



HOUSE OF REPRESENTATIVES

H. No. 5460

BY REPRESENTATIVES ZUBIRI, MANDANAS, SINGSON (R.), RODRIGUEZ (R.),
RODRIGUEZ (M.) AND GARCIA (A.), PER COMMITTEE REPORT NO. 1499

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:*

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

3 SEC. 2. *Declaration of Policy.* – It is the policy of the State to
4 safeguard life and environment by encouraging the use of alternative sources of
5 energy for vehicles intended for public and private use. To protect the
6 well-being and promote the economic condition of the people as well as to
7 promote energy independence and security in the midst of development and
8 innovation in technology, the following 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
11 harmony in nature. The State shall recognize and address the detrimental
12 effects on the environment, safeguard the welfare and protect the health of the
13 people by improving air quality and by reducing the impact of greenhouse gas

1 effects emitted from man-made sources such as vehicles operating on fossil
2 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
6 use is encouraged to promote innovation, energy efficiency, security and
7 conservation, and to speed up the deployment of cleaner technology; and

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

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

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

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

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

26 (d) *Manufacturer or Assembler* shall refer to any individual,
27 partnership, corporation or other entity engaged in the manufacture, assembly

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

3 (e) *Importer* shall refer to any individual, partnership, corporation or
4 other entity engaged in the importation of completely built units (CBUs) of
5 electric, hybrid and other alternative fuel vehicles incorporated, organized and
6 existing under 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
11 of any special or general law to the contrary notwithstanding, the manufacture
12 or assembly of completely knocked-down (CKD) parts of electric, hybrid and
13 other alternative fuel vehicles, including the conversion of vehicles into
14 electric, hybrid and other alternative fuel vehicles, shall be exempt from the
15 payment of excise taxes and duties for nine (9) years from the effectivity
16 of this Act.

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

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

26 SEC. 6. *Incentives to Importers.* – The provision of any special or
27 general law to the contrary notwithstanding, the importation of CBUs of
28 electric, hybrid and other alternative fuel vehicles shall be exempt from the

1 payment of excise taxes and duties for four (4) years from the effectivity
2 of this Act.

3 SEC. 7. *Registration, Implementation and Monitoring.* – The
4 Department of Finance (DOF) and the Department of Trade and Industry
5 (DTI) shall be responsible for the administration and implementation of the
6 incentives granted under this Act.

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

12 SEC. 8. *Implementing Rules and Regulations.* – The DOF, in
13 coordination with the DTI, shall promulgate the necessary rules and
14 regulations for the effective implementation of this Act.

15 SEC. 9. *Separability Clause.* – If any provision of this Act is
16 subsequently declared invalid or unconstitutional, the other provisions hereof
17 which are not affected thereby shall remain in full force and effect.

18 SEC. 10. *Repealing Clause.* – All laws, acts, presidential decrees,
19 executive orders, issuances, presidential proclamations, rules and regulations
20 or parts thereof which are contrary to or inconsistent with any provision of this
21 Act are hereby repealed, amended or modified accordingly.

22 SEC. 11. *Effectivity Clause.* – This Act shall take effect fifteen (15)
23 days after its publication either in the *Official Gazette* or in at least two (2)
24 newspapers of general circulation.

Approved,