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CONSTITUTIONAL BASIS: These draft bills are grounded in the following provisions of the 1987 Constitution of the Republic of the Philippines, as amended: Article II, Sections 9 and 20 (State Policy on social order and private sector role); Article VI, Sections 24, 26, and 28(4) (Legislative power, tax exemptions by law); Article XII, Sections 1, 6, 10, 11, and 12 (National Economy and Patrimony — equitable opportunity, social function of property, preference for Filipino labor and domestic goods, regulation of public utilities); and Article XIV, Section 11 (Science and Technology). Each Bill contains an express constitutional grounding clause.

TRANSMITTAL NOTE: These bills are transmitted by the Office of the President to the Congress of the Philippines pursuant to Article VI, Section 26(1) of the 1987 Constitution, which requires that every bill must embrace only one subject expressed in its title. Each bill in this package is a standalone legislative measure addressing a discrete subject matter within the Philippine automotive sector enabling framework. Administration certification of urgency pursuant to Article VI, Section 26(2) is attached separately.

REPUBLIC OF THE PHILIPPINES  
TWENTIETH CONGRESS OF THE REPUBLIC  
SECOND REGULAR SESSION

HOUSE BILL NO. \_\_\_\_\_  
SENATE BILL NO. \_\_\_\_\_

**BILL 1 OF 5 OF THE PASELP**

**Philippine Automotive Resurgence and Electrification Act of 2026  
(PAREA)**

**AN ACT ESTABLISHING THE PHILIPPINE AUTOMOTIVE RESURGENCE AND  
ELECTRIFICATION PROGRAMME, SUPERSEDING EXECUTIVE ORDER NO. 182, SERIES OF  
2015, PROVIDING FISCAL AND NON-FISCAL INCENTIVES FOR AUTOMOTIVE AND ELECTRIC  
VEHICLE MANUFACTURING IN THE PHILIPPINES, CREATING THE NATIONAL AUTOMOTIVE  
INDUSTRY DEVELOPMENT BOARD, AND APPROPRIATING FUNDS THEREFOR**

**EXPLANATORY NOTE**

This Bill establishes a permanent, statutory basis for the Philippine automotive manufacturing incentive framework by superseding Executive Order No. 182, Series of 2015 (the Comprehensive Automotive Resurgence Strategy or CARS Program), which lacks the institutional durability, funding certainty, and product scope required to attract the scale of investment necessary to build a Philippine automotive manufacturing sector for the electric vehicle era. The Bill creates a tax-expenditure-based incentive mechanism not subject to annual Congressional reappropriation, expands eligible vehicle categories to include battery electric vehicles, electric two-wheelers, and commercial EVs, establishes a binding local content escalation framework, and creates the National Automotive Industry Development Board (NAIDB) as the programme's permanent institutional home.

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

**ARTICLE I GENERAL PROVISIONS**

**Sec. 1. Short Title.** This Act shall be known as the 'Philippine Automotive Resurgence and Electrification Act of 2026' or 'PAREA'.

**Sec. 2. Declaration of Policy.** It is hereby declared the policy of the State, consistent with Articles II (Sections 9 and 20) and XII (Sections 1, 10, and 12) of the 1987 Constitution, to promote a globally competitive and domestically integrated automotive manufacturing sector that: (a) generates substantial and sustained employment for Filipino workers at wages significantly above the national average; (b) develops an indigenous supply chain of Philippine-owned and Philippine-operated automotive parts manufacturers; (c) advances the electrification of mobility in the Philippines in alignment with the Electric Vehicle Industry Development Act (Republic Act No. 11697); (d) attracts foreign direct investment in automotive manufacturing through a clear, stable, and internationally competitive incentive framework; and (e) positions the Philippines as a credible electric vehicle production and export platform within the ASEAN Free Trade Area.

**Sec. 3. Scope.** This Act applies to all natural and juridical persons, whether Filipino or foreign, that establish or operate automotive manufacturing or assembly operations in the Philippines in qualifying vehicle categories and that register as Qualified Automotive Manufacturers (QAMs) under this Act.

**Sec. 4. Definition of Terms.**

As used in this Act, the following terms shall be defined as follows:

**(a)** 'Battery Electric Vehicle' or 'BEV' means a motor vehicle powered exclusively by one or more electric motors, using energy stored in rechargeable battery packs, with no internal combustion engine of any kind, as defined under Republic Act No. 11697.

**(b)** 'Comprehensive Automotive Resurgence Strategy' or 'CARS Programme' means the programme established under Executive Order No. 182, Series of 2015, which is hereby superseded by the PAREA Programme established under this Act.

- (c) 'Electric Two-Wheeler' or 'E2W' means a motorcycle, scooter, moped, or bicycle propelled exclusively or primarily by an electric motor, including L1, L2, and L3 category vehicles as defined under Republic Act No. 11697.
- (d) 'Electric Three-Wheeler' or 'E3W' means a motorized tricycle, pedicab, or similar three-wheeled vehicle propelled exclusively or primarily by an electric motor, including L2e and L5e category vehicles.
- (e) 'Electric Commercial Vehicle' or 'e-CV' means an electric-powered light truck, delivery van, bus, or public utility vehicle (PUV), with a Gross Vehicle Weight Rating (GVWR) above 3,500 kilograms, propelled exclusively or primarily by an electric motor.
- (f) 'Plug-in Hybrid Electric Vehicle' or 'PHEV' means a motor vehicle with both an electric motor and an internal combustion engine, capable of recharging its battery from an external electric power source.
- (g) 'Qualifying Automotive Manufacturer' or 'QAM' means any natural or juridical person registered with the Board of Investments and the National Automotive Industry Development Board under Section 12 of this Act as a manufacturer or assembler of Qualifying Vehicles.
- (h) 'Qualifying Vehicle' means a BEV, E2W, E3W, e-CV, or PHEV, as well as such other vehicle categories as the NAIDB may designate by regulation, provided that such categories advance the electrification of Philippine mobility.
- (i) 'Local Content' means the percentage of a vehicle's ex-factory cost represented by parts, materials, labour, and services of Philippine origin, computed in accordance with the rules issued by the NAIDB and consistent with ASEAN Trade in Goods Agreement (ATIGA) origin determination rules.
- (j) 'Production Offset Obligation' or 'POO' means the binding obligation of a QAM that avails of zero-tariff importation privileges under Republic Act No. 11697 to manufacture or assemble Qualifying Vehicles in the Philippines at the ratio specified in Article IV of this Act.
- (k) 'National Automotive Industry Development Board' or 'NAIDB' means the inter-agency board established under Article V of this Act.
- (l) 'BOI' means the Board of Investments under the Department of Trade and Industry.

