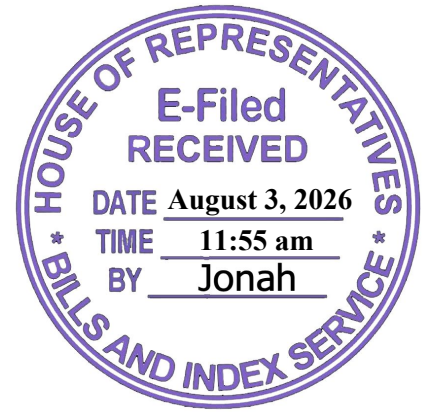


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
20TH CONGRESS
Second Regular Session

House Bill No. 10485



Introduced by: **REP. JOEL R. CHUA**

EXPLANATORY NOTE

Pataas lang nang pataas ang mga bill natin sa kuryente pero parang wala naman tayong mas murang option. High electricity costs continue to affect Filipino families, businesses, and public institutions. Although solar energy offers a clean and cost-effective alternative, the cost of purchasing solar equipment and obtaining financing remains a major obstacle for many consumers.

This bill seeks to encourage the use of solar energy by granting tax exemptions on qualified solar energy equipment and solar energy financing. By reducing the cost of investing in solar power, the measure aims to make renewable energy more affordable, lower electricity expenses, strengthen the country's energy security, and promote environmental sustainability.

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

JOEL R. CHUA
Representative, 3rd District, Manila

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Introduced by: **REP. JOEL R. CHUA**

AN ACT PROVIDING TAX EXEMPTIONS FOR SOLAR ENERGY EQUIPMENT, SOLAR ENERGY FINANCING, AND RELATED TRANSACTIONS TO ACCELERATE THE ADOPTION OF RENEWABLE ENERGY, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, 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 Tax Incentives Act."

Section 2. *Declaration of Policy.* – It is the policy of the State to ensure the sustainable development and utilization of renewable energy resources consistent with Article II, Section 16 and Article XII, Section 2 of the Constitution. Toward this end, the State shall promote the widespread adoption of solar energy technologies by reducing the tax burden associated with the acquisition, installation, financing, leasing, and operation of solar energy systems.

Section 3. *Definition of Terms.* – For purposes of this Act:

(a) **Solar Energy Equipment** refers to photovoltaic panels, solar modules, inverters, batteries, mounting systems, charge controllers, cables, monitoring devices, balance-of-system components, and other equipment certified by the Department of Energy as necessary for the generation, storage, or utilization of solar energy.

(b) **Solar Energy Financing** refers to loans, leases, installment sale agreements, power purchase agreements, solar service agreements, and other financing arrangements entered into solely for the acquisition, installation, operation, or maintenance of solar energy equipment.

(c) **Qualified Solar Energy Project** refers to residential, commercial, industrial, agricultural, institutional, and government solar energy systems certified by the Department of Energy.

Section 4. *Exemption from Documentary Stamp Tax.* – Any loan agreement, lease agreement, installment sale, mortgage, security agreement, power purchase agreement, or other financing instrument executed exclusively for a Qualified Solar Energy Project shall be exempt from the Documentary Stamp Tax imposed under the National Internal Revenue Code.

Section 5. *Income Tax Exemption on Financing Income.* – Income earned by banks, financing companies, cooperatives, and other lending institutions from Qualified Solar Energy Financing shall be exempt from income tax for a period of ten (10) years from the effectivity of this Act, subject to rules issued by the Department of Finance.

Section 6. *Gross Receipts Tax Exemption.* – Gross receipts derived by banks and non-bank financial intermediaries from Qualified Solar Energy Financing shall be exempt from the Gross Receipts Tax under the National Internal Revenue Code.

Section 7. *Value-Added Tax Exemption.* – The sale, importation, installation, repair, replacement, and maintenance of Solar Energy Equipment shall be exempt from value-added tax.

Nothing in this Act shall diminish or reduce any incentive already granted under existing renewable energy laws. In the event of overlap, the taxpayer shall be entitled to the more favorable incentive.

Section 8. *Import Duty Exemption.* – The importation of Solar Energy Equipment certified by the Department of Energy shall be exempt from customs duties, taxes, and fees, subject to existing customs laws and regulations.

Section 9. *Local Tax Incentives.* – No province, city, municipality, or barangay shall impose any business tax, permit fee, or similar local charge solely on the installation or operation of Qualified Solar Energy Projects, except reasonable regulatory fees necessary to recover administrative costs.

Section 10. *Tax Credit.* – Any taxpayer who installs a Qualified Solar Energy Project shall be entitled to claim a tax credit equivalent to twenty percent (20%) of the actual cost of the solar energy system, deductible against income tax liability over a period of five (5) taxable years.

Section 11. *Non-Impairment of Existing Incentives.* – Nothing in this Act shall be construed to repeal, diminish, or impair any incentive granted under the Renewable Energy Act of 2008 or any other law. Taxpayers may avail of the incentives under this Act in addition to those available under existing laws, subject to rules preventing double deduction or double recovery for the same expense.

Section 12. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Department of Finance, the Bureau of Internal Revenue, the Bureau of Customs, the Department of Energy, and the Department of the Interior and Local Government shall promulgate the necessary rules and regulations.

Section 13. *Separability Clause.* – If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall continue to be in full force and effect.

Section 14. *Repealing Clause.* – All laws, executive orders, and administrative orders or parts thereof inconsistent with any provision of this Act are hereby repealed or amended accordingly.

Section 15. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.