

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. **4594**



INTRODUCED BY REPRESENTATIVE ARTHUR C. YAP

EXPLANATORY NOTE

Climate change is now a reality. Recent scientific assessments have confirmed that this warming of the climate system is primarily due to human activities that have caused the greenhouse gas concentrations from the burning of fossil fuels and land use change. Current warming has increasingly posed quite considerable challenges to man and the environment. We need to consider a more pro-active adaptation planning in order to ensure sustainable development in the future.

Climate change and global warming concerns coupled with high oil prices are driving increasing renewable energy legislation, incentives and commercialization.

Renewable energy is generally defined as energy that is collected from resources which are naturally replenished on a human timescale, such as sunlight, wind, rain, tides, waves, and geothermal heat. In rural and remote areas where transmission and distribution of energy generated from fossil fuels can be difficult and expensive, producing renewable energy locally seems to offer a viable alternative.

However, renewable energies are also often regarded to be too expensive and not competitive with conventional fuels to cover electricity demands – especially in a developing country like the Philippines. It is a common perception that renewables are highly expensive technologies, increase the price of electricity and need further private investments or government subsidies in the energy system.

Private and public financing from both domestic and external sources will be necessary and should be seen as complements rather than substitutes. Unlocking the potential of the private sector is indispensable for energy access in the country. Providing affordable and reliable access to energy to private sector actors will enable them to function as an engine of growth and thereby

advance the economic transformation. Better energy access will thus lead to enhanced enterprise development and increase in income generating activities.

This bill seeks to promote the use of renewable energy in the country to combat global warming and climate change by providing incentive to the private sector to engage in the development of the sector. To achieve this goal, this measure mandates the Bureau of Internal Revenue (BIR) to refund to taxpayers the amount not exceeding fifty percent (50%) of the tax they have paid for the immediately preceding taxable year as rebates for their purchases of renewable energy devices or components thereof.

In view of the foregoing, the immediate passage of this measure is earnestly sought.



ARTHUR C YAP
Representative



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AN ACT
PROMOTING RENEWABLE ENERGY, MANDATING
TAX REBATES FOR INDIVIDUALS PURCHASING
RENEWABLE ENERGY DEVICES OR SYSTEMS, AND
FOR OTHER PURPOSES

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

1 **SECTION 1. Declaration of Policy.** - It shall be the policy of the
2 State to promote the use of renewable energy to combat global warming and
3 climate change.

4 **SECTION 2. Definition of Terms.** - For purposes of this Act, the
5 following terms shall mean :

6 a) *Renewable energy* – the form of producing energy derived from
7 environmentally friendly source such as solar, wind, hydro, geothermal,
8 sea waves and other similar sources which do not employ the use of
9 fossil fuel or the likes of it;

10 b) *Device* – the object, in whole or part, of a system that produces or
11 stimulates, aids or enhances the production of energy or any other thing;

1 c) *Rebates* – the refund or repayment by the government to a taxpayer who
2 has duly paid his taxes. The rebate should be in the form of cash or
3 similar instrument that could be readily available for use by the
4 beneficiary;

5 d) *Individual* – shall refer to a natural or juridical person;

6 e) *Solar panels* – the device which produces electrical energy by mere
7 exposure to light in accordance with photovoltaic principles and similar
8 technologies;

9 f) *Wind turbines* – devices that produce energy from the wind; and,

10 g) *Hydroelectric components* – those objects, instruments, gauges, wires,
11 support structures, alternators, charge controllers, batteries and other
12 related materials or system components that are used to produce energy
13 from hydro power.

14 **SECTION 3.** The Bureau of Internal Revenue (BIR) shall, upon
15 request by an individual taxpayer, refund to the said taxpayer the amount not
16 exceeding fifty percent (50%) of the tax he has paid for the immediately
17 preceding taxable year, or Fifty Million Pesos (P 50,000,000.00) whichever
18 is lower, as rebates for the taxpayer's purchase of renewable energy device or
19 components thereof such as but not limited to the following:

20 a) Solar panels and/or support components;

21 b) Wind turbines, assembly, parts and/or support components;

22 c) Hydroelectric system, parts and or components;

23 d) Inverter parts, assembly or components;

24 e) Charge controller parts, assembly or components;

25 f) Power storage batteries of any kind; and,

1 g) Other renewable energy system or components as certified by the
2 Department of Science and Technology (DOST).

3 The amount of rebates, however, should not exceed sixty percent (60%)
4 of the amount of purchase of renewable energy devices, parts or system by an
5 individual.

6 System purchase rebates shall include the cost of labor, consultancy and
7 other related technology support services in connection with the installation
8 of purchased renewable energy devices, parts or system by an individual.

9 **SECTION 4. *Implementing Rules and Regulations.*** - The
10 Department of Finance (DOF) in cooperation with DOST shall issue the
11 necessary rules and regulations for the effective implementation of this Act.

12 **SECTION 5. *Separability Clause.*** - Any portion or provision of this
13 Act which may be declared unconstitutional or invalid shall not affect the
14 other portions or provisions hereof.

15 **SECTION 6. *Repealing Clause.*** - All other laws, ordinances, rules,
16 regulations and other issuances or parts thereof, which are inconsistent with
17 this Act, are hereby repealed or modified accordingly.

18 **SECTION 7. *Effectivity.*** - This Act shall effect fifteen (15) days after
19 its publication in the Official Gazette or in at least two (2) newspapers of
20 general circulation.

APPROVED,