOV 2011~~

RE : House Bill No. 5460
Recommending its approval in substitution of House Bill Nos
01, 4794, 5139 and 5161

Sponsors : Representatives Hermilando I. Mandanas, Albert S. Garcia
Jose Ma. F. Zubiri, Ryan Luis V. Singson, Rufus B.
Rodriguez, and Maximo B. Rodriguez, Jr.

Mr. Speaker:

The Committees on Ways and Means and Trade and Industry to which were
referred House Bill No. 01, introduced by Representatives Ronald V. Singson
and Jose Ma. Zubiri, entitled:

**"AN ACT EXEMPTING ALL MANUFACTURERS AND
IMPORTERS OF HYBRID VEHICLES FROM THE PAYMENT
OF CERTAIN TAXES AND FOR OTHER PURPOSES"**

House Bill. No. 4794, introduced by Representative Hermilando I. Mandanas
entitled:

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

House Bill No. 5139, introduced by Representative Ryan Luis V. Singson,
entitled:

"AN ACT EXEMPTING ALL MANUFACTURERS AND IMPORTERS OF HYBRID VEHICLES FROM THE PAYMENT OF CERTAIN TAXES AND FOR OTHER PURPOSES"

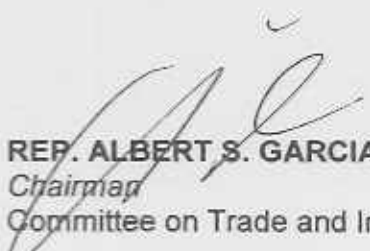
House Bill No. 5161, introduced by Representatives Rufus B. Rodriguez and Maximo B. Rodriguez, Jr., entitled:

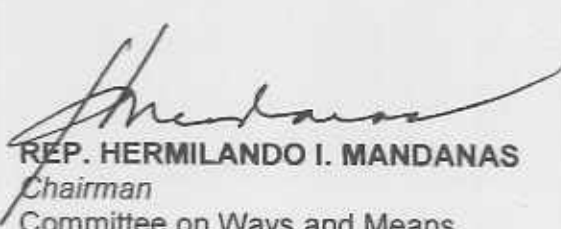
"AN ACT PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, AND IMPORTATION OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL VEHICLES, AND FOR OTHER PURPOSES"

have considered the same and recommend that the attached House Bill No. 5460, entitled:

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

be approved in substitution of House Bill Nos. 01, 4794, 5139 and 5161 with Representatives Jose Ma. Zubiri, Hermilando I. Mandanas, Ryan Luis V. Singson, Rufus B. Rodriguez, Maximo B. Rodriguez, Jr., and Albert S. Garcia as authors thereof.


REP. ALBERT S. GARCIA
Chairman
Committee on Trade and Industry


REP. HERMILANDO I. MANDANAS
Chairman
Committee on Ways and Means

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**

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

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5460

(in substitution of House Bill Nos. 01, 4794, 5139 and 5161)

Introduced by Representatives Jose Ma. F. Zubiri III, Hermilando I.
Mandanas, Ryan Luis V. Singson, Rufus B. Rodriguez, Maximo B.
Rodriguez, Jr. and Albert S. Garcia

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

1 intended for public and private use is encouraged to promote
2 innovation, energy efficiency, security and conservation, and to speed
3 up the deployment of cleaner technology.
4

- 5 C) The State recognizes the indispensable role of the private sector,
6 encourages private enterprise, and provides incentives to needed
7 investments. To accelerate economic growth and generate
8 employment, the State shall provide incentives to private enterprises
9 and individuals engaged in the manufacture, assembly, conversion,
10 and importation of electric, hybrid and other alternative fuel vehicles.
11

12 **SEC. 3. Definition of Terms.** – As used herein, the following shall mean:
13

- 14 (a) "Electric Vehicle" (EV) shall refer to any vehicle that uses electric
15 motors solely for propulsion.
16
17 (b) "Hybrid Vehicle" (HV) shall refer to any vehicle that combines the
18 technologies of using internal combustion engine (ICE) with a battery-
19 powered electric motor to gain advantages of both propulsion systems.
20
21 (c) Other "Alternative Fuel Vehicle" (AFV) shall refer to any vehicle using
22 alternative sources of energy such as but not limited to: solar, wind,
23 hydrogen fuel cell, compressed natural gas (CNG) or liquefied natural
24 gas (LNG) and liquefied petroleum gas (LPG), other than conventional
25 sources of energy like petroleum and gasoline for propulsion.
26
27 (d) "Manufacturer" or "Assembler" shall refer to any individual, partnership,
28 corporation or other entity engaged in the manufacture, assembly and
29 conversion of electric, hybrid and other alternative fuel vehicles
30 incorporated, organized and existing under Philippine laws.
31
32 (e) "Importer" shall refer to any individual, partnership, corporation or other
33 entity engaged in the importation of completely built units (CBUs) of
34 electric, hybrid and other alternative fuel vehicles incorporated,
35 organized and existing under Philippine laws.
36

