

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

NINETEENTH CONGRESS
Second Regular Session

House Bill No. **10038**



Introduced by Representative JOEY SARTE SALCEDA

AN ACT IMPOSING A MOTOR VEHICLE ROAD USER'S TAX ON NON-CONVENTIONAL VEHICLES, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 8794, ENTITLED "AN ACT IMPOSING A MOTOR VEHICLE USER'S CHARGE ON OWNERS OF ALL TYPES OF MOTOR VEHICLES AND FOR OTHER PURPOSES," AS AMENDED BY REPUBLIC ACT NO. 11239

EXPLANATORY NOTE

Based on market data, at least 1.4 million "non-conventional" vehicles, which include three-wheeled or four-wheeled single-chassis vehicles, whether electric or otherwise, have been acquired by motor vehicle users in the Philippines since 2020, when Memorandum Circular 2020-2227 was issued by the Land Transportation Office to prescribe the rates of motor vehicle user's charge imposed on these vehicles.

Furthermore, an estimated 432,000 of diesel-fueled three-wheeled vehicles under such classification has been sold to the market during the said period.

MC 2020-2227 was meant to be a temporary measure, intending to address the proliferation of such vehicles given the attractiveness of their price point as well as the need for private transport during the COVID-19 pandemic.

Likewise, while MC 2020-2227 provided a temporary framework for imposing MVUC on non-conventional vehicles, only law could address ambiguities and uncertainty over the permanence of such charges as well as the corresponding policies governing road access and road safety.

The key public policy question is whether they should be treated as "tricycles" or as "light cars." This policy question spills over to road access and road governance, where their being confused with "tricycles" has left them in regulatory limbo, over whether they are subject to local government restrictions on road use.

In terms of form (single-chassis, integrated unit), capacity (four-seater), and size, non-conventional vehicles hem closer to light cars than to tricycles. While the conventional tricycle is merely a motorcycle with an after-factory attached sidecar, non-conventional vehicles are completely-built single units.

As such, the rates of tax imposed on such vehicles should also be closer to rates imposed on light cars than rates imposed on tricycles.

This bill proposes to impose the same rates on non-conventional vehicles as those proposed for light cars under House Bill No. 9647, approved by this House on third reading on December 12, 2023.

Once enacted, this measure is expected to generate incremental revenues which could be used to improve road infrastructure:

Revenues generated by imposing motor vehicle road user's tax on "non-conventional vehicles" (in billions PHP)

	2024	2025	2026	2027
Revenues	2.912	3.834	4.872	5.474

In view of the foregoing, the approval of this measure is urgently sought.



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

Section 1. *Short Title.* - This Act shall be known as the "Non-Conventional Vehicles Road User's Tax Act."

SEC. 2. Section 2 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby amended to read as follows:

"SEC. 2. *Coverage.* - [In lieu of the registration fee under Section 8 of Republic Act No. 4136, as amended by Batas Pambansa Bilang 74, and the Private Motor Vehicle Tax under Executive Order No. 43, series of 1986, there is hereby] **THE MOTOR VEHICLE ROAD USER'S TAX SHALL BE** imposed on every motor vehicle, whether for hire or for private use, including government motor vehicles as [more fully] provided in Section 3 hereof [a Motor Vehicle User's Charge (MVUC)], which shall be collected from and paid by the owner of the motor vehicle."

SEC. 3. Section 3 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby amended to read as follows:

"SEC. 3. [*Rates of the Motor Vehicle User's Charge.* -] **RATES OF MOTOR VEHICLE ROAD USER'S TAX.** - (a) For private passenger cars registered as of the

date of the effectivity of this Act, the MVUC to be paid shall be the private motor vehicle tax under Executive Order No. 43, series of 1986, plus twenty-five percent (25%) for the first year, fifty percent (50%) for the second year, seventy-five percent (75%) for the third year, and one hundred percent (100%) for the fourth year and thereafter: Provided, however, That private passenger cars to be registered for the first time after the effectivity of this Act, shall be subject to the MVUC rates prescribed in Section 3(b) hereof.

