

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

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 6390**



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Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

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**EXPLANATORY NOTE**

Under Article II, Section 16 of the 1987 Constitution of the Republic of the Philippines, the State is mandated "to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature." Concretely, the constitutional provision directs the government to craft public policies that promote sustainable and ecologically advantageous programs.

Several studies world-wide recognize that batteries create a particular challenge to the management of solid and other wastes. Batteries usually contain heavy metals, lead acid accumulators, and sulphuric acid which have the potential to cause extensive harm if disposed through either landfills or through incineration.

Alkaline or disposable batteries also come in small dimensions that require more delicate and costlier collection processes from municipal waste streams.

With the use of mobile electronic equipment containing built-in batteries unlikely to decline in the foreseeable future, the continued production, circulation, and constant upgrading of these equipment and their component battery parts also demand more technical, advanced, and expensive public mechanisms for the collection and processing of electronic waste.

To finance these interventions, jurisdictions abroad have sought recourse to the State's power of taxation. In Belgium for example, a general tax is imposed on all kinds of batteries sold without any distinction. Meanwhile, in Italy batteries are taxed according to its mercury, manganese and lead-acid content.

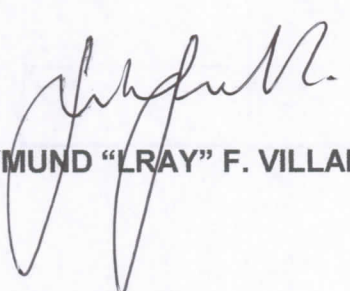
In recent years, ecological taxation is a common instrument used by different State authorities in order to create economic incentives arising from environmental-friendly activities. This is usually levied on activities or products that are known to be harmful to the environment/ ecology. Underlying this approach is the idea that the change in consumer behavior would feed back into the economic system and eventually change the producer behavior. The

overall objective is to reduce pollution and encourage use of alternatives. This kind of policy complements the need for regulatory (command and control) campaigns while enforcing efforts from the producers and consumers to adapt to their behavior.

This Act shall impose an **Ecotax on Rechargeable Batteries** which shall be equal to **one percent (1%)** and **Disposable Batteries and Other Products with similar contents** which shall be equal to **three percent (3%) of the actual sale price** as defined herein. The Ecotax shall cover battery manufacturers, producers and importers.

It is in the interest of the Filipino people to live in a country where advancements in and inclusive access to technology do not pose significant threats to the ecological system.

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



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.



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**AN ACT IMPOSING ECOTAX ON BATTERIES**

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

**SECTION 1. Short Title.** - This act shall be known as "**BATTERIES ECOTAX ACT**".

**SECTION 2. Declaration of Policy** – It is a declared policy that the State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

Thereby, the State is mandated to create policies that shall reduce environmental pollution, decrease toxicity of waste materials by encouraging recycling and minimizing the disposal of used batteries and other products with similar content that are sold or stored in the Philippines.

The right to a balanced and healthful ecology carries with it the correlative duty to refrain from impairing the environment.

**SECTION 3. Definition of Terms** – For purposes of this Act, the following definitions shall apply to the following terms:

- a. **Battery Manufacturer** – every person, firm or corporation that: (i) produces rechargeable batteries sold or distributed in the Philippines,

or packages such batteries for sale in the Philippines, except that if such production or packaging is for a distributor having the right to produce or otherwise package that same brand of battery in the Philippines, then such distributor shall be deemed to be the battery manufacturer, or (ii) imports rechargeable batteries that are sold or distributed in the Philippines.

- b. **Rechargeable battery** - any rechargeable nickel-cadmium, sealed lead, lithium ion, nickel metal hydride battery, or any other such dry cell battery capable of being recharged, or battery packs containing such batteries, it shall include, but not be limited to, a battery used as the principal electric power source for vehicle, automobile, boat, truck, tractor, golf cart or wheelchair, built in battery or for power back up in an electronic device.
- c. **Disposable battery** - or the alkaline type that contains high level of mercury and has zinc and manganese dioxide as electrodes. The alkaline electrolyte used is either potassium or sodium hydroxide. These batteries have a steady voltage offering better energy density and leakage resistance than carbon zinc batteries due to the manganese dioxide anode material, which is purer and denser, thereby reducing the space taken up by internal components only capable of single use.

This shall include alkaline batteries in various sizes ranging from AAA to AA, C, D, 9v and AAAA.