## ARTICLE II THE PAREA PROGRAMME

**Sec. 5. Establishment.** There is hereby established the Philippine Automotive Resurgence and Electrification (PAREA) Programme, which shall supersede and replace the Comprehensive Automotive Resurgence Strategy Programme established under Executive Order No. 182, Series of 2015. The PAREA Programme shall be the primary policy instrument of the national government for developing a globally competitive, electrification-oriented automotive manufacturing sector in the Philippines.

**Sec. 6. Qualifying Vehicle Categories.**

The PAREA Programme shall provide incentives for the manufacture or assembly in the Philippines of the following categories of Qualifying Vehicles:

- (a) Battery Electric Vehicles (BEVs), including passenger cars, crossover utility vehicles, and multi-purpose vehicles;
- (b) Electric Two-Wheelers (E2Ws), including electric motorcycles and scooters with rated motor power above 250 watts;
- (c) Electric Three-Wheelers (E3Ws), including electric tricycles and motorized pedicabs;
- (d) Electric Commercial Vehicles (e-CVs), including electric buses, electric jeepneys (e-jeepneys), electric trucks, and electric delivery vans;
- (e) Plug-in Hybrid Electric Vehicles (PHEVs) with a minimum all-electric range of 50 kilometres;
- (f) Such other vehicle categories as the NAIDB may designate, provided that such categories contribute substantially to the electrification of Philippine mobility and the development of a Philippine electric vehicle supply chain.

**Sec. 7. Minimum Programme Commitments for Registration.**

To qualify as a QAM and access Programme incentives, an applicant shall commit to the following minimum production obligations, which shall be incorporated into a binding Programme Participation Agreement (PPA) with the NAIDB:

- (a) For BEV passenger cars and PHEVs: minimum 50,000 units over five (5) years, with annual production of not less than 5,000 units beginning in the second year of commercial production;
- (b) For E2Ws and E3Ws: minimum 25,000 units over five (5) years;
- (c) For e-CVs (buses and e-jeepneys): minimum 5,000 units over five (5) years;
- (d) For e-CVs (light trucks and delivery vans): minimum 10,000 units over five (5) years.

The NAIDB may, by regulation and upon showing of good cause, adjust these minimum production thresholds to reflect market conditions, provided that any reduction below fifty percent (50%) of the thresholds set herein shall require the affirmative vote of a majority of the NAIDB Board.

#### **Sec. 8. Local Content Escalation Schedule.**

QAMs shall progressively increase the Philippine local content of Qualifying Vehicles in accordance with the following escalation schedule, which shall form part of the Programme Participation Agreement:

- (a) Year 1-2 of commercial production: minimum 15% local content;
- (b) Year 3-4 of commercial production: minimum 25% local content;
- (c) Year 5-6 of commercial production: minimum 35% local content;
- (d) Year 7 onwards: minimum 40% local content.

QAMs that achieve 40% or greater local content before the scheduled date shall be entitled to the Local Content Excellence Bonus under Section 9 of this Act. The NAIDB shall establish a Local Content Verification System (LCVS) and shall commission independent annual audits of QAM local content compliance.

**Sec. 9. Local Content Excellence Bonus.** A QAM that achieves and maintains forty percent (40%) or greater Philippine local content in its Qualifying Vehicles for a consecutive period of twenty-four (24) months shall be entitled, upon certification by the NAIDB, to an additional three (3) year extension of the income tax incentives provided under the Electric Vehicle Manufacturing Investment Act of 2026 (EVMIA), or such equivalent incentive as may be available under the CREATE Act as amended.

### **ARTICLE III FISCAL INCENTIVES AND TAX EXPENDITURE MECHANISM**

**Sec. 10. Nature of Incentives — Tax Expenditure Basis.** The fiscal incentives granted under this Act shall constitute tax expenditures as defined and governed by the National Internal Revenue Code of 1997 (NIRC), as amended, and the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE Act, Republic Act No. 11534), as amended. No annual Congressional appropriation shall be required for the continued enjoyment of income tax holidays or other tax-expenditure-based incentives granted under this Act or under the EVMIA, provided that the QAM continues to meet the conditions of its Programme Participation Agreement and the requirements of the CREATE Act.

**Sec. 11. Import Duty Incentives.** Subject to compliance with the Production Offset Obligation under Article IV of this Act, Qualifying Vehicles imported by registered QAMs in completely built-up (CBU) form shall be entitled to zero percent (0%) import duty for the duration of the Production Offset Window, as defined in Section 17. Parts, components, tooling, and manufacturing equipment imported by QAMs for use in the Philippine manufacture of Qualifying Vehicles shall be entitled to zero percent (0%) import duty for the first ten (10) years of Programme registration, subject to BOI certification of exclusive automotive manufacturing use.

Notwithstanding the foregoing, the zero-tariff CBU importation privilege shall be available only to QAMs that have registered a Production Offset Obligation and posted the required bank guarantee under Article IV of this Act. QAMs that fail to meet their Production Offset Obligation within the prescribed period shall be liable for the full retroactive import duties on all CBU units imported during the Production Offset Window, plus interest at twelve percent (12%) per annum and a surcharge of twenty-five percent (25%) of the duty amount.

### **ARTICLE IV PRODUCTION OFFSET OBLIGATION**

**Sec. 12. Production Offset Obligation — General Rule.** Every QAM that avails of zero-tariff CBU importation privileges under Section 11 of this Act or under Republic Act No. 11697 (EVIDA) shall be subject to a binding Production Offset Obligation (POO), which shall require the QAM to manufacture or assemble, within the Philippines, Qualifying Vehicles in a number and within a period as follows:

- (a) For QAMs with an annual CBU import volume of 1,000 units or more: the QAM shall be required to manufacture or assemble in the Philippines, within three (3) years of first commercial CBU importation, a number of Qualifying Vehicles equal to at least two (2) times the annual CBU import volume (the '1:2 Production Offset Ratio');
- (b) For QAMs with an annual CBU import volume of 5,000 units or more in any year after the third year of importation: the Production Offset Ratio shall increase to 1:3 (one CBU unit imported to three units manufactured in the Philippines) for the fourth year onward;
- (c) For E2W and E3W QAMs: the Production Offset Ratio shall be 1:1.5 for the first three years and 1:2 thereafter.

**Sec. 13. Bank Guarantee Requirement.** Prior to the first importation of CBU Qualifying Vehicles under the zero-tariff privilege, the QAM shall lodge with the Bureau of Customs a bank guarantee from a Philippine universal

bank rated investment-grade by a BSP-recognized credit rating agency, in an amount equal to one hundred percent (100%) of the estimated import duties that would be payable on the projected three-year CBU import volume at the applicable MFN tariff rate. This guarantee shall secure the QAM's POO compliance and shall be partially or fully returned upon NAIDB certification of compliance.

**Sec. 14. POO Compliance Certification.** A QAM shall apply to the NAIDB for POO Compliance Certification no later than thirty-six (36) months after the first importation of CBU Qualifying Vehicles. The NAIDB shall issue or deny the certification within ninety (90) days of a complete application. A QAM that receives POO Compliance Certification shall have its bank guarantee proportionally released. A QAM that fails to receive certification shall be liable for the duties and penalties under Section 11 of this Act.