37 **SEC. 4. Coverage.** – This Act shall cover electric, hybrid and other alternative
38 fuel vehicles but shall not include vehicles powered by gasoline, petroleum, bio-
39 diesel and bio-ethanol.
40

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

1 The importation of raw materials, spare parts, components and capital
2 equipment used in the manufacture, assembly or conversion of electric, hybrid
3 and other alternative fuel vehicles shall be exempted from the payment of value
4 added tax (VAT) for nine (9) years from the effectivity of this Act.

5
6 The sale of raw materials, spare parts, components and capital equipment
7 used in the manufacture or assembly of electric, hybrid and other alternative fuel
8 vehicle including the conversion into such vehicle shall be subject to zero percent
9 (0%) VAT rate for nine (9) years from the effectivity of this Act.

10
11 **SEC. 6. Incentives to Importers.** – The provision of any special or general law
12 to the contrary notwithstanding, the importation of completely built units (CBUs)
13 of electric, hybrid and other alternative fuel vehicles shall be exempt from the
14 payment of excise taxes and duties for four years (4) years from the effectivity of
15 this Act.

16
17 **SEC. 7. Registration, Implementation and Monitoring.** – The Department of
18 Finance (DOF) and Department of Trade and Industry (DTI) shall be responsible
19 for the administration and implementation of the incentives granted under this
20 Act.

21
22 Manufacturers, assemblers, converters and importers of electric, hybrid
23 and other alternative fuel vehicles shall register with the Department of Finance
24 in order to avail of the incentives provided under this Act. For proper monitoring,
25 the Department of Finance and the Department of Trade and Industry shall meet
26 regularly to monitor and review the implementation of the incentives provided
27 herein.

28
29 **SEC. 8. Implementing Rules and Regulations.** – The Department of Finance,
30 in coordination with the Department of Trade and Industry, shall promulgate the
31 necessary rules and regulations for the effective implementation of this Act.

32
33 **SEC. 9. Separability Clause.** - If any provision of this Act is subsequently
34 declared invalid or unconstitutional, other provisions hereof which are not
35 affected thereby shall remain in full force and effect.

36
37 **SEC. 10. Repealing Clause.** - All laws, acts, presidential decrees, executive
38 orders, issuances, presidential proclamations, rules and regulations or parts
39 thereof which are contrary to and inconsistent with any provision of this Act are
40 hereby repealed, amended or modified accordingly.

41
42 **SEC. 11. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its
43 publication either in the Official Gazette, or in at least two (2) newspapers of
44 general circulation.

Approved,

FACT SHEET

HOUSE BILL NO. 5460

(Substitute to House Bill Nos. 01, 4794, 5139 and 5161)

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

Introduced by Representatives Jose Ma. F. Zubiri III, Hermilando I. Mandanas, Ryan Luis V. Singson, Rufus B. Rodriguez, Maximo B. Rodriguez Jr. and Albert S. Garcia

Committee Referral: Committee on Ways and Means

Chairman: Hon. HERMILANDO I. MANDANAS

Committee Referral: Committee on Trade and Industry

Chairman: Hon. Albert S. Garcia

OBJECTIVE:

- To lay out the groundwork for the widespread use of hybrid and alternative fuel vehicles in the country and thus lessen our dependence on imported fossil fuel as well as to mitigate the deleterious effect of harmful carbon emission into the atmosphere to protect our environment.

KEY PROVISIONS:

- Exempts from the payment of excise taxes and duties for nine (9) years from the effectivity of the law, the manufacture or assembly of completely knocked-down (CKD) parts of electric, hybrid and other alternative fuel vehicles, including the conversion of vehicles into electric, hybrid and other alternative fuel vehicles;
- Exempts from the payment of value-added tax for nine (9) years from the effectivity of the law, the importation of raw materials, spare parts, components and capital equipment used in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles including the conversion of vehicles into electric, hybrid and other alternative fuel vehicles;
- Subjects to zero percent (0%) VAT rate for nine (9) years from the effectivity of the law, the sale of raw materials, spare parts, components and capital equipment used in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles including the conversion of vehicles into electric, hybrid and other alternative fuel vehicles;

- Exempts from the payment of excise taxes and duties for four (4) years from the effectivity of the law, the importation of completely built units (CBUs) of electric, hybrid and other alternative fuel vehicles.