“(b) Except as provided under Section 3(a) hereof, for each motor vehicle under each of the categories as herein provided, the MVUC shall be collected from and paid by the vehicle owner, at the following base rates plus twenty-five percent (25%) in the first year from the effectivity of this Act; the said base rates plus fifty percent (50%) in the second year from the effectivity of this Act; the said base rates plus seventy-five percent (75%) in the third year from the effectivity of this Act; and the said base rates plus one hundred percent (100%) in the fourth year from the effectivity of this Act and thereafter: Provided, That the MVUC for sports utility vehicles shall be fifteen percent (15%) higher than the MVUC herein set for private utility vehicles: Provided, further, That motorcycles for hire with sidecars shall not pay more than Three-hundred pesos (P300).

Type of Vehicle	Base Rates
I. Private and Government	
A. Passenger Cars	
(1) GVW up to 1,600 kgs.	P800
(2) GVW more than 1,600 kgs. – 2,300 kgs.	1,800
(3) GVW more than 2,300 kgs.	4,000
B. Utility Vehicles	
GVW up to 2,700 kgs.	P1,000
GVW more than 2,700 kgs. – 4,500 kgs.	P1,000 + P20 per 100 kgs. of GVW over 2,700 kgs.
C. Motorcycles	

without sidecar	P120
with side car	150
D. Buses	
GVW more than 4,500 kgs.	P900+P12 per 100 kgs. of GVW over 2,700 kgs.
E. Trucks	
GVW more than 4,500 kgs	P900+P12 per 100 kgs. of GVW over 2,700 kgs.
F. Trailers	
GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW
II. For Hire	
A. Passenger Cars	
(1) GVW up to 1,600 kgs.	P450
(2) GVW more than 1,600 kgs. – 2,300 kgs.	900
(3) GVW more than 2,300 kgs.	2,500
B. Utility Vehicles	
GVW up to 4,500 kgs.	P15 per 100 kgs. of GVW
C. Motorcycles	
without sidecar	P150
with side car	240
D. Buses	
GVW more than 4,500 kgs.	P15 per 100 kgs. of GVW
E. Trucks	
GVW more than 4,500 kgs	P900+P12 per 100 kgs. of GVW over 2,700 kgs.
F. Trailers	
GVW more than 4,500 kgs.	P12 per 100 kgs. of GVW
G. NON-CONVENTIONAL VEHICLES	
GVW of up to 1,600 kgs.	P2080 (2024)

P2560 (2025)

P3040 (2026)

**FIVE PERCENT (5%) INCREASE FROM 2027
ONWARDS**

PROVIDED, THAT FOR PURPOSE OF THIS ACT, “NON-CONVENTIONAL VEHICLES” SHALL BE A VEHICLE TYPE DISTINCT AND SEPARATE FROM MOTORCYCLES WITH SIDECAR AND SHALL INCLUDE SYMMETRICALLY-ARRANGED THREE-WHEEL VEHICLES, LIGHT QUADRICYCLE, AND HEAVY QUADRICYCLE. After the fourth year from the effectivity of this Act, the President of the Philippines may adjust the rates contained in Section 3 which shall be reflective of but shall not exceed the annual rate of increase of the Consumer Price Index (CPI). The President may adjust such rates not more than once every five (5) years.

SEC. 3. *Implementing Rules and Regulations.* - The DOTr, in coordination with the DOF and the LTFRB shall promulgate the rules and regulations to implement this Act within thirty (30) days from its effectivity.

SEC. 4. *Repealing Clause.* - All laws, orders, issuances, circulars, rules and regulation or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 5. *Separability Clause.* - If any provision of this Act is declared unconstitutional or invalid, other parts or provision hereof not affected thereby shall continue to be in full force and effect.

SEC. 6. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least one (1) newspaper of general circulation.

Approved,