- d. **Other products of similar contents** – this shall include micro-alkaline cells, button cells that are similar to alkaline/disposable batteries; this shall also include Lithium-ion and lithium-polymer power banks that are similar to rechargeable batteries.
- e. **Government Hospitals and other Health Service Establishments**- any hospital or institution that provides diagnostic, therapeutic, rehabilitative, and/or other health care services, including but not limited to health centers, medical clinics, ambulatory surgical clinics, dental clinics and laboratories, dialysis centers and other health-related radiation facilities operated and maintained either partially or wholly by national, provincial, municipal or city



government or other political subdivision, or by any department, division, board or other agency thereof.

- f. **Export sales-** this Act shall adopt the definition provided for under Executive Order No. 226 also known as "The Omnibus Investments Code of 1987" as amended, to wit:

**"Article 23.** "Export sales" shall mean the Philippine port F.O.B. value, determined from invoices, bills of lading, inward letters of credit, landing certificates, and other commercial documents, of exports products exported directly by a registered export producer or the net selling price of export product sold by a registered export producer to another export producer, or to an export trader that subsequently exports the same: Provided, That sales of export products to another producer or to an export trader shall only be deemed export sales when actually exported by the latter, as evidenced by landing certificates or similar commercial documents: Provided, further, That without actual exportation the following shall be considered constructively exported for purposes of this provision: (1) sales to bonded manufacturing warehouses of export-oriented manufacturers; (2) sales to export processing zones; (3) sales to registered export traders operating bonded trading warehouses supplying raw materials used in the manufacture of export products under guidelines to be set by the Board in consultation with the Bureau of Internal Revenue and the Bureau of Customs; (4) sales to foreign military bases, diplomatic missions and other agencies and/or instrumentalities granted tax immunities, of locally manufactured, assembled or repacked products whether paid for in foreign currency or not: Provided, further, That export sales of registered export trader may include commission income: and Provided, finally, That exportation of goods on consignment shall not be deemed export sales until the export products consigned are in fact sold by the consignee.

*Sales of locally manufactured or assembled goods for household and personal use to Filipinos abroad and other non-residents of the Philippines as well as returning Overseas Filipinos under the Internal Export Program of the government and paid for in convertible foreign currency inwardly remitted*

*through the Philippine banking systems shall also be considered export sales."*

**SECTION 4. Amount of Ecotax** – The amount of **Ecotax on Rechargeable and Disposable Batteries** shall be equal to one percent (1%) and three percent (3%) of the actual sale price, respectively. **Other products with similar content** shall be taxed on the same percentage accordingly.

**SECTION 5. Coverage and Fees** – The *Ecotax* on batteries shall be imposed on the manufacturers, distributors and importers that produce, distribute, and import rechargeable and disposable batteries and other products of similar content.

**SECTION 6. Exemptions** – The following sales of batteries shall be exempt from the coverage of this Act:

- a. Export sales;
- b. Purchases made during declared state calamities, disasters and other emergencies; and
- c. Purchases made by Government hospitals and other public health service establishments.

**SECTION 7. Disposition of Revenues Collected**– All revenues collected under this Act shall be earmarked solely and used exclusively for the following purposes:

- a. Providing recycling programs and mechanisms for disposed batteries.
- b. Investing on protective measures for the proper disposal of batteries.
- c. Creating mechanisms encouraging the use of rechargeable batteries to reduce the need for disposal.
- d. Strengthening solid waste management programs.
- e. Environmental and health programs of the government.



**SECTION 8. Implementing Rules and Regulations** – The Department of Finance (DoF) in coordination with the National Solid Waste Management Commission (NSWMC) under the Department of Environment and Natural Resources (DENR), the Department of Trade and Industry (DTI), the Department of Budget and Management (DBM) shall promulgate not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation.

**SECTION 9. Separability Clause** - If any section or part of this Act is unconstitutional or invalid, the other sections or provisions no other affected shall remain in full force and effect.

**SECTION 10. Repealing Clause** - All laws, decrees, executive orders, rules and regulations, issuances are any part thereof inconsistent with the provisions are hereby repealed, amended or modified accordingly.

**SECTION 11. Effectivity** – This act shall take effect fifteen (15) days after publication either in the Official Gazette or in at least two (2) national newspapers of general circulation.

*Approved.*