


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

'11 MAY 31 P5:26

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SENATE

COMMITTEE REPORT NO. 44

Submitted Jointly by the Committees on Ways and Means, on Trade and Commerce,
and on Climate Change on MAY 31 2011.

Re : Senate Bill No. 2856

Recommending its approval in substitution of Senate Bill Nos. 1445, 2460, 2598 and 2798.

Sponsor: Senator Ralph G. Recto

MR. PRESIDENT:

The Committees on Ways and Means, on Trade and Commerce, and on Climate Change, to which were referred S.B. No. 1445, introduced by Senator Zubiri, entitled:

“AN ACT
PROVIDING INCENTIVES TO THE MANUFACTURE, SALE AND
IMPORTATION OF HYBRID VEHICLES AND FOR OTHER
PURPOSES”,

Senate Bill No. 2460, introduced by Senator Defensor Santiago, entitled:

“AN ACT
TO ESTABLISH A SYSTEM OF TAX INCENTIVES FOR
INDIVIDUALS AND CORPORATIONS THAT ENGAGE IN THE
RESEARCH, DEVELOPMENT AND PRODUCTION OF ELECTRONIC
PUBLIC TRANSPORT VEHICLES”,

Senate Bill No. 2598, introduced by Senator Trillanes IV, entitled:

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

and Senate Bill No. 2798, introduced by Senator Defensor-Santiago, entitled:

"AN ACT
EXEMPTING ALL MANUFACTURERS AND IMPORTERS OF
HYBRID VEHICLES FROM THE PAYMENT OF CERTAIN TAXES"

have considered the same and have the honor to report the bills back to the Senate with the recommendation that the attached bill, Senate Bill No. 2856 prepared by the Committees, entitled:

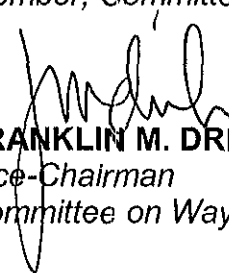
"AN ACT
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY,
CONVERSION AND IMPORTATION OF ELECTRIC, HYBRID AND
OTHER ALTERNATIVE FUEL VEHICLES, AND FOR OTHER
PURPOSES"


be approved in substitution of Senate Bill Nos. 1445, 2460, 2598 and 2798 with Senators Zubiri, Defensor Santiago, Trillanes IV and Recto as authors thereof

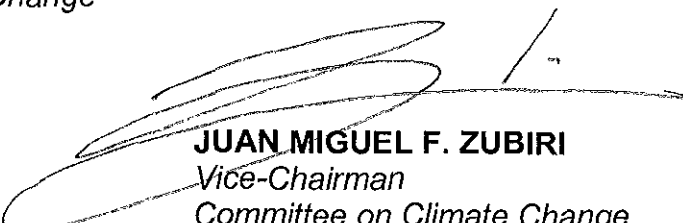
Respectfully submitted,


RALPH G. RECTO
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Committee on Ways and Means

MANNY VILLAR
Chairman
Committee on Trade and Commerce
Member, Committee on Ways & Means
Member, Committee on Climate Change


FRANKLIN M. DRILON
Vice-Chairman
Committee on Ways & Means

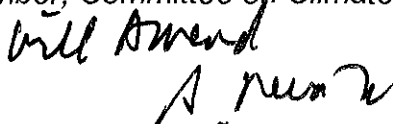

LOREN B. LEGARDA
Chairman
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JUAN MIGUEL F. ZUBIRI
Vice-Chairman
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Members:



FRANCIS N. PANGILINAN
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RAMON "Bong" REVILLA, JR.
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EDGARDO J. ANGARA
Member, Committee on Ways & Means
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JOKER P. ARROYO
Member, Committee on Ways & Means
Member, Committee on Trade & Commerce



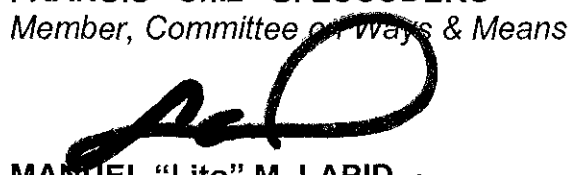
FERDINAND R. MARCOS, JR.
Member, Committee on Trade & Commerce
Member, Committee on Climate Change



