

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



Eighteenth Congress

First Regular Session

House Bill No. 1432

Introduced by Honorable Luis Jose Angel N. Campos, Jr.

EXPLANATORY NOTE

One of the policies enshrined in the Constitution is the right of the people to a balanced and healthful ecology. Section 16, Article II, provides to wit:

The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

The carbon dioxide emission of motor vehicles is a key contributor to the greenhouse gases released to our atmosphere which in turn contributes to global warming. Some of the adverse effects of global warming are a continuous rise in the overall temperature of the earth, climate change, more extreme weather conditions and increases in the sea level. The current President of the United States, Barack Obama, believes that no challenge poses a greater threat to our children, our planet, and future generations than climate change.

This bill seeks to help combat climate change and the adverse effects of global warming caused by the emission of fossil fuels by giving tax incentives to hybrid car manufacturers. Such tax incentive would allow more Filipinos to afford and use hybrid cars, and the increased availability and use of hybrid cars in the Philippines instead of the regular cars that run on fossil fuel will help reduce the carbon dioxide emission of the Philippines, thus there is less global warming and less pollution.

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


LUIS JOSE ANGEL N. CAMPOS, JR.

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AN ACT
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, CONVERSION
AND IMPORTATION OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL
VEHICLES 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, Hybrid and other Alternative Fuel Vehicles Incentives Act of 2013.

SEC. 2. DECLARATION OF POLICY. - It is the policy of the State to safeguard life and environment by encouraging the use of alternative source 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 reducing the impact of greenhouse gas effect emitted from man-made sources such as vehicle 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, security and conservation, and to speed up the deployment of cleaner technology; and
- (c) The State recognizes the indispensable role of the private sector, encourage 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, hybrid and other alternative fuel vehicles.

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) **Other Alternative Fuel Vehicle (AFV)** shall refer to any vehicle using alternative sources of energy such as but not limited to: solar, wind, hydrogen fuel cell, compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied petroleum gas (LPG), other than conventional sources of energy like petroleum and gasoline for propulsion.
- (d) **Manufacturer or Assembler** shall refer to any individual, partnership, corporation or other entity engaged in the manufacture, assembly and conversion of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws.
- (e) **Importer** shall refer to any individual, partnership, corporation or other entity engaged in the importation of completely built units (CBU's) of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws.

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

SEC. 5. Incentives to 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, hybrid and other alternative fuel vehicles, including the conversion of vehicles into electric, hybrid and other alternative fuel vehicles, shall be exempt from the payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

The importation of raw materials, spare parts, components and capital equipment used in the manufacture, assembly or conversion of electric, hybrid and other alternative fuel vehicles shall be exempted from the payment of valued-added tax (VAT) for nine (9) years from the effectivity of this Act.

The sale of raw materials, spare parts, component and capital equipment used in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles, including the conversion into such vehicles, shall be subject to zero percent (0%) VAT rate for nine (9) years from the effectivity of this Act.

SEC. 6. INCENTIVE TO IMPORTERS. - The provision of any special or general law to the contrary notwithstanding, the importation of CBU's of electric, hybrid and other

alternative fuel vehicles shall be exempt from the payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

SEC. 7. EXEMPTION FROM THE PAYMENT OF MOTOR VEHICLE USER'S CHARGE (MVUC). - Electric, hybrid and other alternative fuel vehicles shall be exempt from the payment of the MVUC imposed by the Land Transportation Office (LTO) under Republic Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC) Act".

SEC. 8. NON-FISCAL INCENTIVES – PRIORITY IN FRANCHISE APPLICATION. - Public Utility Vehicle (PUV) operators exclusively utilizing electric, hybrid and other alternative fuel 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.

SEC. 9. REGISTRATION, IMPLEMENTATION AND MONITORING - The Department of Finance (DOF) and the Department of Trade and Industry (DTI) shall be responsible for the administration and implementation of the incentives granted under this Act.

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

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

SEC. 11. SEPARABILITY CLAUSE. - If any provision of this Act is subsequently declared invalid or unconstitutional, the other provisions hereof which are not affected thereby shall remain in full force and effect.

SEC. 12. REPEALING CLAUSE. – All laws, acts, presidential decrees, executive orders, issuances, presidential proclamation, rules and regulations or parts thereof which are contrary to or inconsistent with any provision of this Act are hereby repealed, amended or modified accordingly.

SEC. 13. EFFECTIVITY CLAUSE. – This Act shall take effect fifteen (15) days after its publication either in the *Official Gazette* or at least two (2) newspapers of general circulation.

Approved,