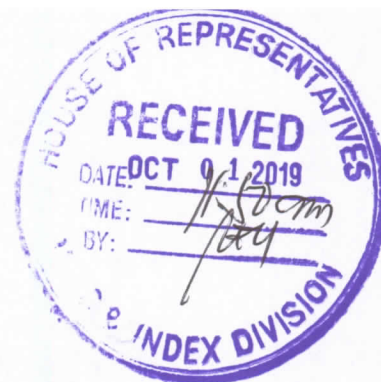




Republic of the Philippines
House of Representatives
Quezon City



EIGHTEENTH CONGRESS

First Regular Session

House Bill No. 4962

Introduced by Representative Jose Enrique S. Garcia III

EXPLANATORY NOTE

At present, the world remains dependent on fossil fuels and this dependence is not about to end. But fossil fuels take a toll on the environment.¹ Burning fossil fuels results in the production of carbon dioxide and other greenhouse gases.² This is widely believed to cause global warming.

Recognizing the harmful effects of burning fossil fuels on the environment, countries around the world have taken significant efforts to reduce their dependence on fossil fuels. Initiatives include ramping up the use of clean energy or renewable energy sources, electrifying transportation, putting a price on carbon to discourage fossil fuel use, and scaling up energy storage technologies, among others.

Not to be left out in this global initiative, our country has similarly taken strides to promote the use of renewable energy and other alternative energy sources to cushion not only the impact of rising fuel prices but also the damage to the environment. It was reported that the current Administration's goal is to transition early to clean energy by eventually phasing out coal power plants and other plants that use harmful fuels, and steer the country for more investments in renewable energy.

Moving towards that direction, Republic Act No. 10963 or the Tax Reform for Acceleration and Inclusion has already provided some incentives for vehicles utilizing clean energy by exempting purely electric vehicles from the excise tax on automobiles. Hybrid vehicles, on the other hand, are imposed excise tax equivalent to only 50% of the applicable excise tax rates on regular automobiles.

While the tax exemption of purely electric vehicles and the reduced tax on hybrid vehicles translate to significant reductions on their retail prices, the cost of acquiring electric and hybrid vehicles remains prohibitive compared to vehicles utilizing fossil fuels. The prohibitive price continues to be the biggest hurdle which prevents electric and hybrid vehicles from gaining foothold and attract widespread acceptance and use in the country. This makes the introduction of additional incentives imperative to encourage the use of electric and hybrid vehicles more prevalent.

¹ <https://science.jrank.org/kids/pages/Problem-with-Fossil-Fuels> (date last accessed: 01 September 2019)

² [www.sustainablebuild.co.uk/Energy_Sources/The Problem With Fossil Fuels](http://www.sustainablebuild.co.uk/Energy_Sources/The_Problem_With_Fossil_Fuels) (date last accessed: 01 September 2019)

This bill seeks to provide incentives to manufacturers, importers, and assemblers of electric and hybrid vehicles to push investments in this sector, make the cost of manufacturing, importing, and/or assembling the vehicles cheaper, and ultimately bring the price of electric and hybrid vehicles more affordable. Owners and users of electric and hybrid vehicles will also enjoy expedited registration and licensing procedures, exemption from the Unified Vehicle Volume Reduction Program of the Metropolitan Manila Development Authority and other local government units, and free parking spaces; while operators of charging stations are granted preferential allocation of land or space where such charging stations may be constructed or installed. All these are calculated to encourage patronage of electric and hybrid vehicles.

Support for this bill is therefore earnestly sought from my colleagues.


REP. JOSE ENRIQUE S. GARCIA III
Second District, Bataan



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AN ACT
PROMOTING THE USE OF ENVIRONMENTALLY FRIENDLY AND SUSTAINABLE
VEHICLES BY PROVIDING INCENTIVES THEREFOR AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Electric and Hybrid
2 Vehicles Incentives Act of 2019.”

3 **SEC. 2. Declaration of Policy.** – It is the responsibility of the State to protect and
4 advance the right of the people to a balanced and healthful ecology in accord with the
5 rhythm and harmony of nature. The State likewise recognizes the indispensable role of
6 the private sector, encourages private enterprise, and provides incentives to needed
7 investments. To protect the well-being of the people and at the same time encourage the
8 use of innovative technologies, it is hereby declared the policy of the State to:

9 (a) Safeguard the welfare and protect the health of the people by improving air
10 quality and reducing the impact of greenhouse gas effect emitted from man-made sources
11 such as vehicles operating on fossil fuels;

12
13 (b) Encourage the use of alternative sources of energy on vehicles intended
14 for public and private use to preserve the environment, foster innovation, promote energy
15 independence, and speed-up the deployment of cleaner technology; and

16
17 (c) Provide incentives to private enterprises and individuals engaged in the
18 manufacture, importation, assembly, and use of electric and hybrid vehicles.

