



FIFTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE

S. No. 2598

RECEIVED BY: 

Introduced by Senator Antonio "Sonny" F. Trillanes IV

EXPLANATORY NOTE

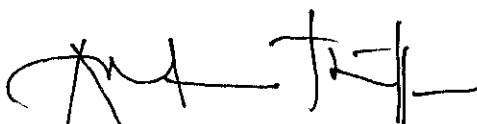
The frequent adjustment of oil prices is an issue not new to us. According to the Department of Energy, the net increase for gasoline and diesel stood at P1.75/liter and P0.75/liter, respectively, in October this year¹. Latest reports show that these recent adjustments in oil prices can be attributed to the upward movement in the prices of refined petroleum products in the world market².

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 discovery of the so called "hybrid cars".

Hybrid cars are vehicles which use rechargeable battery system and normal gasoline-fueled power source for propulsion. This type of vehicles is found to consume less gasoline than conventional cars with pure internal combustion engines. Aside from their durability, hybrid cars do not contribute to air pollution as much as other cars do.

Recognizing the potential contribution of using hybrid cars in energy-efficiency measures, this bill distinctively seeks to grant tax incentives to importers and manufacturers of hybrid cars in the country.

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



ANTONIO "SONNY" F. TRILLANES IV
Senator

¹ Department of Energy (DOE) Portal. *Oil Monitor*. Data retrieved on 04 November 2010, from <http://www.doe.gov.ph/opm/Oilmonitor.htm>.

² Gatdula, D. *Oil firms hike gas price by 50¢*. 06 October 2010. Data retrieved on 04 November 2010, from <http://www.philstar.com/Article.aspx?articleId=618363&publicationSubCategoryId=63>.

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AN ACT
EXEMPTING ALL MANUFACTURERS AND IMPORTERS OF HYBRID VEHICLES
FROM THE PAYMENT OF CERTAIN TAXES AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Any provision of existing laws to the country notwithstanding, any person,
2 partnership or corporation who is engaged in the business of manufacturing or importing the
3 fuel-saving hybrid cars including its parts and components shall be exempt from the payment of
4 import duties, customs, tariff duties, excise, value-added and *ad valorem* in respect to the
5 manufacture or importation of such cars.

6 For purposes of this Act, hybrid vehicles shall refer to vehicles that combine the
7 technologies used in a gasoline-powered internal combustion (IC) engine with a battery-powered
8 electric motor to gain the advantages of both propulsion systems.

9
10 **SEC. 2.** For proper implementation of this Act, an Inter-Agency Council, hereinafter
11 referred to as the Council, is hereby created which shall be responsible to regulate and control
12 the grant of tax exemptions to the manufacturers or importers of hybrid vehicles in accordance
13 with the conditions to be set forth and the regulations to be promulgated by the Council.

14 The Council shall be composed of the following officials or their representatives:

- 15 a) Secretary of Finance -- Chairman;
- 16 b) Secretary of Energy -- Member;
- 17 c) Secretary of Science and Technology -- Member;

1 d) Secretary of Trade and Industry – Member;

2 e) Commissioner of Customs – Member.

3

4 **SEC. 3.** The Grant of Tax exemptions provided in Section 1 shall be subject to periodic
5 review by the Council every five (5) years from the effectivity of this Act and the corresponding
6 report shall be submitted to the Congress.

7

8 **SEC. 4.** The Inter-Agency Council shall promulgate the necessary rules and regulations
9 for the effective implementation of this Act.

10

11 **SEC. 5.** Any laws, presidential decrees, executive orders and letters of instruction which
12 are inconsistent with any of the provisions of this Act are hereby repealed or amended
13 accordingly.

14

15 **SEC. 6.** This Act shall take effect fifteen days following its publication in the Official
16 Gazette or in any two newspapers of general circulation.

Approved,