



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

'17 MAY -2 P1:39

SENATE

S. No. 1422

RECEIVED BY: _____

Introduced by Senator Ralph G. Recto

AN ACT
EXEMPTING THE MANUFACTURE, ASSEMBLY, CONVERSION AND
IMPORTATION OF PLUG-IN HYBRID ELECTRIC VEHICLES FROM THE
PAYMENT OF EXCISE TAXES AND DUTIES, AND FOR OTHER PURPOSES

Explanatory Note

Disasters and their high costs have driven people to seek for urban mobility solutions that can address climate and environmental issues.

By choosing to use clean transportation options or by reducing the environmental impact of our mobility, consumers can play an active role in the energy transition. But the consumer is not alone in taking this route, because the government must also be committed to green mobility.¹

Albeit late, the government should start protecting the consumers, the climate, and our environment from the growing costs and risks of our fossil fuel use.

As the title of the measure suggests, this bill seeks to exempt the manufacture, assembly, conversion and importation of plug-in hybrid electric vehicles (PHEVs) from the payment of excise taxes and duties. A PHEV which is an evolution of electric vehicles makes a more attractive alternative to consumers due to lower fuel consumption, lower operating cost, elimination of range anxiety and lower carbon footprint. Moreover, current global sales figures as well as planned releases show that PHEVs will be the dominant electric vehicle in the near future.²

The bill's primary objective is to help expand the use of this new sunrise industry and generate economic growth. Moreover, the use of PHEVs for public and private transport will encourage technology innovation, create green jobs, accelerate the deployment of green vehicles, increase fuel savings, promote better air quality and provide solutions to climate change.

The bill includes sunset provisions on when the incentives expire. Any manufacturer or assembler of PHEVs has nine (9) years to avail of the incentives under this bill, thereby allowing the industry enough time to grow and develop.

¹ Green mobility is sustainable transportation that allows the basic access needs of individuals and societies to be met safely and in a manner consistent with human and eco-system health, and with equity within and between generations. It limits emissions and waste within the planet's ability to absorb them, minimizes consumption of non-renewable resources, limits consumption of renewable resources to the sustainable yield level, reuses and recycles its components, and minimizes the use of land and the production of noise."

² <http://www.ev-volumes.com/country/total-world-plug-in-vehicle-volumes/> (Accessed April 24, 2017)

The passage of this bill supports the Fueling Sustainable Transport Program (FSTP) of the Department of Energy (DOE), which is an initiative on diversifying fuels for transport use in the Philippines. The program seeks to convert public and private vehicles from diesel and gasoline to low- and zero-emission vehicles to address the impact of increasing fuel prices and reduce carbon footprint on the transport sector.³ Retrofitting the rest of public utility vehicles (PUVs) like jeepneys and buses can have a tremendous impact on clean environment.

If the manufacturers can avail of the fiscal incentives to bring down their input costs, they can offer more competitive price of plug-in hybrid electric vehicles as compared to their existing gasoline-fed counterparts.

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



RALPH G. RECTO

³ "Fueling sustainable transport program to mitigate fuel price Increases in the future."
<http://www.gov.ph/2011/04/06/fueling-sustainable-transport-program-to-mitigate-fuel-price-increases-in-the-future/> (Accessed on June 4, 2013)



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

1 **SEC. 1.** This Act shall be known as the "Plug-In Hybrid Electric Vehicles
2 Incentives Act of 2017".

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

8 A) The State shall recognize and address the detrimental effects on the
9 environment, safeguard the welfare, and protect the health of the people by improving air
10 quality and by reducing the impact of greenhouse gas effects emitted from man-made
11 sources such as vehicles operating on fossil fuels.

12 B) The State supports the need to promote the development of new technology to
13 accelerate social progress and promote human development. The use of eco-friendly or
14 green vehicles intended for public and private use is encouraged to promote innovation,
15 energy efficiency, security and conservation, and to speed-up the deployment of cleaner
16 technology.

17 C) The State recognizes the indispensable role of the private sector, encourages
18 private enterprise, and provides incentives to needed investments. To accelerate
19 economic growth and generate employment, the state shall provide incentives to private
20 enterprises and individuals engaged in the manufacture, assembly, conversion, and
21 importation of plug-in hybrid electric vehicles.

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

23 (a) **Plug-In Hybrid Electric Vehicle** known as PHEVs shall refer to an electrical
24 vehicle that uses rechargeable batteries, or another energy storage device, that can be

1 recharged by plugging it to an external source of electric power; its drive system consists
2 of an efficient combustion engine and a powerful electric motor; it is able to cover short
3 and medium distances using pure electric power with a minimum range of 30 kilometers,
4 as certified by the manufacturer in its country of origin and achieved with the innovative
5 combination of electric motor, lithium-ion battery and intelligent energy management.

6 (b) **Manufacturer or Assembler** shall mean any individual, partnership,
7 corporation or other entity engaged in the manufacture, assembly and conversion of
8 PHEVs incorporated, organized and existing under Philippine laws.

9 (c) **Importer** shall mean any individual, partnership, corporation or other entity
10 engaged in the importation of completely built units (CBUs) of PHEVs incorporated,
11 organized and existing under Philippine laws.

12 **SEC. 4. Incentives to Manufacturers, Assemblers or Importers.** - The provision of
13 any special or general law to the contrary notwithstanding, the manufacture or assembly
14 of completely knocked-down (CKD) parts of PHEVs as well as the importation of
15 completely built units (CBUs) of the same, shall be exempt from the payment of excise
16 taxes and duties for nine (9) years from the effectivity of this Act.

17 **SEC. 5. Registration, Implementation and Monitoring.** - The Department of
18 Finance (DOF) shall be responsible for the administration and implementation of the
19 incentives granted under this Act.

20 Manufacturers, assemblers, converters and importers of PHEVs shall register with
21 DOF in order to avail of the incentives provided under this Act. For proper monitoring,
22 DOF shall meet regularly to monitor and review the implementation of the incentives
23 provided herein.

24 **SEC. 6. Implementing Rules and Regulations.** - The Department of Finance
25 (DOF) shall within sixty (60) days from the effectivity of this Act, promulgate the
26 necessary rules and regulations for the effective implementation of this Act.

27 **SEC. 7. Separability Clause.** - If any provision of this Act is declared
28 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
29 continue to be in full force and effect.

30 **SEC. 8. Repealing Clause.** - All other laws, orders, issuances, circulars, rules and
31 regulations or parts thereof, which are inconsistent with the provisions of this Act are
32 hereby repealed or modified accordingly.

33 **SEC. 9. Effectivity Clause.** - This Act shall take effect fifteen (15) days following
34 its publication in at least two (2) newspapers of general circulation or the *Official*
35 *Gazette*.

Approved,