



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
Second Regular Session



House Bill No. 10251

Introduced by:
HON. KING GEORGE LEANDRO ANTONIO V. COLLANTES

EXPLANATORY NOTE

Article XII, Section 2 of the 1987 Constitution declares that all natural resources are owned by the State and that their exploration, development, and utilization shall be under its full control and supervision for the benefit of the Filipino people. Complementing this mandate, Article II, Section 16 directs the State to protect and advance the people's right to a balanced and healthful ecology. These constitutional principles underscore the duty of government to harness the country's abundant renewable energy resources in a manner that promotes economic development, environmental sustainability, and the general welfare of the people.

The Philippines is among the countries most richly endowed with solar energy. Its tropical location provides abundant sunlight throughout the year, making solar power one of the nation's most accessible and inexhaustible natural resources. At the same time, the country continues to face rising electricity demand driven by economic growth, urbanization, industrial expansion, and digital transformation. Despite significant advances in renewable energy technology, many Filipino households and businesses remain dependent on increasingly costly and volatile sources of

electricity, resulting in higher living costs and reduced business competitiveness.

Unlike conventional power generation, solar energy possesses a uniquely democratic character. The sun shines on every home, farm, school, business, and public building regardless of location or income. Rooftops that once served only as shelter can become productive assets capable of generating clean and affordable electricity. Properly harnessed, solar energy enables ordinary consumers to reduce their electricity expenses, improve their energy security, and participate directly in the country's transition toward a more sustainable energy future.

The principal obstacle to widespread solar adoption is no longer the technology itself, but its upfront cost. While solar energy systems generate substantial savings over their operational life, the initial investment remains beyond the financial reach of many Filipino families, farmers, micro, small, and medium enterprises, and institutions. Consequently, the benefits of solar energy have largely been confined to those with sufficient capital to absorb the initial expense.

This measure seeks to democratize access to solar energy by reducing these financial barriers through a comprehensive package of fiscal incentives. It establishes a Solar Investment Tax Credit, additional income tax deductions, exemptions from Value-Added Tax and Real Property Tax for qualified installations, duty-free importation of eligible solar equipment, and incentives to encourage domestic manufacturing of solar technologies. These measures are intended to make solar energy ownership more affordable while stimulating investments, creating employment, strengthening local manufacturing, and expanding the country's renewable energy industry.

More importantly, this bill recognizes that fiscal incentives are not merely tax expenditures but strategic investments in the nation's long-term economic and energy future. Every solar installation reduces pressure on the electric grid, lowers dependence on imported fossil fuels, strengthens energy resilience, and contributes to a cleaner environment. The resulting savings for consumers, increased private investment, and broader economic activity have the potential to generate benefits that substantially outweigh the foregone revenues from the incentives provided under this Act.

Throughout history, transformative technologies have reshaped societies only after they became accessible to ordinary citizens. Electricity, telecommunications, and digital technologies accelerated economic development because public policy encouraged their widespread adoption. Solar energy presents a similar opportunity. By lowering the cost of adoption through well-designed fiscal incentives, government can accelerate the transition toward a future where clean, affordable, and reliable electricity is within the reach of every Filipino.

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



KING GEORGE LEANDRO ANTONIO V. COLLANTES
Representative, 3rd District, Batangas



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AN ACT
ESTABLISHING FISCAL INCENTIVES FOR THE ACQUISITION AND
INSTALLATION OF SOLAR ENERGY SYSTEMS, AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 9513, OTHERWISE KNOWN AS THE
"RENEWABLE ENERGY ACT OF 2008," THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED, AND THE LOCAL
GOVERNMENT CODE OF 1991, AND FOR OTHER PURPOSES

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 "Solar Energy Incentives Act of 2026."

Sec. 2. *Declaration of Policy.* It is hereby declared the policy of the State to promote the widespread adoption of solar energy systems by reducing the financial cost of acquiring and installing such systems through a comprehensive package of fiscal incentives. Toward this end, the State shall:

- (a) encourage households, businesses, agricultural enterprises, institutions, and government entities to invest in solar energy systems;
- (b) reduce electricity costs through increased utilization of solar energy;
- (c) promote domestic manufacturing and assembly of solar energy equipment;
- (d) stimulate investments, employment, and technological innovation in the renewable energy sector; and
- (e) contribute to national energy security and environmental sustainability through increased use of clean and renewable energy.