**Sec. 15. Exemptions.** The following entities shall be exempt from the Production Offset Obligation: (a) QAMs whose total annual CBU importation is below 500 units; (b) QAMs that have commenced Philippine manufacturing operations before the date of importation of any CBU unit under the zero-tariff privilege; and (c) QAMs designated by the NAIDB as Priority E3W or E2W Manufacturers under a government fleet electrification programme, for the first 24 months of their operations.

## ARTICLE V NATIONAL AUTOMOTIVE INDUSTRY DEVELOPMENT BOARD

**Sec. 16. Creation of the NAIDB.** There is hereby created the National Automotive Industry Development Board (NAIDB), which shall be attached to the Department of Trade and Industry. The NAIDB shall be the primary government body responsible for the administration, coordination, and implementation of the PAREA Programme and the Philippine Automotive Sector Enabling Legislative Package (PASELP).

**Sec. 17. Composition.** The NAIDB shall be composed of the following members:

- (a) The Secretary of Trade and Industry, as Chairperson;
- (b) The Director General of the National Economic and Development Authority (NEDA), as Vice-Chairperson;
- (c) The Secretary of Finance;
- (d) The Secretary of Transportation;
- (e) The Secretary of Energy;
- (f) The Secretary of Science and Technology;
- (g) The Governor of the Bangko Sentral ng Pilipinas;
- (h) The Director General of the Board of Investments;
- (i) Three (3) representatives from the private sector, consisting of one (1) representative from QAM OEM manufacturers, one (1) from the Philippine automotive parts and components industry, and one (1) from the Philippine electric vehicle industry association, each appointed by the President for a term of three (3) years;
- (j) The President of the Development Bank of the Philippines, in an ex officio capacity.

**Sec. 18. Powers and Functions of the NAIDB.** The NAIDB shall have the following powers and functions:

- (a) Register QAMs and issue Programme Participation Agreements;
- (b) Monitor and certify compliance with Local Content Escalation Schedules and Production Offset Obligations;
- (c) Issue rules and regulations for the implementation of the PAREA Programme and the PASELP;
- (d) Establish the Local Content Verification System and commission independent audits;
- (e) Recommend to Congress amendments to this Act and related legislation based on programme performance;
- (f) Coordinate with the Bureau of Customs, Bureau of Internal Revenue, BOI, and PEZA on matters relevant to automotive manufacturing incentives;
- (g) Establish a Philippine Automotive Supply Chain Development Programme (PASCDDP) to facilitate the development of Tier 1, 2, and 3 Philippine suppliers, in coordination with DTI and DOST;
- (h) Publish an annual State of the Philippine Automotive Industry Report, to be transmitted to the Congress and the President.

**Sec. 19. Secretariat.** The NAIDB shall be supported by a permanent Secretariat headed by an Executive Director, who shall be appointed by the President upon the recommendation of the DTI Secretary. The Secretariat shall be staffed by personnel detailed from the DTI, NEDA, DOF, DOTr, and DOE. The NAIDB Executive Director shall have the rank of Undersecretary.

## ARTICLE VI PHILIPPINE AUTOMOTIVE SUPPLY CHAIN DEVELOPMENT PROGRAMME

**Sec. 20. Philippine Automotive Supply Chain Development Programme.** The NAIDB shall establish and administer a Philippine Automotive Supply Chain Development Programme (PASCDP) with the following components:

- (a) A matching grant programme of up to PHP 5,000,000 per qualifying Small and Medium Enterprise (SME), for the cost of obtaining IATF 16949 quality management certification, AEC-Q100 electronic component qualification, or equivalent international automotive quality certification;
- (b) A technical assistance programme, delivered through DOST regional offices, providing engineering advisory services to Philippine SMEs seeking to qualify as Tier 2 and Tier 3 automotive suppliers;
- (c) An Automotive Supplier Linkage Programme, which shall require QAMs to submit annual Local Supplier Development Plans identifying Philippine SMEs in their supply chain and the timeline for qualifying them to international automotive supplier standards;
- (d) A dedicated PASCDP Lending Window administered by the Development Bank of the Philippines (DBP) providing medium-term loans of up to PHP 100,000,000 per qualifying SME at interest rates not exceeding the BSP policy rate plus two percentage points (2 pp), for the acquisition of automotive-grade manufacturing equipment and facilities.

**Sec. 21. Funding of the PASCDP.** The initial capitalisation of the PASCDP matching grant programme shall be PHP 5,000,000,000 (Five Billion Pesos), to be drawn from the following sources: (a) PHP 3,000,000,000 from the proceeds of the Government Automotive Industry Development Bond (GAIDB) issuance under Section 25; (b) PHP 2,000,000,000 from the annual budget of the DTI, spread over five (5) years at PHP 400,000,000 per year. The DBP PASCDP Lending Window shall be funded from DBP's ordinary banking capital subject to DBP's prudential lending limits.

## ARTICLE VII GOVERNMENT-TO-GOVERNMENT AUTOMOTIVE INVESTMENT DIPLOMACY

**Sec. 22. Automotive Investment Diplomacy Mandate.** The Department of Foreign Affairs (DFA), in coordination with the DTI, NAIDB, and the Office of the President, shall undertake systematic Government-to-Government (G2G) diplomatic engagement with the governments of Japan, the Republic of Korea, and the People's Republic of China, as well as with the ASEAN Member States, for the purpose of facilitating bilateral automotive manufacturing investment agreements, technology transfer arrangements, and supply chain partnerships consistent with the PAREA Programme objectives. The DFA shall designate automotive investment as a priority track in bilateral economic cooperation dialogues with Japan, Korea, and China within six (6) months of the effectivity of this Act.

**Sec. 23. Annual G2G Automotive Investment Report.** The DFA and DTI shall submit to the President and to the Congress an annual G2G Automotive Investment Report detailing: (a) bilateral automotive investment dialogue outcomes; (b) technology transfer agreements facilitated; (c) OEM investment commitments secured; and (d) proposed next-year diplomatic engagement priorities.

## ARTICLE VIII FINANCING PROVISIONS

**Sec. 24. DBP Automotive Manufacturing Lending Window.** The Development Bank of the Philippines is hereby authorized and directed to establish a dedicated Automotive Manufacturing Lending Window (AMLW) with a total lending allocation of not less than PHP 50,000,000,000 (Fifty Billion Pesos) for the period 2026 to 2030, providing medium-to-long-term project finance loans to QAMs and Tier 1 automotive suppliers at interest rates not exceeding the BSP overnight lending facility rate plus 1.5 percentage points. DBP shall give priority within the AMLW to: (a) BEV assembly facilities; (b) E2W and E3W manufacturing plants; (c) EV battery module assembly operations; and (d) Tier 1 automotive parts manufacturers with signed supply agreements with registered QAMs.