RELATED LAWS:

- The National Internal Revenue Code of 1997, as amended;
- Republic Act No. 9337, otherwise known as An Act Amending Sections 27, 28, 34, 106, 107, 108, 109, 110, 111, 112, 113, 114, 116, 117, 119, 121, 148, 151, 236, 237 and 288 of the National Internal Revenue Code of 1997, as amended;
- Presidential Decree No. 1464, otherwise known as the Tariff and Customs Code of the Philippines, as amended;
- E. O. 226 otherwise known as the Omnibus Investments Code of 1987

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon, City

FIFTEENTH (15th) CONGRESS
First Regular Session

House Bill No. 01

Introduced by: Ronald V. Singson and Jose Ma. F. Zubiri III

EXPLANATORY NOTE

This bill seeks to grant tax incentives to importers and manufacturers of hybrid cars in the Philippines.

With the fluctuating gasoline prices in the country, car owners are mulling on other ways and means to save fuel on their vehicles.

One feasible solution that comes to mind is the use of hybrid cars. Hybrid cars are vehicles that use rechargeable energy system and normal gasoline-fueled power source for propulsion. These cars are durable, low polluting and consume less gasoline than conventional cars with pure internal combustion engines. Though most hybrid cars still use gasoline as their primary fuel source, new technologies include the use of ethanol and hydrogen fuel.

At a glance a hybrid car is really the answer to the fuel-saving problem in the country. However, it is very expensive. To produce a hybrid car costs \$5,000 more than a normal vehicle. While carmaker companies in the country are considering the importation and manufacture of hybrid models, they still cannot do so due to higher costs of production compared with regular gas-fed vehicles. They are willing to invest if only the government will grant importers and manufacturers special incentives like duty-free and tax-free importation of parts and components of the said vehicle.

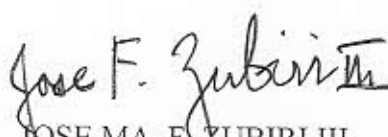
Parts and components are presently charged with 15 percent to 30 percent most favored nation tariffs if they are sourced outside of member-countries of the ASEAN. Imports from ASEAN members, on the other hand, are charged with a 5 percent common effective preferential tariff rates.

The duty-free and tax free importation of parts will make hybrid car assembly competitive with the production of normal gas-fed cars. If only the government will grant tax incentives to manufacturers and importers of hybrid cars, these cars will become more affordable and available to the Filipinos. Grant of tax exemptions shall be subject to a periodic review of duly constituted council. The time frame given may be enough to give time for the local automotive industry to develop its own capability to locally produce the said parts and components.

In view of the foregoing considerations approval of this bill is highly and earnestly recommended.



RONALD V. SINGSON



JOSE MA. F. ZUBIRI III

Republic of the Philippine
HOUSE OF REPRESENTATIVES

FIFTEENTH (15th) CONGRESS
First Regular Session

House Bill No. 01

Introduced by Ronald V. Singson and Jose Ma. Zubiri III

AN ACT
EXEMPTING ALL MANUFACTURERS AND IMPORTERS OF HYBRID
VEHICLES FROM THE PAYMENT OF CERTAIN TAXES AND FOR OTHER
PURPOSES

Section 1. Any provision of existing laws to the country notwithstanding, any person, partnership or corporation who is engaged in the business of manufacturing or importing the fuel-saving hybrid cars including its parts and components shall be exempt from the payment of import duties, customs and tariff duties, excise, value-added and *ad valorem* taxes in respect to the manufacture or importation of such cars.

For purposes of this Act, hybrid vehicles shall refer to vehicles that combine the technologies used in a gasoline-powered internal combustion (IC) engine with a battery-powered electric motor to gain the advantages of both propulsion systems.

Section 2. For proper implementation of this Act, an Inter-Agency Council hereinafter referred to as the Council is hereby created which shall be responsible to regulate and control the grant of tax exemptions to the manufacturers or importers of hybrid vehicles in accordance with the conditions to be set forth and the regulations to be promulgated by the council.

