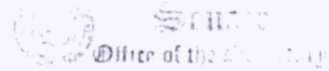


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



'19 JUL 15 AIO :43

**SENATE**

**S. No. 479**

RECEIVED BY 

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Introduced by Senator Ralph G. Recto

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**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

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

By choosing to use clean transportation options that reduce 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 be in the forefront in its commitment to green mobility.<sup>1</sup>

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

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<sup>1</sup> 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." (International Journal of Innovative Research in Science, Engineering and Technology, Vol. 4, Issue 8, August 2015)

evolution of electric vehicles makes a more attractive alternative to consumers due to its lower fuel consumption, lower operating cost, elimination of range anxiety<sup>2</sup> and lower carbon footprint. Moreover, current global sales figures as well as planned releases show that PHEVs shall have a dominant share at 70% in the sales of electric vehicles by 2030.<sup>3</sup>

The bill's primary objective is to help expand the use of this sunrise industry and generate economic growth while promoting environmental protection. 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 climate change mitigation.

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, and become the leading type of vehicle in the market.

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.<sup>4</sup> Retrofitting the rest of the public utility vehicles (PUVs) like jeepneys and buses can have a tremendous impact on clean environment.

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<sup>2</sup> Range anxiety is the fear that a vehicle has insufficient range to reach its destination and would thus strand the vehicle's occupants. The term, which is primarily used in reference to battery electric vehicles, is considered to be one of the major barriers to large scale adoption of all-electric cars.

<sup>3</sup> Global EV Outlook 2019.

[https://webstore.iea.org/download/direct/2807?fileName=Global\\_EV\\_Outlook\\_2019.pdf](https://webstore.iea.org/download/direct/2807?fileName=Global_EV_Outlook_2019.pdf) (Accessed July 2, 2019)

<sup>4</sup> "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)

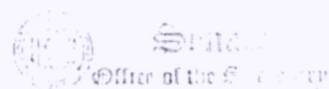
If the manufacturers can avail of the fiscal incentives to bring down their input costs, they can offer more competitive price for plug-in hybrid electric vehicles as compared to their existing gasoline-fed counterparts.

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

*/mjma*



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**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**

*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 "Plug-In Hybrid  
2 Electric Vehicles Incentives Act".

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

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

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

1 c) The State recognizes the indispensable role of the private sector,  
2 encourages private enterprise, and provides incentives to needed  
3 investments. To accelerate economic growth and generate employment while  
4 upholding environmental protection, the state shall provide incentives to  
5 private enterprises and individuals engaged in the manufacture, assembly,  
6 conversion, and importation of plug-in hybrid electric vehicles.

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

8 (a) *Plug-In Hybrid Electric Vehicle (PHEVs)* shall refer to an electrical  
9 vehicle that uses rechargeable batteries, or another energy storage device,  
10 that can be recharged by plugging it to an external source of electric power;  
11 its drive system consists of an efficient combustion engine and a powerful  
12 electric motor; it is able to cover short and medium distances using pure  
13 electric power with a minimum range of 30 kilometers, as certified by the  
14 manufacturer in its country of origin and achieved with the innovative  
15 combination of electric motor, lithium-ion battery and intelligent energy  
16 management.

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

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

24 *Sec. 4. Incentives to Manufacturers, Assemblers or Importers.* – The  
25 provision of any special or general law to the contrary notwithstanding, the  
26 manufacture or assembly of completely knocked-down (CKD) parts of PHEVs  
27 as well as the importation of completely built units (CBUs) of the same, shall  
28 be exempt from the payment of excise taxes and duties for nine (9) years  
29 from the effectivity of this Act.

30 *Sec. 5. Registration, Implementation and Monitoring.* – The  
31 Department of Finance (DOF) shall be responsible for the administration and  
32 implementation of the incentives granted under this Act.

1           Manufacturers, assemblers, converters and importers of PHEVs shall  
2 register with DOF in order to avail of the incentives provided under this Act.  
3 For proper monitoring, DOF shall regularly monitor and review the  
4 implementation of the incentives provided herein.

5           Sec. 6. *Implementing Rules and Regulations.* – The DOF, in  
6 consultation with the Department of Transportation, shall within sixty (60)  
7 days from the effectivity of this Act, formulate the rules and regulations to  
8 effectively implement the provisions of this Act.

9           Sec. 7. *Separability Clause.* – If any portion or provision of this Act is  
10 declared unconstitutional, the remainder of this Act or any provisions not  
11 affected thereby shall remain in force and effect.

12           Sec. 8. *Repealing Clause.* – Any law, presidential decree or issuance,  
13 executive order, letter of instruction, rule or regulation inconsistent with the  
14 provisions of this Act is hereby repealed or modified accordingly.

15           Sec. 9. *Effectivity Clause.* - This Act shall take effect fifteen (15) days  
16 following its complete publication in two (2) newspapers of general circulation  
17 or in the *Official Gazette*.

Approved,