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REPUBLIC OF THE PHILIPPINES)
First Regular Session)

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SENATE

S. No. 460

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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

EXPLANATORY NOTE

Frequent adjustment of oil prices is not new to us. Department of Energy reported that most of the oil companies implemented price adjustments which resulted to a year-to-date net increase of P1.30/liter for gasoline and P0.58/liter for diesel. 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 frequently increase in gasoline prices has come about with the development of the so called "hybrid cars".

This bill aims to promote the widespread use of hybrid and vehicles using alternative fuels in the country and, thus, lessen our dependence on imported oil.

The measure, among others, seeks to:

- Protect the environment by mitigating the harmful effects of carbon emissions into the atmosphere;
- Exempt from the payment of value-added tax for nine years the importation of raw materials, spare parts, components and capital equipment used in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles'
- Include non-fiscal incentives geared mainly for users, including priority in registration and franchise application for public utility vehicles; exemption from number coding schemes; and free parking in new buildings.

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

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ANTONIO "SONNY" F. TRILLANES IV
Senator

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SECRETARY

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the “*Electric, Hybrid and*
2 *Other Alternative Fuel Vehicles Incentives Act of 2016.*”
3

4 **SEC. 2. *Declaration of Policy.*** It is the policy of the State to safeguard the life and
5 well-being of its citizens and the safety of the environment by encouraging the use of
6 alternative sources of energy for vehicles intended for public and private use. To protect the
7 well-being and promote the economic advancement of the people as well as to promote
8 energy independence and security in the midst of development and innovation in technology,
9 the following are hereby declared:
10

11 a) It is the policy of the State to promote and advance the right of the people to a
12 balanced and healthful ecology in accord with the rhythm and harmony in nature.
13 The State shall recognize and address the detrimental effects on the environment,
14 safeguard the welfare, and protect the health of the people by improving air
15 quality and by reducing the impact of greenhouse gas effects emitted from man-
16 made sources such as vehicles operating on fossil fuels;
17

18 b) The State supports the need to promote the development of new technology to
19 accelerate social progress and promote human development. The use of
20 alternative sources of energy on vehicles intended for public and private use is

1 encouraged to promote innovation, energy, efficiency, security and conservation,
2 and to speed up the deployment of cleaner technology;

- 3'
- 4 c) The State recognizes the indispensable role of the private sector, encourages
5 private enterprise, and provides incentives for needed investments. To accelerate
6 economic growth and generate employment, the State shall provide incentives to
7 private enterprises and individuals engaged in the manufacture, assembly,
8 conversion, and importation of electric, hybrid and other alternative fuel vehicles.
9

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

- 11
- 12 a) Electric Vehicle (EV) shall refer to any vehicle that uses electric motors solely
13 for propulsion;
14
- 15 b) Hybrid Vehicle (HV) shall refer to any vehicle that combines the technologies of
16 using Internal Combustion Engine (ICE) with a battery-powered electric motor to
17 gain advantages of both propulsion systems;
18
- 19 c) Other Alternative Fuel Vehicle (AFV) shall refer to any vehicle using alternative
20 sources of energy such as but not limited to: solar, wind, hydrogen fuel cell,
21 compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied
22 petroleum gas (LPG), other than conventional sources of energy like petroleum
23 and gasoline for propulsion;
24
- 25 d) Manufacturer or Assembler shall mean any individual, partnership, corporation
26 or other entity engaged in the manufacture, assembly and conversion of electric,
27 hybrid and other alternative fuel vehicles incorporated, organized and existing
28 under Philippine laws; and
29
- 30 e) Importer shall mean any individual, partnership, corporation or other entity
31 engaged in the importation of completely built units (CBUs) of electric, hybrid
32 and other alternative fuel vehicles incorporated, organized and existing under
33 Philippine laws.