The Council shall be composed of the following officials or their representatives;

- a.) Secretary of Finance – Chairman;
- b.) Secretary of Energy – member;

- c.) Secretary of Science and Technology – member
- d.) Secretary of Trade and Industry – member
- e.) Commissioner of Customs – member

Section 3. The Grant of Tax exemptions provided in Section 1 shall be subject to periodic review by the council every five (5) years from the effectivity of this Act and the corresponding report shall be submitted to the Congress.

Section 4. The Inter-Agency Council shall promulgate the necessary rules and regulations for the effective implementation of this Act.

Section 5. All laws, decrees, executive orders, letters of instructions, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended or modify accordingly.

Section 6. This Act shall take effect fifteen (15) days following its publications in at least two (2) national newspapers of general circulation.

Approved.



**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

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4794

Introduced by the Honorable Hermilando I. Mandanas

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,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon, City

FIFTEENTH (15th) CONGRESS
Second Regular Session

House Bill No. **5139**

Introduced by: **HON. RYAN LUIS V. SINGSON**

EXPLANATORY NOTE

This bill seeks to grant tax incentives to importers and manufacturers of hybrid cars in the Philippines.

With the fluctuating gasoline prices in the country, car owners are mulling on other ways and means to save fuel on their vehicles.

One feasible solution that comes to mind is the use of hybrid cars. Hybrid cars are vehicles that use rechargeable energy system and normal gasoline-fueled power source for propulsion. These cars are durable, low polluting and consume less gasoline than conventional cars with pure internal combustion engines. Though most hybrid cars still use gasoline as their primary fuel source, new technologies include the use of ethanol and hydrogen fuel.

At a glance a hybrid car is really the answer to the fuel-saving problem in the country. However, it is very expensive. To produce a hybrid car costs \$5,000 more than a normal vehicle. While carmaker companies in the country are considering the importation and manufacture of hybrid models, they still cannot do so due to higher costs of production compared with regular gas-fed vehicles. They are willing to invest if only the government will grant importers and manufacturers special incentives like duty-free and tax-free importation of parts and components of the said vehicle.

Parts and components are presently charged with 15 percent to 30 percent most favored nation tariffs if they are sourced outside of member-countries of the ASEAN. Imports from ASEAN members, on the other hand, are charged with a 5 percent common effective preferential tariff rates.

The duty-free and tax free importation of parts will make hybrid car assembly competitive with the production of normal gas-fed cars. If only the government will grant tax incentives to manufacturers and importers of hybrid cars, these cars will become more affordable and available to the Filipinos. Grant of tax exemptions shall be subject to a periodic review of duly constituted council. The time frame given may be enough to give time for the local automotive industry to develop its own capability to locally produce the said parts and components.

In view of the foregoing considerations approval of this bill is highly and earnestly recommended.


RYAN LUIS V. SINGSON

Republic of the Philippine
HOUSE OF REPRESENTATIVES

FIFTEENTH (15th) CONGRESS
Second Regular Session

House Bill No. 5139

Introduced by Ryan Luis V. Singson

AN ACT
EXEMPTING ALL MANUFACTURERS AND IMPORTERS OF HYBRID
VEHICLES FROM THE PAYMENT OF CERTAIN TAXES AND FOR OTHER
PURPOSES

Section 1. Any provision of existing laws to the country notwithstanding, any person, partnership or corporation who is engaged in the business of manufacturing or importing the fuel-saving hybrid cars including its parts and components shall be exempt from the payment of import duties, customs and tariff duties, excise, value-added and *ad valorem* taxes in respect to the manufacture or importation of such cars.

For purposes of this Act, hybrid vehicles shall refer to vehicles that combine the technologies used in a gasoline-powered internal combustion (IC) engine with a battery-powered electric motor to gain the advantages of both propulsion systems.

Section 2. For proper implementation of this Act, an Inter-Agency Council hereinafter referred to as the Council is hereby created which shall be responsible to regulate and control the grant of tax exemptions to the manufacturers or importers of hybrid vehicles in accordance with the conditions to be set forth and the regulations to be promulgated by the council.

The Council shall be composed of the following officials or their representatives;

- a.) Secretary of Finance – Chairman;
- b.) Secretary of Energy – member;

- c.) Secretary of Science and Technology - member
- d.) Secretary of Trade and Industry - member
- e.) Commissioner of Customs - member

Section 3. The Grant of Tax exemptions provided in Section 1 shall be subject to periodic review by the council every five (5) years from the effectivity of this Act and the corresponding report shall be submitted to the Congress.