**Sec. 25. Government Automotive Industry Development Bond.** The Bureau of the Treasury, upon the recommendation of the NAIDB and with the approval of the Secretary of Finance, is authorized to issue Government Automotive Industry Development Bonds (GAIDBy) with a total face value not exceeding PHP 30,000,000,000 (Thirty Billion Pesos), with a tenor of fifteen (15) years, a coupon rate not to exceed the prevailing 10-year government securities rate plus 0.75%, and the full faith and credit of the Republic of the Philippines. The proceeds shall be allocated as follows: (a) PHP 5,000,000,000 to capitalize the PASCDP matching grant programme; (b) PHP 15,000,000,000 as equity injection to the DBP AMLW to reduce its cost of funds; (c) PHP 10,000,000,000 to fund the Philippine Automotive Testing and Certification Centre under the PATCCA.

**Sec. 26. PhilGuarantee Coverage.** The Philippine Guarantee Corporation (PhilGuarantee) is hereby authorized and directed to provide credit guarantees of up to eighty percent (80%) of the principal of DBP AMLW loans to QAMs and Tier 1 suppliers with annual revenue below PHP 1,000,000,000. The guarantee fee shall not exceed one percent (1%) per annum of the outstanding guaranteed loan balance. The ceiling for PhilGuarantee's

automotive manufacturing portfolio shall be set at PHP 40,000,000,000 (Forty Billion Pesos), which shall not be counted toward PhilGuarantee's existing sectoral guarantee limits.

## ARTICLE IX FINAL PROVISIONS

**Sec. 27. Transitory Provisions — Existing CARS Enrollees.** QAMs enrolled under Executive Order No. 182, Series of 2015, on the date of effectivity of this Act shall be deemed registered under the PAREA Programme and shall continue to enjoy their existing incentives for the remaining term of their Participation Agreements. Upon expiry of existing Participation Agreements, such QAMs shall be invited to re-register under the PAREA Programme and to enter into new Programme Participation Agreements under this Act.

**Sec. 28. Implementing Rules and Regulations.** The NAIDB, in coordination with the DTI, NEDA, DOF, DOTr, and BOI, shall issue the Implementing Rules and Regulations (IRR) of this Act within ninety (90) days of its effectivity. The IRR shall be published in the Official Gazette and in two (2) newspapers of general circulation.

**Sec. 29. Separability Clause.** If any provision of this Act, or the application of such provision to any circumstance, is declared unconstitutional, the remainder of this Act or the application of such provision to other circumstances shall not be affected by such declaration.

**Sec. 30. Repealing Clause.** Executive Order No. 182, Series of 2015, is hereby superseded upon the issuance of the IRR of this Act. All other laws, executive orders, proclamations, and administrative regulations inconsistent with this Act are hereby repealed or modified accordingly.

**Sec. 31. Effectivity.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,

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**FERDINAND R. MARCOS JR.**

President of the Republic of the Philippines

REPUBLIC OF THE PHILIPPINES  
TWENTIETH CONGRESS OF THE REPUBLIC  
SECOND REGULAR SESSION

HOUSE BILL NO. \_\_\_\_\_  
SENATE BILL NO. \_\_\_\_\_

**BILL 2 OF 5 OF THE PASELP**

**Electric Vehicle Manufacturing Investment Act of 2026 (EVMIA)**

**AN ACT GRANTING FISCAL INCENTIVES TO ELECTRIC VEHICLE, ELECTRIC TWO-WHEELER, AND ELECTRIC COMMERCIAL VEHICLE MANUFACTURERS IN THE PHILIPPINES, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 11534 (CREATE ACT), REPUBLIC ACT NO. 11697 (EVIDA), AND OTHER RELATED LAWS**

**EXPLANATORY NOTE**

This Bill provides a comprehensive fiscal incentive framework — including income tax holidays of 8 to 13 years, duty-free importation of manufacturing equipment and CKD components, and a local content tax credit — specifically calibrated for electric vehicle and electric two-wheeler manufacturers establishing production in the Philippines. The Bill works within the CREATE Act (RA 11534) framework, amending its Investment Priority Plan provisions to expressly classify EV manufacturing as a Strategic Investment Priority Activity entitled to enhanced incentives. The Production Offset Obligation codified in PAREA (Bill 1) is the demand-side instrument; this Bill provides the supply-side incentive package that makes Philippine EV manufacturing economically viable.

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

**ARTICLE I GENERAL PROVISIONS**

**Sec. 1. Short Title.** This Act shall be known as the 'Electric Vehicle Manufacturing Investment Act of 2026' or 'EVMIA'.

**Sec. 2. Declaration of Policy.** It is declared the policy of the State, pursuant to Article XII, Sections 1 and 10 of the 1987 Constitution, to attract and retain investment in the manufacture of electric vehicles, electric two-wheelers, and electric commercial vehicles in the Philippines by providing a fiscally competitive and institutionally stable incentive framework that is transparent, rules-based, and subject to performance conditions that ensure genuine industrial development rather than mere distribution or assembly for incentive capture.

**Sec. 3. Constitutional Basis for Tax Incentives.** The fiscal incentives granted under this Act are authorized pursuant to Article VI, Section 28(4) of the 1987 Constitution, which provides that 'no law granting any tax exemption shall be passed without the concurrence of a majority of all the Members of the Congress.' This Act shall be deemed a special law granting tax exemptions and shall require for passage the affirmative vote of a majority of all the Members of the House of Representatives and of the Senate, voting separately.

**Sec. 4. Relationship to the CREATE Act.** The incentives provided under this Act are granted as Additional Fiscal Incentives under Chapter IV of the CREATE Act (Republic Act No. 11534), and shall be administered by the Board of Investments (BOI) as the Investment Promotion Agency of jurisdiction for automotive manufacturing investments. Nothing in this Act shall be construed to diminish the powers of the Fiscal Incentives Review Board (FIRB) established under the CREATE Act.

**ARTICLE II QUALIFIED EV MANUFACTURERS**

**Sec. 5. Qualified EV Manufacturer (QEM).**

A natural or juridical person shall qualify as a Qualified EV Manufacturer (QEM) entitled to the incentives under this Act if it meets all of the following conditions:

- (a) It is registered as a Qualified Automotive Manufacturer (QAM) under the Philippine Automotive Resurgence and Electrification Act of 2026 (PAREA);

- (b) It has established or commits within twenty-four (24) months to establish a manufacturing or assembly facility within the Philippines with a capacity of not less than 5,000 units per year for BEVs/PHEVs, 10,000 units per year for E2Ws/E3Ws, or 1,000 units per year for e-CVs;
- (c) It employs not fewer than 200 full-time Filipino workers in its Philippine manufacturing operations within the first full year of commercial production;
- (d) It has executed a Programme Participation Agreement (PPA) under PAREA with binding local content escalation commitments;
- (e) It maintains IATF 16949 automotive quality management certification, or commits to obtaining such certification within thirty-six (36) months of first commercial production.