Sec 3. *Definition of Terms.* For purposes of this Act, the following terms shall mean:

- (a) Accredited Solar Provider refers to any person, partnership, corporation, cooperative, or entity duly accredited by the Department of Energy (DOE) in accordance with standards jointly prescribed by the Department of Trade and Industry (DTI), the Energy Regulatory Commission (ERC), and other concerned agencies to design, supply, install, operate, or maintain solar energy systems.
- (b) Battery Energy Storage System (BESS) refers to equipment or technologies capable of storing electrical energy for subsequent use, including batteries, battery management systems, inverters, and associated control systems.
- (c) Commercial Establishment refers to any business establishment engaged in trade, commerce, services, tourism, hospitality, office operations, or similar commercial activities.
- (f) End-User refers to any residential, commercial, industrial, agricultural, institutional, or government consumer of electricity.
- (g) Energy Storage System refers to technologies capable of absorbing, storing, and releasing electrical energy for later use, including battery storage, thermal storage, and other technologies recognized by the DOE.

(i) Household Solar System refers to a rooftop or ground-mounted solar photovoltaic system installed in a residential property primarily to generate electricity for household consumption, whether operating as a grid-connected, hybrid, or off-grid system.

(o) Solar Energy Equipment refers to solar photovoltaic panels, modules, mounting structures, inverters, batteries, charge controllers, smart meters, wiring systems, electrical protection devices, monitoring systems, and other components necessary for the safe and efficient operation of a solar energy system.

(p) Solar Energy System refers to an integrated system utilizing solar energy for the generation, storage, monitoring, and management of electricity, including photovoltaic modules, inverters, battery storage systems, mounting structures, electrical wiring, protection devices, monitoring equipment, and associated facilities.

(q) Solar Investment Tax Credit refers to the income tax credit granted under this Act equivalent to a prescribed percentage of the qualified cost of acquiring and installing eligible solar energy systems.

Sec 4. Solar Investment Tax Credit. Any qualified taxpayer who acquires and installs a solar energy system certified by the Department of Energy shall be entitled to a non-refundable income tax credit equivalent to fifty percent (50%) of the qualified installation cost.

The tax credit may be claimed beginning in the taxable year in which the system is commissioned and may be carried forward for the next five (5) consecutive taxable years until fully utilized.

The Bureau of Internal Revenue (BIR), in consultation with the DOE and DOF, shall prescribe the rules governing eligibility, documentation, carry-over, and administration of the Solar Investment Tax Credit.

Sec 5. Qualified Installation Costs. Qualified installation costs shall include:

- (a) solar photovoltaic panels or modules;
- (b) battery energy storage systems;
- (c) smart inverters;

- (d) mounting structures;
- (e) electrical wiring and protection systems;
- (f) smart meters;
- (g) monitoring and control systems;
- (h) engineering and design services;
- (i) transportation and installation costs;
- (j) testing and commissioning expenses;
- (k) permits and inspection fees; and
- (l) such other equipment and expenses as may be determined by the DOE.

Only systems installed by accredited solar providers shall qualify for incentives under this Act.

Sec 6. *Additional Income Tax Deductions.* In addition to the Solar Investment Tax Credit, qualified commercial, industrial, agricultural, and institutional taxpayers shall be entitled to the following deductions:

- (a) accelerated depreciation of solar energy equipment over a period not exceeding five (5) years;
- (b) immediate deduction of expenses for repair and maintenance directly attributable to qualified solar systems;
- (c) deduction of expenses incurred for workforce training on solar system operations and maintenance; and
- (d) enhanced deduction for research and development expenditures related to solar energy technologies.

The DOF, upon recommendation of the DOE and the BIR, may prescribe additional allowable deductions consistent with the objectives of this Act.

