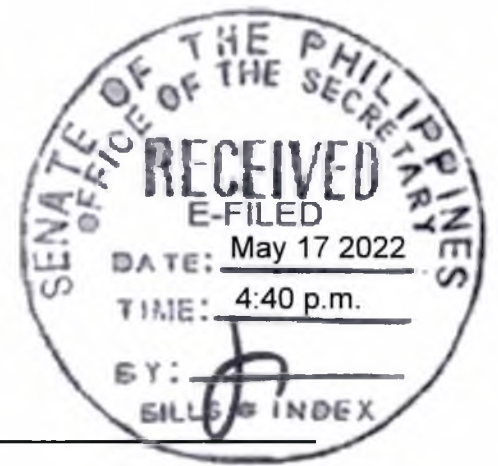


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE
S.B. No. **2519**

Introduced by **SENATOR IMEE R. MARCOS**

AN ACT
AMENDING REPUBLIC ACT NO. 11697 OTHERWISE KNOWN AS
THE "ELECTRIC VEHICLE INDUSTRY DEVELOPMENT ACT,"
AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Article II, Section 15 of the 1987 Constitution provides that, "*The State shall protect and promote the right to health of the people*" while Section 16 of the same Article states that, "*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 Paris Agreement was signed by President Rodrigo Roa Duterte and ratified by the Senate last 2017. Set within the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement was designed to strengthen the global response to the urgent threat of climate change by holding the increase in global average temperature below 2° above pre-industrial levels and was signed by 196 countries. In line with the Paris Agreement, President Duterte approved the country's first Nationally Determined Contribution (NDC) last April 2021, which aims to reduce greenhouse gas (GHG) emissions by 75% by 2030. Of the 75% target, some 72.29% will be conditional or dependent on the support of climate finance, technologies and capacity development which is set to be provided by developed countries. The rest of the target will be implemented through domestic resources.

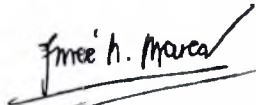
One of the biggest contributors to local carbon dioxide emissions is the local transportation sector, which is predominantly powered by oil products. The local transportation sector is responsible for 27.4 million tons of carbon dioxide equivalent emissions in 2020. The latest government inventory of Philippine greenhouse gas emissions shows the transportation sector as the second biggest source of emissions, contributing 31.3% of total emissions. The biggest emission contributor in

the transportation sector is the road use transport, which accounts for 88% of transportation emissions.

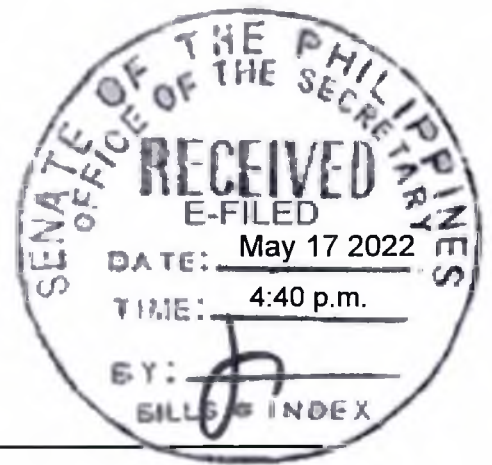
Adopting hybrids and electric vehicles which run on electric motor instead of the traditional internal combustion engine will allow the transportation sector to comply with the NDCs of the transport sector. However, the current law to encourage the uptake of electric vehicles do not provide enough incentives for the industry.

This proposed measure adds additional incentives to encourage the uptake of hybrid and electric vehicles in the public and private sector in the form of reductions in the applicable duty rates and the value added tax on the sale of hybrid and electric vehicles.

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


IMEE R. MARCOS

EIGHTEENTH CONGRESS OF THE)
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S.B. No. **2519**

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AN ACT
AMENDING REPUBLIC ACT NO. 11697 OTHERWISE KNOWN AS
THE "ELECTRIC VEHICLE INDUSTRY DEVELOPMENT ACT,"
AND FOR OTHER PURPOSES

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

1 **SECTION 1.** Section 24 of Republic Act No. 11697 otherwise known as the
2 "Electric Vehicle Industry Development Act" shall be amended to read as follows:

3 "Section 24. *Fiscal Incentives.* –

4 (a) Manufacturing

5 xxx

6 (b) Importation

7 xxx

8 (c) Utilization

9 A thirty percent (30%) discount for the BEVs and fifteen percent (15%)
10 discount for HEVs from the payment of the motor vehicle user's charge
11 imposed by the LTO under Republic Act No. 8794, otherwise known as the
12 "Motor Vehicle User's Charge Act," as well as vehicle registration and
13 inspection fees shall be available for eight (8) years from the effectivity of this
14 Act.

15 **(d) SALE**

16 **THE SALE OF HEVs SHALL BE SUBJECT TO FIFTY PERCENT (50%)**
17 **OF THE APPLICABLE DUTY RATES ON AUTOMOBILES WHILE THE**
18 **SALE OF BEVs SHALL BE EXEMPT FROM DUTY RATE ON**
19 **AUTOMOBILES.**

1 **PROVIDED THAT, FROM THE EFFECTIVITY OF THIS ACT, THE**
2 **SALE OF HEVs AND BEVs SHALL BE SUBJECT TO LOWER VAT RATES**
3 **FOR THE FIRST FIVE YEARS, AS FOLLOWS:**

4 **(i) YEAR 1 – FOUR PERCENT (4%)**

5 **(ii) YEAR 2 – SIX PERCENT (6%)**

6 **(iii) YEAR 3 – EIGHT PERCENT (8%)**

7 **(iv) YEAR 4 TO 5 – TEN PERCENT (10%)**

8 **PROVIDED FURTHER THAT, AFTER THE FIFTH YEAR, THE VAT**
9 **RATE SHALL BE REINSTITUTED AT TWELVE PERCENT (12%), AS**
10 **PROVIDED IN EXISTING LAWS, RULES, AND REGULATIONS.**

11 *Sec. 2. Repealing Clause.* – All laws, decrees, orders, rules and regulations or
12 other issuances or parts thereof inconsistent with the provisions of this Act are
13 hereby repealed or modified accordingly.

14 *Sec. 3. Separability Clause.* – If any portion or provision of this Act is declared
15 unconstitutional, the remainder of this Act or any provision not affected thereby shall
16 remain in force and effect.

17 *Sec. 4. Effectivity.* – This Act shall take effect after fifteen (15) days following
18 the completion of its publication either in the Official Gazette or in a newspaper of
19 general circulation in the Philippines.

Approved,