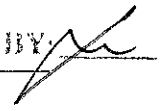


FIFTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )



'11 MAY -4 P2:19

SENATE  
S. No. 2798

RECEIVED BY: 

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Introduced by Senator Miriam Defensor Santiago

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EXPLANATORY NOTE

This bill seeks to grant tax incentives to importers and manufacturers of hybrid cars in the Philippines.

With the fluctuating gasoline prices in the country, car owners are mulling on other ways and means to save fuel on their vehicles.

One feasible solution is the use of hybrid cars. Hybrid cars are vehicles that use a rechargeable energy system and normal gasoline-fueled power source for propulsion. These cars are durable, low polluting, and consume less gasoline than conventional cars with pure internal combustion engines. Though most hybrid cars still use gasoline as their primary fuel source, new technologies include the use of ethanol and hydrogen fuel.

At a glance, a hybrid car is really the answer to the fuel-saving problem in the country. However, it is very expensive to produce. A hybrid car costs around USD 5,000 more than its non-hybrid counterpart. While carmaker companies in the country are considering the importation and manufacture of hybrid models, they still cannot do so due to higher costs compared with regular gas-fed vehicles. They are willing to invest if only the government will grant importers and manufacturers special incentives like duty-free and tax-free importation of parts and components of hybrid vehicles.

Parts and components are currently charged with 15% to 30% most favored nation tariffs if they are sourced outside of member-countries of the ASEAN. Imports from ASEAN members, on the other hand, are charged with a 5% common effective preferential tariff rates.

The duty-free and tax-free importation of parts will make hybrid car assembly competitive with the production of normal gas-fed cars. If only the government will grant tax incentives to manufacturers and importers of hybrid cars, these cars will become more affordable

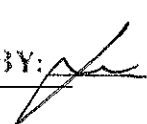
and available to Filipinos. Grant of tax exemptions shall be subject to a periodic review of the Secretary of Finance. The time frame may be enough to give time for the local automotive industry to develop its own capability to locally produce the said parts and components.

This bill is the counterpart bill of House Bill No. 1 by Reps. Ronald V. Singson and Jose Ma. F. Zubiri III.

*aw*  
  
MIRIAM DEFENSOR SANTIAGO

'11 MAY -4 P2:19

SENATE  
S. No. **2798**

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

1 AN ACT  
2 EXEMPTING MANUFACTURERS AND IMPORTERS OF HYBRID VEHICLES FROM  
3 THE PAYMENT OF CERTAIN TAXES

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

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

9 For purposes of this Act, "hybrid vehicles" shall refer to vehicles that combine the  
10 technologies used in a gasoline-powered internal combustion engine with a battery powered  
11 electric motor to gain the advantages of both propulsion systems.

12 SECTION 2. The grant of tax exemptions provided in Section 1 shall be subject to  
13 periodic review by the Secretary of Finance every three (3) years from the effectivity of this Act,  
14 and the corresponding report shall be submitted to the appropriate committees in Congress.

15 SECTION 3. *Separability Clause.* – If any provision of this Act is declared to be  
16 unconstitutional or invalid, the other sections or provisions hereof which are not affected thereby  
17 shall continue to be in full force and effect.

18 SECTION 4. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or parts  
19 thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified  
20 accordingly.

21 SECTION 5. *Effectivity Clause.* – This Act shall take effect after fifteen (15) days  
22 following its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,