Sec 7. *Value-Added Tax (VAT) Exemption.* The sale, importation, installation, repair, maintenance, replacement, and upgrading of accredited solar energy systems and battery energy storage systems shall be exempt

from Value-Added Tax (VAT), subject to existing customs, taxation, and accreditation requirements.

The VAT exemption shall likewise apply to component parts certified by the DOE as necessary for the safe and efficient operation of solar energy systems.

Sec 8. *Exemption from Real Property Tax.* Consistent with the policy of encouraging distributed renewable energy generation, all permanent improvements consisting exclusively of solar energy systems, battery energy storage systems, mounting structures, electrical equipment, smart meters, and associated renewable energy facilities installed for own use shall be exempt from the assessment and payment of Real Property Tax.

The assessed value of the land and principal structure shall remain subject to applicable real property taxes; however, the value attributable solely to the renewable energy improvements shall not be included in determining the assessed value of the property.

No province, city, municipality, or barangay shall impose additional local taxes, assessments, surcharges, or special levies specifically on qualified solar energy systems covered by this Act.

Sec 9. *Duty-Free Importation.* The importation of solar photovoltaic modules, smart inverters, battery energy storage systems, specialized mounting structures, monitoring equipment, and other equipment certified by the DOE as not locally manufactured in sufficient quantity or quality shall be exempt from customs duties for a period of ten (10) years from the effectivity of this Act.

The Bureau of Customs, in coordination with the DOE and DTI, shall publish and annually update the list of eligible equipment.

Sec 10. *Incentives for Local Manufacturing.* To strengthen domestic manufacturing capabilities and develop a competitive Philippine solar industry, qualified manufacturers, assemblers, fabricators, and producers of solar energy equipment shall be entitled to:

- (a) enhanced deductions for capital investments;
- (b) tax incentives for research, development, and product innovation;

(c) duty exemptions on imported manufacturing machinery and equipment;

(e) workforce training incentives;

Preference shall be given to enterprises manufacturing equipment that complies with Philippine National Standards and internationally recognized quality certifications.

Sec 11. *Periodic Review of Fiscal Incentives.* Within five (5) years from the effectivity of this Act, and every five (5) years thereafter, the Department of Finance, in coordination with the Department of Energy and the Bureau of Internal Revenue, shall evaluate the fiscal impact and effectiveness of the incentives established under this Act. The review shall include:

(a) total incentives granted;

(b) number and classification of beneficiaries;

(c) installed solar capacity attributable to the incentives;

(d) estimated foregone revenues;

(e) electricity cost savings realized by beneficiaries; and

(f) recommendations for the continuation, modification, or termination of the incentives.

The Department of Finance, through the Bureau of Internal Revenue and the Bureau of Customs, in coordination with the Department of Energy, shall submit an annual report to the President of the Philippines and to both Houses of Congress not later than June 30 of each year.

SEC. 12. *Non-Duplication of Incentives.* No qualified expenditure shall be entitled to multiple fiscal incentives under this Act and any other law for the same purpose, unless expressly authorized by law.

A taxpayer who qualifies for incentives under more than one statute shall elect which incentive to avail of prior to filing the corresponding tax return or application.

Such election shall be irrevocable for the taxable year concerned.

SEC. 13. *Implementing Rules and Regulations.* Within one hundred twenty (120) days from the effectivity of this Act, the Department of Finance (DOF), through the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), in coordination with the Department of Energy (DOE), the Bureau of Local Government Finance (BLGF), the Department of the Interior and Local Government (DILG), and such other agencies as may be necessary, shall promulgate the rules and regulations necessary for the effective implementation of this Act.

SEC. 14. *Transitory Provision.* Applications for fiscal incentives pending before the Department of Energy, the Bureau of Internal Revenue, the Bureau of Customs, or any other concerned government agency upon the effectivity of this Act shall continue to be processed under the law and regulations in force at the time the application was filed, unless the applicant elects to be governed by the provisions of this Act.

The implementing rules and regulations shall prescribe the procedures governing such election.

SEC. 15. *Separability Clause.* If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 16. *Repealing Clause.* All laws, presidential decrees, executive orders, rules and regulations, or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 17. *Effectivity.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,