

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. 7675



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

Frequent adjustment of oil prices is not new to us. From December 2017 until April 2018, the price of Diesel increased from only P36.35 to P43.30, or about P7, while RON 97 Gasoline increased from P49.85 last December 2017 to P55.25 in April 2018, or about P6, thanks primarily to the implementation of the TRAIN Law.

Admittedly, a lot has to be done to be able to cope with the current problems brought about by high prices of gasoline. This leads us to the fact that energy-efficiency measures are very much significant today, given the fluctuating prices of gasoline in the country. Specifically, one solution to the worsening issue of frequent increase in gasoline prices has come about with the development of the so called "hybrid cars".

This bill aims to promote the widespread use of hybrid and vehicles using alternative fuels in the country and, thus, lessen our dependence on imported oil.

The measure, among others, seeks to:

- Protect the environment by mitigating the harmful effects of carbon emissions into the atmosphere;
- Exempt from the payment of value-added tax for nine years 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;
- Include non-fiscal incentives geared mainly for users, including priority in registration and franchise application for public utility vehicles; exemption from number coding schemes; and free parking in new buildings.

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


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. 7675

Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

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

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “*Electric, Hybrid and Other*
2 *Alternative Fuel Vehicles Incentives Act of 2018.*”

3
4 **SEC. 2. Declaration of Policy.** It is the policy of the State to safeguard the life and well-
5 being of its citizens and the safety of the environment by encouraging the use of alternative
6 sources of energy for vehicles intended for public and private use. To protect the well-being and
7 promote the economic advancement of the people as well as to promote energy independence
8 and security in the midst of development and innovation in technology, the following are hereby
9 declared:

- 10
11 a) It is the policy of the State to promote and advance the right of the people to a
12 balanced and healthful ecology in accord with the rhythm and harmony in nature.
13 The State shall recognize and address the detrimental effects on the environment,
14 safeguard the welfare, and protect the health of the people by improving air quality
15 and by reducing the impact of greenhouse gas effects emitted from man-made
16 sources such as vehicles operating on fossil fuels;
- 17
18 b) The State supports the need to promote the development of new technology to
19 accelerate social progress and promote human development. The use of alternative
20 sources of energy on vehicles intended for public and private use is encouraged to
21 promote innovation, energy, efficiency, security and conservation, and to speed up
22 the deployment of cleaner technology;
- 23

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

6
7 **SEC 3. *Definition of Terms.*** – As used herein, the following shall mean:

- 8
9 a) Electric Vehicle (EV) shall refer to any vehicle that uses electric motors solely for
10 propulsion;
11
12 b) Hybrid Vehicle (HV) shall refer to any vehicle that combines the technologies of
13 using Internal Combustion Engine (ICE) with a battery-powered electric motor to
14 gain advantages of both propulsion systems;
15
16 c) Other Alternative Fuel Vehicle (AFV) shall refer to any vehicle using alternative
17 sources of energy such as but not limited to: solar, wind, hydrogen fuel cell,
18 compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied
19 petroleum gas (LPG), other than conventional sources of energy like petroleum and
20 gasoline for propulsion;
21
22 d) Manufacturer or Assembler shall mean any individual, partnership, corporation or
23 other entity engaged in the manufacture, assembly and conversion of electric, hybrid
24 and other alternative fuel vehicles incorporated, organized and existing under
25 Philippine laws; and
26
27 e) Importer shall mean any individual, partnership, corporation or other entity engaged
28 in the importation of completely built units (CBUs) of electric, hybrid and other
29 alternative fuel vehicles incorporated, organized and existing under Philippine laws.

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

33
34 **SEC. 5. *Incentives to Manufacturers or Assemblers.*** –The manufacture or assembly of
35 completely knocked-down (CKD) parts of electric, hybrid and other alternative fuel vehicles,
36 including the conversion of vehicles into electric, hybrid and other alternative fuel vehicles, shall

1 be exempt from the payment of excise taxes and duties for nine (9) years from the effectivity of
2 this Act.

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

8
9 **SEC. 6. Incentives to Importers.** –The importation of CBUs of electric, hybrid and other
10 alternative fuel vehicles shall be exempt from the payment of excise taxes and duties for nine (9)
11 years from the effectivity of this Act.

12
13 **SEC. 7. Exemption from the Payment of Motor Vehicle User's Charge (MVUC) –**
14 Electric, hybrid and other alternative fuel vehicles shall be exempt from the payment of the
15 Motor Vehicle User's Charge (MVUC) imposed by the Land Transportation Office (LTO) under
16 Republic Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC) Act" for
17 nine (9) years after the effectivity to this Act.

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

- 20
21 1. **Priority in Registration and Issuance of Plate Number.** – Registration and renewal
22 of Registration of electric, hybrid and other alternative fuel vehicles shall be
23 prioritized by the LTO for nine (9) years after the effectivity of this Act. A special
24 type of vehicle plate to be prescribed by LTO shall be exclusively issued to all
25 electric, hybrid and other alternative fuel vehicles upon registration;
- 26 2. **Priority in Franchise Application.** Public Utility Vehicle (PUV) operators
27 exclusively utilizing electric, hybrid and other alternative fuel vehicles shall be
28 granted priority by the Land Transportation Franchising and Regulatory Board
29 (LTFRB) in the approval of applications for franchise to operate, including its
30 renewal, for nine (9) years from the effectivity of this Act;
- 31
32 3. **Exemption from Unifies Vehicular Volume Reduction Program (UVVRP) or**
33 **Number Coding Scheme.** – All electric, hybrid and other alternative fuel vehicles
34 shall for nine (9) years after the effectivity of this Act, be exempted from the
35 mandatory UVVRP or number-coding scheme being implemented by the Metro
36 Manila Development Authority (MMDA) and other local government units (LGUs)
37 concerned; and

1 4. Provision for Free Parking Spaces in New Establishments. – Business and
2 commercial establishments to be constructed after the effectivity of this Act are
3 mandated to provide exclusive parking spaces free of charge for all electric, hybrid
4 and other alternative fuel vehicles. No building permit shall be issued for the
5 construction of business and commercial establishments that include parking spaces
6 unless the owner submits an affidavit that there shall be free parking spaces to be
7 exclusively designated for electric, hybrid and other alternative fuel vehicles, for
8 nine (9) years after the effectivity of this Act.
9

10 **SEC. 9. Registration, Implementation and Monitoring.** – The Department of Finance
11 (DOF) and the Department of Trade and Industry (DTI) shall be responsible for the
12 administration and implementation of the incentives granted under this Act.
13

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

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

23 **SEC. 11. Separability Clause.** – If any provision of this Act is declared unconstitutional
24 or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force
25 and effect.
26

27 **SEC. 12. Repealing Clause.** – All other laws, orders, issuances, circulars, rules and
28 regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby
29 repealed or modifies accordingly.
30

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

Approved,