Section 4. The Inter-Agency Council shall promulgate the necessary rules and regulations for the effective implementation of this Act.

Section 5. All laws, decrees, executive orders, letters of instructions, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

Section 6. This Act shall take effect fifteen (15) days following its publications in at least two (2) national newspapers of general circulation.

Approved.

FIFTEENTH CONGRESS
REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES

House Bill No. 5161



*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

EXPLANATORY NOTE

For the first half of 2011, oil companies in the Philippines have already increased gas and diesel prices by almost P10 per liter. And while there is some relief in the immediate future because of the decrease of the price oil in the world market, there is no guarantee that it will last.

As such, there is a need to look into and encourage alternative sources of energy and other technology that would lessen our dependence on oil. And one of these technologies available is the hybrid technology in motor vehicles. Test driving results show that a full tank of unleaded gasoline costing P1,800 for hybrid vehicles would travel the same distance as a full tank of diesel costing P3,000.

Currently, there are very few hybrid vehicles being sold in the country because of its very high price tag which is caused by the very high excise and other taxes imposed by the government. Figures from Toyota Motor Philippines, Inc., dealers of the Toyota Prius and the Lexus Hybrid Vehicles show that only about 100 hybrid vehicles were sold by their company since starting to offer said vehicles in the country. Hence there is a need to provide incentives for the manufacture, assembly, and importation of electric, hybrid and other alternative fuel vehicles.

Further, these hybrid vehicles would not only lessen our dependence on oil but also help protect our environment because of the lower amounts of pollution that they emit.

In view of the foregoing, immediate passage of this bill is earnestly requested.


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

FIFTEENTH CONGRESS
REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES

House Bill No. **5161**

Introduced by Representative Rufus B. Rodriguez and Representative Maximo B. Rodriguez, Jr.

AN ACT
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, 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:

SECTION 1. Title—This Act shall be known as the "***Electric, Hybrid and Other Alternative Fuel Vehicles Incentives Act of 2011***".

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

- A) It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony in nature. The State shall recognize and address the detrimental effects on the environment, safeguard the welfare, and protect the health of the people by improving air quality and by reducing the impact of greenhouse has effects emitted from man- made sources such as vehicles operating on fossil fuels.
- B) The State supports the need to promote the development of new technology to accelerate social progress and promote human development. The use of alternative sources of energy on vehicles intended for public and private use is encouraged to promote innovation.

energy efficiency, security and conservation, and to speed-up the deployment of cleaner technology.

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

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

- (a) Electric Vehicle shall refer to any vehicle that uses electric motors solely for propulsion;
- (b) Hybrid Vehicle (HV) shall refer to any vehicle that combines the technologies of using internal combustion engine (ICE) with a battery-powered electric motor to gain advantages of both propulsion systems;
- (c) Other Alternative Fuel Vehicle (AFV) shall refer to any vehicle using alternative sources of energy such as but not limited to: solar, wind, hydrogen fuel cell, compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied petroleum gas (LPG), other than conventional sources of energy like petroleum and gasoline for propulsion.
- (d) Manufacturer or Assembler shall mean any individual, partnership, corporation or other entity engaged in the manufacture, assembly of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws;
- (e) Importer shall mean any individual, partnership, corporation or other entity engaged in the importation of completely built units (CBUs) of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws.

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

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

The imposition of the Value Added Tax (VAT) for the purchase and importation of raw materials, spare parts, components and capital equipment used

in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles shall be suspended for the next nine (9) years from the effectivity of this Act.

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

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

SEC. 8. Non-Fiscal Incentives –

1. **Priority in Registration and Issuance of Plate Number.** - Registration and renewal of registration of electric, hybrid and other alternative fuel vehicles shall be prioritized by the Land Transportation Office. A special type of vehicle plate to be prescribed by LTO shall be exclusively issued to all electric, hybrid and other alternative fuel vehicles upon registration.

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

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

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

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

Manufacturers, assemblers, converters and importers of electric, hybrid and other alternative fuel vehicles shall register with DOF in order to avail of the incentives provided under this Act. For proper monitoring, DOF and DTI shall meet regularly to monitor and review the implementation of the incentives provided herein.

SEC. 10. Implementing Rules and Regulations – The Department of Finance (DOF) in coordination with the Department of Trade and Industry (DTI) shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 11. Separability Clause – If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 12. Repealing Clause – All other laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. Effectivity Clause – The Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,