### ARTICLE III INCOME TAX INCENTIVES

**Sec. 6. Income Tax Holiday — Tier 1.** A QEM operating in a Tier 1 location (outside Metro Manila, in a BOI-designated Economic Zone or PEZA zone) shall be entitled to an Income Tax Holiday (ITH) of thirteen (13) years from the first taxable year of commercial production of Qualifying Vehicles, with no obligation to pay corporate income tax on income derived from its Philippine EV manufacturing activities during this period.

**Sec. 7. Income Tax Holiday — Tier 2.** A QEM operating in a Tier 2 location (BOI-registered but not in a PEZA zone, within or adjacent to Metro Manila) shall be entitled to an Income Tax Holiday of eight (8) years from the first taxable year of commercial production.

**Sec. 8. Enhanced Deductions Post-ITH.** Upon expiry of the applicable Income Tax Holiday, a QEM shall be entitled to the following Enhanced Deductions from gross income in lieu of other special deductions, for a period of ten (10) years:

- (a) Additional deduction of fifty percent (50%) of direct labour costs incurred in Philippine EV manufacturing operations;
- (b) Additional deduction of one hundred percent (100%) of training costs for Filipino automotive technicians and engineers;
- (c) Additional deduction of one hundred percent (100%) of research and development expenditure on EV technology conducted in the Philippines;
- (d) Additional deduction of fifty percent (50%) of costs incurred for the qualification of Philippine SMEs as Tier 1 or Tier 2 suppliers, including tooling, testing, and certification assistance costs.

**Sec. 9. Local Content Excellence Tax Credit.** A QEM that achieves and maintains forty percent (40%) or greater Philippine local content in its Qualifying Vehicles for two (2) consecutive years, as certified by the NAIDB, shall be entitled to a tax credit equivalent to five percent (5%) of the incremental value of locally sourced parts and materials above the 40% threshold. This tax credit shall be applied against the QEM's corporate income tax liability after the ITH period, and any excess credit may be carried forward for five (5) years.

### ARTICLE IV CUSTOMS AND IMPORT DUTY INCENTIVES

**Sec. 10. Duty-Free Manufacturing Equipment.** QEMs shall be entitled to zero percent (0%) customs duty on the importation of capital equipment, tooling, and machinery exclusively used in the Philippine manufacture of Qualifying Vehicles, for a period of ten (10) years from BOI registration. The Bureau of Customs shall process duty-free importation claims from QEMs within fifteen (15) working days of complete application. Equipment imported under this section shall not be sold, transferred, or used for non-automotive purposes within five (5) years of importation without prior NAIDB clearance and payment of the otherwise applicable customs duty.

**Sec. 11. Duty-Free CKD Components.** QEMs shall be entitled to zero percent (0%) customs duty on the importation of Completely Knocked Down (CKD) automotive parts and components for assembly into Qualifying Vehicles in the Philippines, subject to the following conditions:

- (a) The duty-free CKD importation privilege shall be available for a period of ten (10) years from BOI registration;
- (b) The QEM shall report quarterly to the NAIDB on the volume, origin, and HS classification of all CKD components imported under this provision;
- (c) The duty-free CKD privilege shall be conditioned on the QEM's compliance with the Local Content Escalation Schedule under PAREA. A QEM that fails to meet a local content milestone shall have its CKD duty-free privilege suspended for the calendar quarter following the determination of non-compliance, pending a remediation plan approved by the NAIDB;
- (d) Battery cells imported as part of a CKD kit for EV assembly shall be entitled to the duty-free CKD privilege under this Section.

**Sec. 12. Value-Added Tax Zero-Rating.** The importation of CKD components and capital equipment by QEMs under Sections 10 and 11 shall be zero-rated for VAT purposes. The domestic sale of Qualifying Vehicles manufactured by QEMs to the national government, local government units, and government-owned or controlled corporations (GOCCs) for fleet electrification purposes shall be zero-rated for VAT.

## ARTICLE V REGISTRATION, MONITORING AND COMPLIANCE

**Sec. 13. Registration with BOI.** Applications for QEM registration shall be filed with the BOI in accordance with the Omnibus Investments Code of 1987 (Executive Order No. 226), as amended by the CREATE Act. The BOI shall act on a complete QEM application within forty-five (45) working days of receipt. The BOI shall publish on its website all QEM registrations and the status of their local content and production milestone compliance within thirty (30) days of annual NAIDB certification.

**Sec. 14. Clawback for Non-Performance.** A QEM that (a) fails to commence commercial production within thirty-six (36) months of BOI registration, (b) fails to maintain employment of the minimum number of Filipino workers, (c) fails two (2) consecutive local content milestone assessments without an NAIDB-approved remediation plan, or (d) voluntarily ceases Philippine manufacturing operations during the ITH period, shall be subject to clawback of all income tax holidays and customs duty benefits availed, with interest at twelve percent (12%) per annum from the date of availing. The BOI shall issue a Demand Letter upon NAIDB certification of non-compliance, and the QEM shall have thirty (30) days to cure or to file for administrative review.

**Sec. 15. Implementing Rules and Regulations.** The BOI, in coordination with the NAIDB, BIR, and Bureau of Customs, shall issue the IRR of this Act within sixty (60) days of its effectivity.

## ARTICLE VI FINAL PROVISIONS

**Sec. 16. Amendment to the CREATE Act.** Section 6 of Republic Act No. 11534 (CREATE Act) is hereby amended by adding a new paragraph (c-1) to read as follows: '(c-1) Battery electric vehicles, electric two-wheelers, electric three-wheelers, electric commercial vehicles, and plug-in hybrid electric vehicles, as well as EV battery modules, EV motor controllers, battery management systems, and EV charging equipment, manufactured in the Philippines by a Qualified EV Manufacturer (QEM) registered under the Electric Vehicle Manufacturing Investment Act of 2026, shall be classified as a Tier 1 Strategic Investment Priority Activity entitled to the maximum available Income Tax Holiday and Enhanced Deductions under this Act.'

**Sec. 17. Separability Clause.** If any provision of this Act is declared unconstitutional, the remainder shall not be affected.

**Sec. 18. Repealing Clause.** All laws, orders, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

**Sec. 19. Effectivity.** This Act takes effect fifteen (15) days after publication in the Official Gazette or two (2) newspapers of general circulation.

