

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
**First Regular Session**

HOUSE BILL NO. 5463



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Introduced By Representative **ALLAN BENEDICT S. REYES**

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**EXPLANATORY NOTE**

The Philippines, while surrounded by bodies of water and appearing to have unlimited supply, is in the verge of experiencing a huge water crisis.<sup>1</sup> Unfortunately, water is a finite resource and with rising demand shrinking our current water sources, serious questions arise as to how long our water supply will last.

To prevent this impending water crisis, the Government needs the active participation and cooperation of private entities and individuals to find better ways to conserve water. One of the proven effective methods for this purpose are water recycling and water reuse since these approaches create new and reliable water supply without compromising public health. In the United States, for instance, non-potable reuse is a widely accepted practice that continues to grow. In particular, recycled water is commonly used in the U.S. for non-potable purposes, such as agriculture, landscape, public parks, and golf course irrigation. Other non-potable applications also include "cooling water for power plants and oil refineries, industrial process water for such facilities as paper mills and carpet dyers, toilet flushing, dust control, construction activities, concrete mixing, and artificial lakes."<sup>2</sup>

It is recognized that the Philippines already has the Philippine Clean Water Act of 2004<sup>3</sup> which provides the country with a comprehensive water quality management program. In fact, one objective of this law is "[t]o encourage cooperation and self-regulation among citizens and industries through the application of incentives and market-based instruments and to promote the role of private industrial enterprises in shaping its regulatory profile within the acceptable boundaries of public health and environment."<sup>4</sup> While the said Act provides for incentives and rewards for water quality management, it is limited to the "adoption of procedures that will preserve and protect our water bodies through the introduction of innovative equipment and processes that reduce if not totally eliminate the discharge of pollutants into our water bodies."<sup>5</sup> Similarly, the Act only incentivizes provisions for "water pollution control technology, cleaner production and waste minimization technology."<sup>6</sup>

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<sup>1</sup> Water shortage in the Philippines threatens sustainable development and health. World Health Organization, available at <https://www.who.int/philippines/news/feature-stories/detail/water-shortage-in-the-philippines-threatens-sustainable-development-and-health> (last accessed on 9 November 2019.)

<sup>2</sup> Water Reuse and Recycling: Community and Environmental Benefits, United States Environmental Protection Agency available at <https://www3.epa.gov/region9/water/recycling/> (last accessed on 9 November 2019.)

<sup>3</sup> Republic Act No. 9275, An Act Providing for A Comprehensive Water Quality Management and for Other Purposes, 22 March 2004, (hereinafter, the "Philippine Clean Water Act of 2004")

<sup>4</sup> Section 2(f), *Id.*


<sup>5</sup> See Sections 21 and 25, *Id.*

<sup>6</sup> Section 25, *Id.*

Moreover, the said Act only refers to "machinery, equipment and spare parts used for industrial wastewater treatment/collection and treatment facilities."<sup>7</sup>

To address this gap, the Philippines needs another law that will also recognize and reward the use of water recycling or water reuse devices and technologies or the development or undertaking of any effective water recycling and reuse processes or activities. Admittedly, however, while water recycling and reuse are sustainable approaches and can be cost-effective in the long term, the installation of related devices, the treatment of recyclable wastewater and the installation of distribution systems can be initially expensive.<sup>8</sup> Therefore, the Government needs to further encourage private entities and individuals to patronize such devices and technologies and to actively participate in Government programs or activities that are geared towards the promotion of water conservation through recycling and reuse. To achieve this, the Government must provide attractive incentives and rewards to boost the cooperation and active participation of private entities and individuals in using, developing or undertaking effective water recycling and reuse projects, technologies, processes or activities.

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

  
**HON. ALLAN BENEDICT S. REYES** *ayr*  
Representative  
3<sup>rd</sup> District, Quezon City

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<sup>7</sup> Section 25, *Id.*

<sup>8</sup> Water Reuse and Recycling: Community and Environmental Benefits, United States Environmental Protection Agency available at <https://www3.epa.gov/region9/water/recycling/> (last accessed on 9 November 2019.)



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**AN ACT PROVIDING INCENTIVES AND REWARDS TO PRIVATE ENTITIES AND INDIVIDUALS WHO USE WATER RECYCLING AND REUSE DEVICES AND TECHNOLOGIES OR DEVELOP OR UNDERTAKE EFFECTIVE WATER RECYCLING AND REUSE PROCESSES OR ACTIVITIES AND APPROPRIATING FUNDS THEREFOR**

*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 ***“Water Recycling***  
2 ***Incentives Act of 2019.”***

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4       **SECTION 2. Coverage.** - This Act shall apply to the installation and use of any water  
5 recycling devices or technologies in households, businesses and other  
6 industrial/commercial establishments. The incentives and rewards provided in this Act  
7 shall be given to any outstanding and innovative projects, technologies, processes and  
8 techniques or activities in water recycling and reuse as well as to any development or  
9 undertaking for effective water recycling and reuse, or active participation in any program  
10 geared towards the promotion thereof.