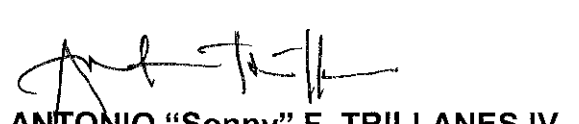
TEOFISTO L. GUINGONA III
Member, Committee on Ways & Means



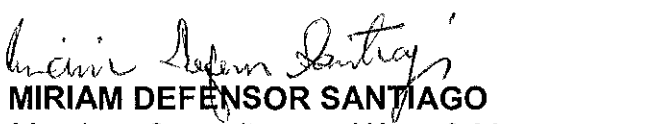
FRANCIS "Chiz" G. ESCUDERO
Member, Committee on Ways & Means



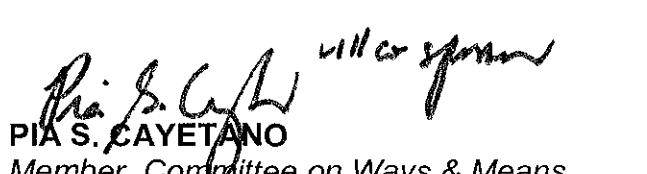
MANUEL "Lito" M. LAPID
Member, Committee on Ways & Means



ANTONIO "Sonny" F. TRILLANES IV
Member, Committee on Ways & Means



MIRIAM DEFENSOR SANTIAGO
Member, Committee on Ways & Means
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Member, Committee on Trade & Commerce

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JINGGOY EJERCITO ESTRADA
President Pro-Tempore



VICENTE C. SOTTO III
Majority Leader

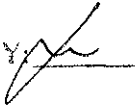
ALAN PETER "Compañero" S. CAYETANO
Minority Leader

HON. JUAN PONCE ENRILE
President
Senate of the Philippines
Pasay City

11 MAY 31 P5:26

SENATE

S. No. 2856

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(In substitution of S. Nos. 1445, 2460, 2598 and 2798)

Prepared by the Committees on Ways and Means, on Trade and Commerce, and on Climate Change with Senators Zubiri, Defensor-Santiago, Trillanes IV and Recto as authors thereof

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 the House of Representatives of the Philippines in Congress assembled:

1 SECTION 1. *Title.* – This Act shall be known as the “Electric, Hybrid and
2 Other Alternative Fuel Vehicles Incentives Act of 2011”.

3 SEC. 2. *Declaration of Policy.* - It is the policy of the State to safeguard life
4 and environment by encouraging the use of alternative sources of energy for
5 vehicles intended for public and private use. To protect the well-being and promote
6 the economic condition of the people as well as to promote energy independence
7 and security in the midst of development and innovation in technology, the following
8 are hereby declared:

9 A) It is the policy of the State to protect and advance the right of the
10 people to a balanced and healthful ecology in accord with the rhythm and harmony in
11 nature. The State shall recognize and address the detrimental effects on the
12 environment, safeguard the welfare, and protect the health of the people by

1 improving air quality and by reducing the impact of greenhouse gas effects emitted
2 from man-made sources such as vehicles operating on fossil fuels.

3 B) The State supports the need to promote the development of new
4 technology to accelerate social progress and promote human development. The
5 use of alternative sources of energy on vehicles intended for public and private use
6 is encouraged to promote innovation, energy efficiency, security and conservation,
7 and to speed-up the deployment of cleaner technology.

8 C) The State recognizes the indispensable role of the private sector,
9 encourages private enterprise, and provides incentives to needed investments. To
10 accelerate economic growth and generate employment, the state shall provide
11 incentives to private enterprises and individuals engaged in the manufacture,
12 assembly, conversion, and importation of electric, hybrid and other alternative fuel
13 vehicles.

14 SEC. 3. *Definition of Terms.* As used herein, the following shall mean:

15 (a) Electric Vehicle shall refer to any vehicle that uses electric motors
16 solely for propulsion.

17 (b) Hybrid Vehicle (HV) shall refer to any vehicle that combines the
18 technologies of using internal combustion engine (ICE) with a battery-powered
19 electric motor to gain advantages of both propulsion systems.

20 (c) Other Alternative Fuel Vehicle (AFV) shall refer to any vehicle using
21 alternative sources of energy such as but not limited to: solar, wind, hydrogen fuel
22 cell, compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied
23 petroleum gas (LPG), other than conventional sources of energy like petroleum and
24 gasoline for propulsion.

