

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

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6018**



Introduced by HONORABLE STRIKE B. REVILLA

EXPLANATORY NOTE

**AN ACT PROMOTING ENVIRONMENTALLY SUSTAINABLE TRANSPORT BY
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY,
CONVERSION AND IMPORTATION OF ELECTRIC AND HYBRID VEHICLES
INCLUDING CHARGING STATIONS AND FOR OTHER PURPOSES**

Explanatory Note

In a country that ranks among the world's Top 10 most vulnerable countries to climate change¹, it is important to mainstream programs that mitigate climate change risks while incentivizing climate change adaptation among the private sector, communities, and individuals.

The use of electric and hybrid vehicles among individuals and organizations presents such an opportunity. At present, the Philippine Department of Energy (DOE) and the Asian Development Bank (ADB) awarded the contract to supply 3,000 electric tricycles or E-Trikes to a consortium which is seen to catalyze the entry of more efficient modes of public transport while the Electric Vehicle Association of the Philippines (EVAP) envisions to mainstream 1 million electric vehicles by 2020.

In a study released by international consulting firm Grant Thornton in 2012, "Asia is currently the largest market for hybrids/electrics (56%)."² Further: "The trend toward alternative fuels is visible in global sales of hybrid electric vehicles (HEVs) and battery electric vehicles (BEVs), projected to reach 5.4 million vehicles by 2021 (more than 6% of the automotive market), up from 810,000 vehicles in 2010 (approximately 2% of market share)."³

¹ Romero, "Phl among world's top 10 most vulnerable to climate change." [www.Philstar.com](http://www.philstar.com/headlines/2013/10/30/1251165/phl-among-worlds-top-10-most-vulnerable-climate-change). Last accessed on February 26, 2014: <http://www.philstar.com/headlines/2013/10/30/1251165/phl-among-worlds-top-10-most-vulnerable-climate-change>

² Grant Thornton, "Greener fleets: Companies consider alternative-fuel vehicles", 2012

³ Ibid.

The same report states that, "Around a quarter of global companies (24%) have introduced or are considering vehicles that run on alternative fuels for their businesses ...Companies in the ASEAN region (31%) were most likely to use or consider alternative-fuel vehicles."⁴

Among the top reasons cited for ASEAN users to consider switching to alternative fuel vehicles are the following: the "price of oil" (88%); "saving the planet" (88%), "cost management" (81%), and "tax relief" (77%).⁵

The study summarizes its findings this way: Rising oil prices and increasing awareness of the environmental impact of traditional fuels make alternative-fuel vehicles attractive to owners of commercial/business fleets. Government incentives and regulations are also pushing executives to explore alternative fuels. Indeed, many countries and states/provinces already offer significant incentives for buying or converting to alternative-fuel vehicles; in some regions regulations will eventually force the use of alternative fuels."⁶

In the 15th Congress, both the Upper and Lower Houses of Congress passed on Third Reading similar measures entitled: "An Act Providing Incentives For The Manufacture, Assembly, Conversion And Importation of Electric, Hybrid and Other Alternative Fuel Vehicles, And For Other Purposes." Clearly, Congress recognizes that the emerging industry of electric and hybrid vehicles can significantly contribute to investment generation, job creation, poverty reduction, and the climate change mitigation.

To follow through on this, this representation proposes stronger policy support in order to promote adoption of and drive consumer demand for electric and hybrid vehicles. In this regard, this Act provides fiscal incentives to drive consumer demand as follows:

- a. For Manufacturers and Assemblers: Nine (9) year exemption from payment of excise taxes and duties in the manufacture or assembly of completely knocked down (CKD) parts of electric and hybrid vehicles, including the conversion of vehicles into electric and hybrid vehicles. Nine (9) year suspension of VAT for purchases and importation of raw materials, spare parts, components and capital equipment used in the manufacture or assembly of electric and hybrid vehicles including charging stations For Importers: Three (3) year exemption from payment of excise taxes and duties for the importation of completely built units (CBUs) of electric and hybrid vehicles;
- b. Exemption from the Payment of Motor Vehicle User's Charge (MVUC) imposed by the Land Transportation Office.

