

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

Sixteenth Congress

First Regular Session

House Bill No. **2316**



Introduced by Honorable Mar-Len Abigail S. Binay

EXPLANATORY NOTE

Section 16, Article II of the Philippine Constitution declares that it is the right of the people to have a balanced and healthful ecology in accord with the rhythm and harmony of nature. In line with this policy, this bill seeks to take an active step towards the use of modern technology to reduce our consumption of fossil fuels that contribute to the phenomenon of global warming by promoting the use of hybrid cars in the Philippines through the grant of favorable tax measures and giving priority in franchise applications. By affording these incentives to hybrid car manufacturers, importers, spare parts dealers, the costs of importing, manufacturing and/or owning hybrid cars is reduced thereby allowing a greater number of Filipinos to own/utilize vehicles that use alternative and environmental friendly sources of energy.

In view of the foregoing, the approval of this bill is earnestly sought.


MAR-LEN ABIGAIL S. BINAY

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House Bill No. **2316**

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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 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 2013.

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

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

14 (b) The State supports the need to promote the development of new technology to
15 accelerate social progress and promote human development. The use of alternative
16 sources of energy on vehicles intended for public and private use is encouraged to
17 promote innovation, energy efficiency, security and conservation, and to speed up the
18 deployment of cleaner technology; and

19 (c) The State recognizes the indispensable role of the private sector, encourage private
20 enterprise and provides incentives to needed investments. To accelerate economic

1 growth and generate employment, the State shall provide incentives to private
2 enterprises and individuals engaged in the manufacture, assembly, conversion and
3 importation of electric, hybrid and other alternative fuel vehicles.

4 **SEC. 3. DEFINITION OF TERMS.** - As used herein, the following shall mean:

5 (a) **Electric Vehicle (EV)** shall refer to any vehicle that uses electric motors solely for
6 propulsion.

7 (b) **Hybrid Vehicle (HV)** shall refer to any vehicle that combines the technologies of
8 using internal combustion engine (ICE) with a battery-powered electric motor to
9 gain advantages of both propulsion systems.

10 (c) **Other Alternative Fuel Vehicle (AFV)** shall refer to any vehicle using alternative
11 sources of energy such as but not limited to: solar, wind, hydrogen fuel cell,
12 compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied
13 petroleum gas (LPG), other than conventional sources of energy like petroleum and
14 gasoline for propulsion.

15 (d) **Manufacturer or Assembler** shall refer to any individual, partnership, corporation
16 or other entity engaged in the manufacture, assembly and conversion of electric,
17 hybrid and other alternative fuel vehicles incorporated, organized and existing under
18 Philippine laws.

19 (e) **Importer** shall refer to any individual, partnership, corporation or other entity
20 engaged in the importation of completely built units (CBU's) of electric, hybrid and
21 other alternative fuel vehicles incorporated, organized and existing under Philippine
22 laws.

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

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

31 The importation of raw materials, spare parts, components and capital equipment used in
32 the manufacture, assembly or conversion of electric, hybrid and other alternative fuel vehicles
33 shall be exempted from the payment of valued-added tax (VAT) for nine (9) years from the
34 effectivity of this Act.

35 The sale of raw materials, spare parts, component and capital equipment used in the
36 manufacture or assembly of electric, hybrid and other alternative fuel vehicles, including the
37 conversion into such vehicles, shall be subject to zero percent (0%) VAT rate for nine (9) years
38 from the effectivity of this Act.

1 **SEC. 6. INCENTIVE TO IMPORTERS.** – The provision of any special or general law
2 to the contrary notwithstanding, the importation of CBU's of electric, hybrid and other
3 alternative fuel vehicles shall be exempt from the payment of excise taxes and duties for nine (9)
4 years from the effectivity of this Act.

5 **SEC. 7. EXEMPTION FROM THE PAYMENT OF MOTOR VEHICLE USER'S**
6 **CHARGE (MVUC).** - Electric, hybrid and other alternative fuel vehicles shall be exempt from
7 the payment of the MVUC imposed by the Land Transportation Office (LTO) under Republic
8 Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC) Act".

9 **SEC. 8. NON-FISCAL INCENTIVES – PRIORITY IN FRANCHISE**
10 **APPLICATION.** - Public Utility Vehicle (PUV) operators exclusively utilizing electric, hybrid
11 and other alternative fuel vehicles shall be granted priority by the Land Transportation
12 Franchising and Regulatory Board (LTFRB) in the approval of applications for franchise to
13 operate, including its renewal, for nine (9) years from the effectivity of this Act.

14 **SEC. 9. REGISTRATION, IMPLEMENTATION AND MONITORING** - The
15 Department of Finance (DOF) and the Department of Trade and Industry (DTI) shall be
16 responsible for the administration and implementation of the incentives granted under this Act.

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

21 **SEC. 10. Implementing Rules and Regulations.** – The DOF, in coordination with the
22 DTI, shall promulgate the necessary rules and regulations for the effective implementation of this
23 Act.

24 **SEC. 11. SEPARABILITY CLAUSE.** - If any provision of this Act is subsequently
25 declared invalid or unconstitutional, the other provisions hereof which are not affected thereby
26 shall remain in full force and effect.

27 **SEC. 12. REPEALING CLAUSE.** – All laws, acts, presidential decrees, executive
28 orders, issuances, presidential proclamation, rules and regulations or parts thereof which are
29 contrary to or inconsistent with any provision of this Act are hereby repealed, amended or
30 modified accordingly.

31 **SEC. 13. EFFECTIVITY CLAUSE.** – This Act shall take effect fifteen (15) days after
32 its publication either in the *Official Gazette* or at least two (2) newspapers of general circulation.

33 **Approved,**