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

4
5 **SEC. 5. Incentives to Manufacturers or Assemblers.** –The manufacture or assembly
6 of completely knocked-down (CKD) parts of electric, hybrid and other alternative fuel
7 vehicles, including the conversion of vehicles into electric, hybrid and other alternative fuel
8 vehicles, shall be exempt from the payment of excise taxes and duties for nine (9) years from
9 the effectivity of this Act.

10
11 The imposition of the Value Added Tax (VAT) for the purchase and importation of
12 raw materials, spare parts, components and capital equipment used in the manufacture or
13 assembly of electric, hybrid and other alternative fuel vehicles shall be suspended for the next
14 nine (9) years from the effectivity of this Act.

15
16 **SEC. 6. Incentives to Importers.** –The importation of CBUs of electric, hybrid and
17 other alternative fuel vehicles shall be exempt from the payment of excise taxes and duties
18 for nine (9) years from the effectivity of this Act.

19
20 **SEC. 7. Exemption from the Payment of Motor Vehicle User's Charge (MVUC) –**
21 Electric, hybrid and other alternative fuel vehicles shall be exempt from the payment of the
22 Motor Vehicle User's Charge (MVUC) imposed by the Land Transportation Office (LTO)
23 under Republic Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC)
24 Act" for nine (9) years after the effectivity to this Act.

25
26 **SEC. 8. Non-Fiscal Incentives.** –

- 27
28 1. **Priority in Registration and Issuance of Plate Number.** – Registration and
29 renewal of Registration of electric, hybrid and other alternative fuel vehicles
30 shall be prioritized by the LTO for nine (9) years after the effectivity of this Act.
31 A special type of vehicle plate to be prescribed by LTO shall be exclusively
32 issued to all electric, hybrid and other alternative fuel vehicles upon registration;

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

6
7 3. Exemption from Unifies Vehicular Volume Reduction Program (UVVRP) or
8 Number Coding Scheme. – All electric, hybrid and other alternative fuel
9 vehicles shall for nine (9) years after the effectivity of this Act, be exempted
10 from the mandatory UVVRP or number-coding scheme being implemented by
11 the Metro Manila Development Authority (MMDA) and other local government
12 units (LGUs) concerned; and

13
14 4. Provision for Free Parking Spaces in New Establishments. – Business and
15 commercial establishments to be constructed after the effectivity of this Act are
16 mandated to provide exclusive parking spaces free of charge for all electric,
17 hybrid and other alternative fuel vehicles. No building permit shall be issued for
18 the construction of business and commercial establishments that include parking
19 spaces unless the owner submits an affidavit that there shall be free parking
20 spaces to be exclusively designated for electric, hybrid and other alternative fuel
21 vehicles, for nine (9) years after the effectivity of this Act.

22
23 **SEC. 9. Registration, Implementation and Monitoring.** – The Department of Finance
24 (DOF) and the Department of Trade and Industry (DTI) shall be responsible for the
25 administration and implementation of the incentives granted under this Act.

26
27 Manufacturers, assemblers, converters and importers of electric, hybrid and other
28 alternative fuel vehicles shall register with DOF in order to avail of the incentives provided
29 under this Act. For proper monitoring, DOF and DTI shall meet regularly to monitor and
30 review the implementation of the incentives provided herein.

1 **SEC. 10. *Implementing Rules and Regulations.*** – The DOF in coordination with the
2 DTI shall promulgate the necessary rules and regulations for the effective implementation of
3 this Act.

4
5 **SEC. 11. *Separability Clause.*** – If any provision of this Act is declared
6 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
7 continue to be in full force and effect.

8
9 **SEC. 12. *Repealing Clause.*** – All other laws, orders, issuances, circulars, rules and
10 regulations or parts thereof, which are inconsistent with the provisions of this Act are
11 hereby repealed or modifies accordingly.

12
13 **SEC. 13. *Effectivity Clause.*** – The Act shall take effect fifteen (15) days following
14 its publication in at least two (2) newspapers of general circulation.

Approved,