25 (d) Manufacturer or Assembler shall mean any individual, partnership,
26 corporation or other entity engaged in the manufacture, assembly and conversion of

1 electric, hybrid and other alternative fuel vehicles incorporated, organized and
2 existing under Philippine laws.

3 (e) Importer shall mean any individual, partnership, corporation or other
4 entity engaged in the importation of completely built units (CBUs) of electric, hybrid
5 and other alternative fuel vehicles incorporated, organized and existing under
6 Philippine laws.

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

10 SEC. 5. *Incentives to Manufacturers or Assemblers.* – The provision of any
11 special or general law to the contrary notwithstanding, the manufacture or assembly
12 of completely knocked-down (CKD) parts of electric, hybrid and other alternative fuel
13 vehicles, including the conversion of vehicles into electric, hybrid and other
14 alternative fuel vehicles, shall be exempt from the payment of excise taxes and
15 duties for nine (9) years from the effectivity of this Act.

16 The imposition of the Value Added Tax (VAT) for the purchase and
17 importation of raw materials, spare parts, components and capital equipment used in
18 the manufacture or assembly of electric, hybrid and other alternative fuel vehicles
19 shall be suspended for the next nine (9) years from the effectivity of this Act.

20 SEC. 6. *Incentives to Importers.* – The provision of any special or general
21 law to the contrary notwithstanding, the importation of completely built units (CBUs)
22 of electric, hybrid and other alternative fuel vehicles shall be exempt from the
23 payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

24 SEC. 7. *Exemption from the Payment of Motor Vehicle User's Charge*
25 *(MVUC).* – Electric, hybrid and other alternative fuel vehicles shall be exempt from
26 the payment of the Motor Vehicle User's Charge (MVUC) imposed by the Land

1 Transportation Office (LTO) under Republic Act No. 8794, otherwise known as
2 “Motor Vehicle User’s Charge (MVUC) Act”.

3 SEC. 8. *Non-Fiscal Incentives.* –

4 1. *Priority in Registration and Issuance of Plate Number.* - Registration and renewal
5 of registration of electric, hybrid and other alternative fuel vehicles shall be
6 prioritized by the Land Transportation Office. A special type of vehicle plate to be
7 prescribed by LTO shall be exclusively issued to all electric, hybrid and other
8 alternative fuel vehicles upon registration.

9 2. *Priority in Franchise Application.* – Public Utility Vehicle (PUV) operators
10 exclusively utilizing electric, hybrid and other alternative fuel vehicles shall be
11 granted priority by the Land Transportation Franchising and Regulatory Board
12 (LTFRB) in the approval of applications for franchise to operate, including its
13 renewal, for nine (9) years from the effectivity of this Act.

14 3. *Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or*
15 *Number-Coding Scheme.* – All electric, hybrid and other alternative fuel vehicles
16 shall be exempted from the mandatory Unified Vehicular Volume Reduction
17 Program (UVVRP) or Number-Coding Scheme being implemented by the Metro
18 Manila Development Authority (MMDA) and other local government units (LGUs)
19 concerned.

20 4. *Provision for Free Parking Spaces in New Establishments.* – Business and
21 commercial establishments to be constructed after the effectivity of this Act are
22 mandated to provide exclusive parking spaces free of charge for all electric,
23 hybrid and other alternative fuel vehicles. No building permit shall be issued for
24 the construction of business and commercial establishments that include parking
25 spaces unless the owner submits an affidavit that there shall be free parking

1 spaces to be exclusively designated for electric, hybrid and other alternative fuel
2 vehicles.

3 SEC. 9. *Registration, Implementation and Monitoring.* – The Department of
4 Finance (DOF) and Department of Trade and Industry (DTI) shall be responsible for
5 the administration and implementation of the incentives granted under this Act.

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

10 SEC. 10. *Implementing Rules and Regulations.* - The Department of
11 Finance (DOF) in coordination with the Department of Trade and Industry (DTI) shall
12 promulgate the necessary rules and regulations for the effective implementation of
13 this Act.

14 SEC. 11. *Separability Clause.* - If any provision of this Act is declared
15 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
16 continue to be in full force and effect.

17 SEC. 12. *Repealing Clause.* – All other laws, orders, issuances, circulars,
18 rules and regulations or parts thereof, which are inconsistent with the provisions of
19 this Act are hereby repealed or modified accordingly.

20 SEC. 13. *Effectivity Clause.* – The Act shall take effect after fifteen (15) days
21 following its publication in at least two (2) newspapers of general circulation.

Approved,