This Act also provides non-fiscal incentives to promote the mainstream use of these vehicles as follows:

⁴ Ibid.

⁵ Ibid, p.5.

⁶ Ibid, p.2.

- c. Creation of an Inter-Agency Task Force to resolve issues affecting the entire supply chain of the electric and hybrid vehicle sector;
- d. Priority in registration and issuance of plate number;
- e. Priority in franchise application;
- f. Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme;
- g. Provision for free parking spaces in new establishments; and
- h. Land Allocation, zoning and utilization by Local Government Units (LGUs) for electric and hybrid vehicle charging stations.

It is recognized that while the cost of electric and hybrid vehicles are higher compared to those of regular vehicles, these incentives will make the adoption of these vehicles more attractive to consumers and manufacturers alike.

As the world braces itself for stronger impacts of climate change while adapting to swift changes in technology, it is imperative that Filipinos are not left behind in the waves of change. Early adaptation to and promotion of electric and hybrid vehicles will help the country mitigate the risks associated with climate change, while opening up potential investment and job opportunities that will ultimately benefit more Filipinos.

In view of the foregoing, the passage and enactment of this bill is earnestly sought.


REP. STRIKE B. REVILLA
2nd District, Cavite

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

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6018**

Introduced by HONORABLE STRIKE B. REVILLA

**AN ACT PROMOTING ENVIRONMENTALLY SUSTAINABLE TRANSPORT BY
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY,
CONVERSION AND IMPORTATION OF ELECTRIC AND HYBRID VEHICLES
INCLUDING CHARGING STATIONS AND FOR OTHER PURPOSES**

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

SECTION 1. Title. – This Act shall be known as the “**Electric and Hybrid
Vehicles Including Charging Stations Promotions Act of 2017**”.

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 gas 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, energy 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, conversion, and importation of electric and hybrid vehicles including charging stations.

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

- a) Electric Vehicle (EV) 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) Manufacturer or Assembler shall mean any individual, partnership, corporation or other entity engaged in the manufacture, assembly and conversion of electric and hybrid vehicles incorporated, organized and existing under Philippine laws.
- d) Charging Station shall refer to the element in an infrastructure that supplies electric energy for the recharging of electric and hybrid vehicles.

SEC. 4. *Coverage.* This Act shall cover electric and hybrid vehicles including charging stations but shall not include vehicles powered by gasoline, petroleum, bio-diesel and bio-ethanol.

SEC. 5. *Strengthening Public-Private Partnership for the Promotion of Electric Vehicles and Charging Stations.* – The Department of Trade and Industry (DTI) shall strengthen its coordination with other government agencies by constituting an Inter-Agency Task Force for the Promotion of Electric and Hybrid Vehicles Including Charging Stations under the Industry Development Council to expedite identification, prioritization, and resolution of issues affecting the entire supply chain of the electric and hybrid vehicle industry by formulating a shared implementation plan and monitoring system.

SEC. 6. *Creation of Inter-Agency Task Force.* – An Inter-Agency Task Force shall be created to ensure proper implementation of this Act.

SEC. 7. *Composition of the Inter-Agency Task Force.* – The Task Force shall be composed of the following members:

- a. Secretary, Department of Trade and Industry – Chairperson
- b. Secretary, Department of Transportation – Vice- Chairperson
- c. Secretary, Department of Energy – Vice-Chairperson
- d. Secretary, Department of Finance – Member
- e. Secretary, Department of the Interior and Local Government – Member
- f. Secretary, Department of Science and Technology – Member
- g. Three (3) Representatives from the Electric and Hybrid Vehicle Industry

Representatives from other agencies of the government may be invited as resource persons during the meetings of the Task Force.