REPUBLIC OF THE PHILIPPINES  
TWENTIETH CONGRESS OF THE REPUBLIC  
SECOND REGULAR SESSION

HOUSE BILL NO. \_\_\_\_\_  
SENATE BILL NO. \_\_\_\_\_

**BILL 3 OF 5 OF THE PASELP**

**Green Public Transport Electrification Fund Act of 2026 (GPTEFA)**

**AN ACT ESTABLISHING THE GREEN PUBLIC TRANSPORT ELECTRIFICATION FUND, PROVIDING CONCESSIONAL FINANCING FOR THE TRANSITION OF PUBLIC UTILITY VEHICLES TO ELECTRIC PROPULSION, AMENDING FOR THIS PURPOSE THE LAND TRANSPORTATION FRANCHISING AND REGULATORY BOARD CHARTER AND RELATED LAWS, AND APPROPRIATING FUNDS THEREFOR**

**EXPLANATORY NOTE**

This Bill addresses the primary financial barrier to the electrification of Philippine public utility vehicles (PUVs): the capital cost gap between conventional ICE jeepneys and tricycles (PHP 800,000-1,200,000) and their electric equivalents (PHP 2,500,000-3,500,000). By establishing a PHP 30,000,000,000 concessional lending fund at 3-5% per annum through the Development Bank of the Philippines and the Land Bank of the Philippines, with PhilGuarantee credit enhancement, this Bill makes e-jeepney and e-tricycle ownership economically accessible to individual operators and cooperatives while simultaneously creating guaranteed government demand that anchors the domestic electric commercial vehicle manufacturing industry established under PAREA and EVMIA.

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

**ARTICLE I GENERAL PROVISIONS**

**Sec. 1. Short Title.** This Act shall be known as the 'Green Public Transport Electrification Fund Act of 2026' or 'GPTEFA'.

**Sec. 2. Declaration of Policy.** It is declared the policy of the State, pursuant to Article II, Sections 9 and 16, and Article XII, Section 1 of the 1987 Constitution, to promote the electrification of the Philippine public land transport system as a means of reducing urban air pollution, lowering the transportation costs of the Filipino people, developing a domestic electric commercial vehicle manufacturing industry, and creating productive employment in the manufacture and maintenance of electric public utility vehicles.

**ARTICLE II THE GREEN PUBLIC TRANSPORT ELECTRIFICATION FUND**

**Sec. 3. Establishment of the Fund.** There is hereby established the Green Public Transport Electrification Fund (GPTEF), to be administered jointly by the Development Bank of the Philippines (DBP) and the Land Bank of the Philippines (Land Bank), under the policy direction of the National Automotive Industry Development Board (NAIDB) and the Land Transportation Franchising and Regulatory Board (LTFRB).

**Sec. 4. Capitalization of the Fund.**

The GPTEF shall be capitalized at PHP 30,000,000,000 (Thirty Billion Pesos), sourced as follows:

- (a) PHP 15,000,000,000 from the Government Automotive Industry Development Bonds (GAIDBy) authorized under Section 25 of the PAREA;
- (b) PHP 10,000,000,000 from the annual appropriations of the national government, to be included in the General Appropriations Act for the fiscal years 2027, 2028, and 2029 at PHP 3,333,333,333 per year;
- (c) PHP 5,000,000,000 from the Equity Investment Account of the Land Bank of the Philippines, authorized by the Land Bank charter as an investment in green transportation infrastructure.

**Sec. 5. Eligible Borrowers.** The following entities shall be eligible to borrow from the GPTEF:

- (a) Individual PUV operators holding a current Certificate of Public Convenience (CPC) or Provisional Authority (PA) issued by the LTFRB, who commit to replacing their existing ICE jeepney or ICE tricycle with an Electric Public Utility Vehicle (EPUV) within twelve (12) months of loan disbursement;

- (b) PUV transport cooperatives registered with the Cooperative Development Authority (CDA), for the purpose of acquiring EPUVs for their members;
- (c) Local Government Units (LGUs), for the purpose of procuring EPUVs for municipally operated transport services;
- (d) Qualified Electric Vehicle Manufacturers (QEMs) registered under the EVMIA, for the purpose of financing the construction or expansion of EPUV assembly facilities in the Philippines.

**Sec. 6. Loan Terms.** Loans from the GPTEF to eligible borrowers under Section 5 (a), (b), and (c) shall be made on the following terms:

- (a) Maximum interest rate: five percent (5%) per annum for individual operators; three percent (3%) per annum for transport cooperatives and LGUs;
- (b) Maximum loan tenor: ten (10) years for individual operators and transport cooperatives; fifteen (15) years for LGUs;
- (c) Maximum loan amount: PHP 3,500,000 per individual EPUV unit; PHP 350,000,000 per transport cooperative; and such amount as the NAIDB may approve for LGU fleet procurement;
- (d) Collateral requirement: the EPUV itself shall serve as primary collateral. PhilGuarantee shall provide an eighty percent (80%) credit guarantee for all GPTEF loans to individual operators and cooperatives;
- (e) Moratorium on principal repayment: six (6) months from the date of EPUV delivery.

**Sec. 7. Electric Public Utility Vehicle Definition.** For purposes of this Act, an 'Electric Public Utility Vehicle' or 'EPUV' means any BEV or PHEV (with a minimum 50km all-electric range) that is used as a public utility vehicle under a LTFRB franchise, including: (a) electric jeepneys and e-jeepneys assembled in the Philippines by a QEM; (b) electric tricycles and e-trikes; (c) electric buses and minibuses; and (d) electric UV express or AUV.

**Sec. 8. Condition: EPUV Procurement from Philippine Manufacturers.** To promote the development of the domestic EPUV manufacturing industry, the LTFRB shall, within one (1) year of the effectivity of this Act, issue a circular providing that GPTEF loans used for the procurement of EPUVs shall be eligible for a preferential interest rate reduction of one (1) percentage point below the standard GPTEF rate if the EPUV is manufactured or assembled in the Philippines by a QEM registered under the EVMIA. This provision shall not be construed to prohibit the purchase of imported EPUVs using GPTEF funds at the standard rate.

**Sec. 9. LTFRB Franchise Conditions for EPUV Routes.** The LTFRB is hereby authorized and directed to issue administrative regulations, within six (6) months of the effectivity of this Act, that: (a) require all new PUV franchises issued after January 1, 2028, for routes within Metro Manila, Cebu City, Davao City, and such other urban centers as the LTFRB may designate, to be served exclusively by EPUVs; (b) establish a rolling five-year EPUV franchise transition plan for existing franchise holders, providing sufficient lead time and GPTEF access to ensure economically feasible transition; and (c) prohibit the issuance of new franchises for ICE-powered tricycles in barangays where an LGU has adopted an e-Trike electrification ordinance with GPTEF support.

### ARTICLE III ADMINISTRATION AND OVERSIGHT

**Sec. 10. Joint DBP-Land Bank Administration.** The GPTEF shall be jointly administered by DBP and Land Bank, which shall establish a Joint GPTEF Management Committee within sixty (60) days of the effectivity of this Act. DBP shall be the primary administrator for loans to QEMs (Section 5(d)). Land Bank shall be the primary administrator for loans to individual operators, cooperatives, and LGUs (Section 5(a)-(c)). All GPTEF loan decisions shall be subject to standard DBP and Land Bank credit assessment procedures and the prudential requirements of the Bangko Sentral ng Pilipinas.