19 **SEC. 3. Definition of Terms.** – As used in this Act, the following shall mean:

20 a) “Electric Vehicle (EV)” refer to any vehicle that uses electric motors solely
21 for propulsion;

22
23 b) “Hybrid Vehicle (HV)” refer to any vehicle that combines the technologies of
24 using internal combustion engine with battery-powered electric motor to gain advantages
25 of both propulsion systems;

26
27 c) “Manufacturer or Assembler” refer to any individual, partnership,

corporation, or other entity incorporated, organized and existing under Philippine laws and engaged in the manufacture, assembly, and conversion of electric and hybrid vehicles;

d) "Importer" refer to any individual, partnership, corporation or other entity incorporated, organized and existing under Philippine laws, engaged in the importation of completely built units of electric and hybrid vehicles.

e) "Charging Station" refer to the element in an infrastructure that supplies electric energy for the recharging of electric and hybrid vehicles.

SEC. 4. Coverage. – This Act shall cover only electric and hybrid vehicles as defined herein.

SEC. 5. Incentives. – The provision of any law to the contrary notwithstanding, the manufacturer, assembler, importer, owner, user, and operator of charging stations of electric and hybrid vehicles shall enjoy the following incentives:

a) Manufacturer or Assembler

i. Exemption from the payment of excise taxes and duties for ten (10) years from the effectivity of this Act on the manufacture or assembly of completely knocked-down (CKD) parts of electric and hybrid vehicles; and

ii. Exemption from the payment of value-added tax (VAT) for ten (10) years from the effectivity of this Act on imported raw materials, spare parts, components, and capital equipment used in the manufacture or assembly of electric and hybrid vehicles.

b) Importer

i. Exemption from the payment of excise taxes and duties for a five (5) years from the effectivity of this Act on the importation of completely built units (CBUs) of electric and hybrid vehicles;

c) Owner, user, or public utility vehicle operator

i. Priority in the registration and renewal of registration of electric and hybrid vehicles;

ii. Priority in the approval of applications and renewal for franchise to operate public utility vehicles exclusively utilizing electric and hybrid vehicles;

iii. Exemption from the payment of the Motor Vehicle User's Charge (MVUC) imposed pursuant to Republic Act No. 8794;

iv. Exemption from the Unified Vehicular Volume Reduction Program (UVVRP) being implemented by the Metro Manila Development Authority and other local government units; and

v. Provision of free parking spaces in business and commercial establishments constructed after the effectivity of this Act. For this purpose, no building permit shall be issued for the construction of business and commercial establishments with parking spaces unless the owner submits an undertaking to provide free parking spaces exclusively designed for electric and hybrid vehicles.

1
2 d) Operators of charging stations
3

4 i. Allocation of land or lot space by local government units for the
5 construction of electric and hybrid vehicles charging stations to encourage wider
6 deployment of electric and hybrid vehicles in their respective jurisdictions.

7 **SEC. 6. *Provision of Charging Stations in Parking Areas.*** – All private and
8 government offices, condominium residences, malls, hotels, casinos, resorts, and other
9 commercial establishments with parking capacity of fifty (50) vehicles or more shall
10 provide charging stations with an area equivalent to at least 5% of the entire parking
11 facility.

12 **SEC. 7. *Registration, Implementation and Monitoring.*** – The Department of
13 Finance (DOF) and the Department of Trade and Industry (DTI) shall be responsible in
14 administering and implementing the incentives granted under this Act.

15 Manufacturers, assemblers, and importers of electric and hybrid vehicles shall
16 register with the DOF in order to avail of the incentives provided under this Act. The DOF
17 and the DTI shall coordinate and meet regularly to properly monitor and review the
18 implementation of the incentives authorized herein.

19 **SEC. 8. *Implementing Rules and Regulations.*** – The DOF in coordination with the
20 DTI and the Department of Transportation (DOTr) shall promulgate the necessary rules
21 and regulations for the effective implementation of this Act.

22 **SEC. 9. *Separability Clause.*** – If, for any reason, any part or provision of this Act is
23 declared invalid or unconstitutional, the remaining parts or provisions not affected shall
24 remain in full force and effect.

25 **SEC. 10. *Repealing Clause.*** – All laws, presidential decrees, executive orders,
26 rules and regulations contrary to or inconsistent with the provisions of this Act are hereby
27 repealed or modified accordingly.

28 **SEC. 11. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
29 publication in the Official Gazette or in a newspaper of general circulation.

30 **Approved.**