SEC. 8. Duties and Responsibilities of the Task Force. – The Task Force shall have the following duties and responsibilities:

1. Formulate modalities for easier access to financing capital expenditures, operating expenses and retail operations of electric and hybrid vehicle and charging station manufacturers and assemblers;
2. Develop and implement standards which are aligned with international standards to govern electric and hybrid vehicles including batteries and charging infrastructures;
3. Review and recommend policy to increase public transport applications for electric and hybrid vehicles nationwide including their use for fleet operations in national government agencies and local government units (LGUs);
4. Coordinate with LGUs in identifying and allocating land and property within their jurisdiction for use as public charging stations for electric and hybrid vehicles;
5. Review and recommend appropriate classification for electric and hybrid vehicles and the corresponding parameters for Motor Vehicle Inspection System (MVIS) approval;
6. Coordinate with the electric power industry stakeholders, particularly, the Energy Regulatory Commission (ERC) and electric distribution utilities and cooperatives, in the preparation of their electric systems and network to accommodate the connection of electric and hybrid vehicles charging equipment and stations;
7. Undertake Information and Education Campaign (IEC) on the economic, social and environmental benefits on the use of electric and hybrid vehicles;
8. Monitor resolution of issues affecting the electric and hybrid vehicle sector and undertake actions as may be determined by the Inter-Agency Task Force; and
9. Formulate modalities for easier registration of electric and hybrid vehicles and coordinate with stakeholders regarding the same.

SEC 9. Incentives for 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 and hybrid vehicles including charging stations shall be exempt from the payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

The imposition of Value Added Tax (VAT) for the purchase and importation of capital equipment, spare parts, components used in the manufacture or assembly of

electric and hybrid vehicles including charging stations shall be suspended for nine (9) years from the effectivity of this Act.

SEC 10. *Incentives for Importers.* – The Provision of any special or general law to the contrary notwithstanding, the importation of completely built units (CBUs) of electric and hybrid vehicles shall be exempted from the payment of excise taxes and duties for three (3) years from the effectivity of this Act.

SEC 11. *Exemption from the Payment of Motor Vehicle User's Charge (MVUC)* – Electric and hybrid 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" for nine (9) years from the effectivity of this Act.

SEC. 12. *Incentives for Users of Electric Vehicles and Charging Stations.*

1. **Priority in Registration and Issuance of Plate Number.** – Registration and renewal of registration of electric and hybrid vehicles shall be prioritized by the Land Transportation Office (LTO) for nine (9) years from the effectivity of this Act. A special type of vehicle plate to be prescribed by the LTO shall be exclusively issued to all electric and hybrid vehicles upon registration.
2. **Priority in Franchise Application.** – Public Utility Vehicle (PUV) operators exclusively utilizing electric and hybrid 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 the Unified Vehicular Reduction Program (UVRP) or number-Coding Scheme.** – All electric and hybrid vehicles shall, for nine (9) years from the effectivity of this Act, 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 and hybrid 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 be designated for electric vehicles for nine (9) years from the effectivity of this Act.

5. Land Allocation, Zoning and Utilization by Local Government Units (LGUs) for Electric and Hybrid Vehicle Charging Stations. – LGUs shall allocate land and lot space for the construction of EV charging stations to encourage wider deployment of electric and hybrid vehicles in their areas of jurisdiction.

SEC. 13. – 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 and hybrid 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.

The Department of Transportation (DOTr) thru the Land Transportation Office (LTO) is responsible for the registration and renewal of electric and hybrid vehicles.

SEC. 14. – Implementing Rules and Regulations. - The Department of Finance (DOF) in coordination with the Department of Trade and Industry (DTI) and the Department of Transportation (DOTr) shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 15. – Administrative Support. – The Department of Trade and Industry (DTI) shall provide overall administrative support to the Task Force by appropriating the corresponding budget needed for the effective implementation of its mandate.

SEC. 16. – Implementing Rules and Regulations. – The Department of Trade and Industry (DTI) shall promulgate the necessary rules and regulations.

SEC. 17. – Separability Clause. – If any provision of this Act is declared unconstitutional or invalid, other parts of provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 18. – 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. 19. Effectivity Clause. This Act shall take effect fifteen (15) days following its publication in at least two (2) newspapers of general circulations or the Official Gazette.

Approved,