**Sec. 11. Reporting and Audit.** DBP and Land Bank shall submit a joint GPTEF Utilization Report to the NAIDB, the Commission on Audit, and the Congress every six (6) months. The report shall include: (a) total disbursements by borrower category and vehicle type; (b) non-performing loan ratio; (c) number of EPUVs financed; (d) number of ICE PUVs replaced; and (e) estimated reduction in greenhouse gas emissions from financed EPUV operations.

**Sec. 12. PhilGuarantee Authority.** PhilGuarantee is hereby authorized to issue credit guarantees for GPTEF loans as provided in Section 6(d). The total value of PhilGuarantee guarantees for the GPTEF shall not exceed PHP 24,000,000,000 (Twenty-Four Billion Pesos). The National Government shall make available a counter-guarantee facility to PhilGuarantee for GPTEF-related claims, administered by the Bureau of the Treasury.

### ARTICLE IV FINAL PROVISIONS

**Sec. 13. Implementing Rules and Regulations.** The DBP, Land Bank, LTFRB, and NAIDB, in consultation with the DOTr, DOF, and CDA, shall issue the joint IRR within ninety (90) days of the effectivity of this Act.

**Sec. 14. Separability Clause.** If any provision of this Act is declared unconstitutional, the remainder shall not be affected.

**Sec. 15. Repealing Clause.** All laws, orders, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

**Sec. 16. Effectivity.** This Act takes effect thirty (30) days after publication in the Official Gazette or two (2) newspapers of general circulation, to allow time for the establishment of the Joint GPTEF Management Committee.

REPUBLIC OF THE PHILIPPINES  
TWENTIETH CONGRESS OF THE REPUBLIC  
SECOND REGULAR SESSION

HOUSE BILL NO. \_\_\_\_\_  
SENATE BILL NO. \_\_\_\_\_

**BILL 4 OF 5 OF THE PASELP**

**Industrial Power Competitiveness Act of 2026 (IPCA)**

**AN ACT ESTABLISHING A SPECIAL AUTOMOTIVE MANUFACTURING POWER RATE FOR REGISTERED AUTOMOTIVE AND ELECTRIC VEHICLE MANUFACTURERS IN THE PHILIPPINES, DIRECTING THE ENERGY REGULATORY COMMISSION TO PROMULGATE IMPLEMENTING REGULATIONS, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 9136 (ELECTRIC POWER INDUSTRY REFORM ACT OF 2001), AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

Philippine industrial electricity costs of USD 0.18-0.22 per kilowatt-hour are approximately double those of Thailand (USD 0.08-0.10) and Vietnam (USD 0.07-0.09), imposing an annual operating cost premium of USD 8-12 million per 50,000-unit automotive plant versus ASEAN competitors. This structural disadvantage is the second most frequently cited barrier to automotive manufacturing FDI in the Philippines (after the absence of a binding production offset mechanism). This Bill addresses this barrier by directing the Energy Regulatory Commission (ERC) to establish a Special Automotive Manufacturing Power Rate (SAMPR) for BOI-registered automotive manufacturers, utilising the Green Energy Auction Programme (GEAP) and Renewable Energy (RE) wheeling mechanisms to deliver competitively priced dedicated RE power to automotive manufacturing zones.

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

**ARTICLE I GENERAL PROVISIONS**

**Sec. 1. Short Title.** This Act shall be known as the 'Industrial Power Competitiveness Act of 2026' or 'IPCA'.

**Sec. 2. Declaration of Policy.** It is declared the policy of the State, pursuant to Article XII, Section 11 of the 1987 Constitution, which vests in the State the regulation of utilities that serve the public interest, to ensure that the cost of electricity for industrial users in the Philippines is competitive with that of comparable ASEAN economies, in order to attract and retain manufacturing investment, promote industrialisation, and fulfil the constitutional mandate to make the national economy 'independent and self-reliant' as expressed in Article II, Section 19.

**Sec. 3. Constitutional Basis — Regulation of Public Utilities.** The regulation of electricity rates authorized under this Act is expressly within the constitutional grant of authority under Article XII, Section 11, which provides that 'no franchise, certificate, or any other form of authorization for the operation of a public utility shall be granted except to citizens of the Philippines or to corporations or associations organized under the laws of the Philippines... In times of national emergency, when the public interest so requires, the State may, during the emergency and under reasonable terms prescribed by it, temporarily take over or direct the operation of any privately owned public utility or business affected with public interest.' The SAMPR established under this Act is a permanent regulatory rate framework, not an emergency measure, and is consistent with the ERC's existing rate-setting authority under the EPIRA.

**ARTICLE II SPECIAL AUTOMOTIVE MANUFACTURING POWER RATE**

**Sec. 4. Establishment of the SAMPR.** There is hereby established a Special Automotive Manufacturing Power Rate (SAMPR) for Qualified Automotive Manufacturers (QAMs) registered under the Philippine Automotive Resurgence and Electrification Act of 2026 (PAREA) and Qualified EV Manufacturers (QEMs) registered under the Electric Vehicle Manufacturing Investment Act of 2026 (EVMIA). The SAMPR shall be the applicable electricity tariff for power consumed by QAMs and QEMs in their Philippine automotive manufacturing operations.

**Sec. 5. SAMPR Target Rate.** The SAMPR shall be set by the Energy Regulatory Commission (ERC) at a level not to exceed PHP 6.50 per kilowatt-hour (kWh), inclusive of all distribution, transmission, and system charges,

for the period from 2027 to 2031. The ERC shall review the SAMPR every two (2) years and may adjust the target upward by not more than five percent (5%) per review period, provided that the SAMPR shall at no time exceed one hundred twenty percent (120%) of the prevailing average industrial electricity rate in Thailand, as published by the Electricity Generating Authority of Thailand and verified by NEDA. The ERC shall publish its SAMPR rate orders in the Official Gazette.

**Sec. 6. SAMPR Delivery Mechanism.** The ERC is hereby directed to establish the SAMPR through the following mechanisms:

- (a) Green Energy Option Programme (GEOP) Priority: QAMs and QEMs shall be accorded first priority access to the Green Energy Option Programme under Republic Act No. 9513, enabling them to directly source electricity from RE generators at contracted rates as their primary SAMPR supply;
- (b) Green Energy Auction Reserves: The Department of Energy (DOE), in conducting Green Energy Auctions under the GEAP, shall reserve not less than fifteen percent (15%) of total auctioned RE capacity in any tranche for supply to BOI-registered automotive manufacturing zones in CALABARZON, Clark, Cebu, and Davao. Reserved capacity shall be awarded at the clearing price of each auction;
- (c) Automotive Manufacturing Zone Wheeling: The ERC is directed to issue a Wheeling Rate Order specifically for the transmission of RE electricity to designated Automotive Manufacturing Zones, establishing wheeling rates that do not exceed the actual system cost of transmission, excluding cross-subsidies and socialized charges otherwise applied to industrial users. Automotive Manufacturing Zones shall be designated by the NAIDB in coordination with the DOE;
- (d) Distribution Utility Bypass Authorization: QAMs and QEMs with a connected load of 1 MVA or greater are hereby authorized to procure electricity directly from RE generators or the wholesale electricity spot market through bilateral contracts, without being required to purchase through their distribution utility, subject to payment of reasonable metering and connection charges to the distribution utility serving their facility.