11  
12       **SECTION 3. Definition of Terms.** - As used in this Act, water recycling and reuse  
13 shall mean any act of “reclaiming wastewater for beneficial purposes such as agricultural  
14 and landscape irrigation, industrial processes, toilet flushing, and replenishing a ground  
15 water basin (referred to as ground water recharge). For this purpose, wastewater shall  
16 include water that has been used in the hand basin, shower, bath, washing machine, or  
17 laundry tub. It shall also include the water from the toilet, kitchen sink or dishwasher that  
18 may be recycled and reused after undergoing treatment. Similarly, commercial wastewater  
19 that comes from non-domestic sources, such as carwash shops, beauty salon, water  
20 parks, etc. that may contain hazardous chemicals or materials and requires special  
21 treatment shall also be considered as recyclable or reusable wastewater. Finally, the term  
22 wastewater, as used in this Act, shall also include stormwater or rainwater that is collected  
23 or harvested from stormwater drainage systems, including rainwater runoff from roads,  
24 buildings and open lands.

25  
26       **SECTION 4. Incentives.** - The fiscal incentives provided under Section 26 of  
27 Republic Act 9275, otherwise known as the Philippines Clean Water Act of 2004, shall  
28 similarly apply to any undertaking, development and/or adoption of water recycling and



1 reuse projects, technologies, processes, techniques or activities by private entities and  
2 individuals. These include the following:

3  
4 1. *Tax and Duty Exemption on Imported Capital Equipment* - Private entities and  
5 individuals shall enjoy tax-and-duty-free importation of machinery, equipment  
6 and spare parts used for water recycling and reuse: Provided, That the  
7 importation of such machinery, equipment and spare parts shall comply with the  
8 following conditions:

- 9 a) They are not manufactured domestically in sufficient quantity, of  
10 comparable quality and at reasonable prices;  
11 b) They are reasonably needed and will be used actually, directly and  
12 exclusively for the above-mentioned activities; and  
13 c) The importation is with the written endorsement by the Department of  
14 Environment and Natural Resources ("DENR") stating that the  
15 importation of such machinery, equipment and spare parts would be  
16 beneficial to environmental protection and management: Provided,  
17 further, That the sale, transfer or disposition of such machinery,  
18 equipment and spare parts without prior approval of the Bureau of  
19 Investments ("BOI") within five (5) years from the date of acquisition shall  
20 be prohibited, otherwise the private entity or individual and the  
21 concerned vendee, transferee or assignee shall be solidarity liable to pay  
22 twice the amount of tax and duty exemption given it.

23  
24 2. *Tax Credit on Domestic Capital Equipment* - A tax credit equivalent to one  
25 hundred percent (100%) of the value of the national internal revenue taxes and  
26 customs duties that would have been waived on the machinery, equipment, and  
27 spare parts, had these items been imported shall be given to private entities  
28 and individuals, subject to the same conditions and prohibition cited in the  
29 preceding paragraph.

30  
31 3. *Tax and Duty Exemption of Donations, Legacies and Gifts* - All legacies, gifts  
32 and donations to private entities and individuals for the support and  
33 maintenance of water recycling and reuse projects, technologies, processes,  
34 techniques or activities shall be exempt from donor's tax and shall be deductible  
35 from the gross income of the donor for income tax purposes. Imported articles  
36 donated to, or for the account of any private entities and individuals to be  
37 exclusively used for water recycling and reuse programs shall be exempted  
38 from the payment of customs duties and applicable internal revenue taxes.

39  
40 **SECTION 5. Rewards.** - The rewards provided under Section 25 of Republic Act  
41 9275, otherwise known as the Philippines Clean Water Act of 2004, shall likewise apply to  
42 outstanding and innovative projects, technologies, processes and techniques or activities  
43 in water recycling and reuse. Accordingly, rewards, monetary or otherwise, shall also be  
44 provided to individuals, private organization and entities, including civil society, that have  
45 undertaken outstanding and innovative projects, technologies, processes and techniques  
46 or activities in water recycling and reuse. For this purpose, as a special account in the  
47 National Treasury, to be known as the National Water Recycling and Reuse Fund shall be  
48 administered by the DENR, in coordination with the local government units ("LGUs") and  
49 other concerned agencies. Disbursements from the said Fund shall be subject to the usual  
50 accounting and budgeting rules and regulations.

1  
2       **SECTION 6. *Implementing Rules and Regulations and Standard Forms.*** - Within  
3 sixty (60) days from the promulgation of this Act, the necessary rules and regulations for  
4 the proper implementation of its provisions shall be formulated by the appropriate  
5 government office or agency in coordination with all the stakeholders and covered  
6 establishments and institutions.  
7

8       **SECTION 7. *Repealing Clause.*** - All laws, executive orders, administrative  
9 orders, rules, regulations, decrees, and other issuances or parts thereof, which are  
10 inconsistent with the provisions of this Act are hereby revoked, repealed, or modified  
11 accordingly.  
12

13       **SECTION 8. *Separability Clause.*** - If any provision of this Act is held  
14 unconstitutional or invalid, the other provisions not affected thereby shall continue in  
15 operation and remain in full force and effect.  
16

17       **SECTION 9. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after  
18 its publication the *Official Gazette* or in the two (2) national newspaper of general  
19 circulation.  
20

21       Approved,