

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



**HOUSE OF REPRESENTATIVES**

**H. B. No. 4356**

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Introduced by Rep. Vilma Santos-Recto  
6<sup>th</sup> District of Batangas

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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.

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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)

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 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.

A handwritten signature in black ink, consisting of a large, stylized 'V' followed by a series of loops and a final horizontal stroke.

**VILMA SANTOS-RECTO**

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**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 life  
4   and environment by encouraging the use of clean energy sources for vehicles intended  
5   for public and private use. To protect the well-being and promote the economic  
6   condition of the people as well as to promote energy independence and security in the  
7   midst of development and innovation in technology, the following are hereby  
8   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 improving  
11   air quality and by reducing the impact of greenhouse gas effects emitted from man-  
12   made sources such as vehicles operating on fossil fuels.

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



1 c) The State recognizes the indispensable role of the private sector, encourages  
2 private enterprise, and provides incentives to needed investments. To accelerate  
3 economic growth and generate employment while upholding environmental  
4 protection, the state shall provide incentives to private enterprises and individuals  
5 engaged in the manufacture, assembly, conversion, and importation of plug-in hybrid  
6 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 vehicle  
9 that uses rechargeable batteries, or another energy storage device, that can be  
10 recharged by plugging it to an external source of electric power; its drive system  
11 consists of an efficient combustion engine and a powerful electric motor; it is able to  
12 cover short and medium distances using pure electric power with a minimum range of  
13 30 kilometers, as certified by the manufacturer in its country of origin and achieved  
14 with the innovative combination of electric motor, lithium-ion battery and intelligent  
15 energy management.

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

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

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

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

30 Manufacturers, assemblers, converters and importers of PHEVs shall register  
31 with DOF in order to avail of the incentives provided under this Act. For proper  
32 monitoring, DOF shall regularly monitor and review the implementation of the  
33 incentives provided herein.

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

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

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

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

          Approved,