**Sec. 7. BSP Risk-Weight Reduction for Green Industrial Loans.** The Bangko Sentral ng Pilipinas is hereby directed to issue a Circular, within ninety (90) days of the effectivity of this Act, reducing the risk weight applied to bank loans classified as 'Automotive Manufacturing Green Industrial Loans' — being loans to QAMs and QEMs for the construction, expansion, or equipment procurement of Philippine EV manufacturing facilities powered by RE sources under a SAMPR supply arrangement — from one hundred percent (100%) to fifty percent (50%). This risk-weight reduction shall apply for a period of ten (10) years from the date of the BSP Circular.

**Sec. 8. Renewable Energy Development for Automotive Zones.** The DOE shall prioritize the issuance of Renewable Energy Service Contracts and RE development permits to RE project developers proposing to supply dedicated RE power to designated Automotive Manufacturing Zones. RE projects supplying at least fifty percent (50%) of their output to a designated Automotive Manufacturing Zone shall be entitled to: (a) expedited permitting from the DOE within sixty (60) days of a complete application; (b) prioritized grid interconnection access from the National Grid Corporation of the Philippines (NGCP); and (c) preferential financing from the DBP under the Renewable Energy Financing Facility.

### ARTICLE III ERC POWERS AND RESPONSIBILITIES

**Sec. 9. ERC Implementing Authority.** The ERC is hereby vested with full authority to issue such rules, orders, and regulations as are necessary and proper for the implementation of the SAMPR, consistent with its existing rate-setting authority under the EPIRA and the purposes of this Act. The ERC shall consult with QAMs, QEMs, distribution utilities, and RE developers in the formulation of SAMPR implementing rules.

**Sec. 10. Anti-Discrimination Clause.** No distribution utility, transmission service provider, or electricity supplier shall discriminate against a QAM or QEM in the provision of electricity connection, metering, or billing services on account of the QAM's or QEM's exercise of its rights under Section 6 of this Act. The ERC shall investigate complaints of discrimination within thirty (30) days of filing and shall impose appropriate sanctions on utilities found in violation.

**Sec. 11. Annual SAMPR Compliance Report.** The ERC shall submit to the Congress and the President an annual SAMPR Compliance Report documenting: (a) the average electricity rate paid by QAMs and QEMs in the preceding year; (b) the gap between the SAMPR and the prevailing Thai industrial electricity rate; (c) actions taken to close any rate gap; and (d) the volume of RE electricity contracted for automotive manufacturing use.

### ARTICLE IV AMENDMENT TO EPIRA

**Sec. 12. Amendment to RA 9136.** Section 43 of Republic Act No. 9136 (EPIRA) is hereby amended by adding a new paragraph (z) to read as follows: '(z) To establish and administer a Special Automotive Manufacturing Power Rate (SAMPR) for Qualified Automotive Manufacturers and Qualified EV Manufacturers registered under

the Philippine Automotive Resurgence and Electrification Act of 2026 and the Electric Vehicle Manufacturing Investment Act of 2026, respectively, at a tariff not exceeding PHP 6.50 per kWh inclusive of all charges, as part of the Commission's broader mandate to promote industrial competitiveness and efficient use of energy resources.'

## ARTICLE V FINAL PROVISIONS

**Sec. 13. Implementing Rules and Regulations.** The ERC, DOE, and BSP shall each issue their respective implementing rules within ninety (90) days of the effectivity of this Act.

**Sec. 14. Separability Clause.** If any provision of this Act is declared unconstitutional, the remainder shall not be affected.

**Sec. 15. Repealing Clause.** All provisions of Republic Act No. 9136 and other laws inconsistent with this Act are hereby amended accordingly.

**Sec. 16. Effectivity.** This Act takes effect thirty (30) days after publication in the Official Gazette or two (2) newspapers of general circulation.

REPUBLIC OF THE PHILIPPINES  
TWENTIETH CONGRESS OF THE REPUBLIC  
SECOND REGULAR SESSION

HOUSE BILL NO. \_\_\_\_\_  
SENATE BILL NO. \_\_\_\_\_

**BILL 5 OF 5 OF THE PASELP**

**Philippine Automotive Testing and Certification Centre Act of 2026  
(PATCCA)**

**AN ACT ESTABLISHING THE PHILIPPINE AUTOMOTIVE TESTING AND CERTIFICATION CENTRE UNDER THE DEPARTMENT OF SCIENCE AND TECHNOLOGY, IN COORDINATION WITH THE DEPARTMENT OF TRADE AND INDUSTRY AND THE DEPARTMENT OF TRANSPORTATION, PROVIDING FOR ITS POWERS, FUNCTIONS, FUNDING, AND ORGANIZATIONAL STRUCTURE, AND FOR OTHER PURPOSES**

**EXPLANATORY NOTE**

The absence of a Philippine vehicle type approval and certification testing facility is one of the most consistently cited barriers to automotive manufacturing investment in the Philippines. Automotive OEMs considering Philippine manufacturing operations must conduct type approval testing in Thailand, Japan, Germany, or South Korea, adding significant cost, time, and logistical friction. Thailand's ATTRIC, Indonesia's BPPT laboratory, Malaysia's MIROS, and Vietnam's RQCD all provide in-country certification. This Bill establishes the Philippine Automotive Testing and Certification Centre (PATCC) under the Department of Science and Technology, funded by the GAIDBy proceeds under PAREA and ODA from Japan (JICA), with type approval capability for E2W, E3W, commercial EVs, and passenger BEVs aligned to UNECE and ASEAN MRA standards.

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

**ARTICLE I GENERAL PROVISIONS**

**Sec. 1. Short Title.** This Act shall be known as the 'Philippine Automotive Testing and Certification Centre Act of 2026' or 'PATCCA'.

**Sec. 2. Declaration of Policy.** It is declared the policy of the State, pursuant to Article XIV, Section 11 of the 1987 Constitution, which provides that 'the State shall give priority to research and development, invention, innovation, and their utilization,' and Article XII, Section 10, to develop and maintain world-class automotive testing and certification infrastructure in the Philippines in order to: (a) reduce the cost and time of vehicle type approval for manufacturers producing Qualifying Vehicles in the Philippines; (b) provide independent safety verification for electric vehicles and their components sold in the Philippine market; (c) support the development of Philippine automotive engineering standards aligned with international and ASEAN regional standards; and (d) generate technical employment for Philippine engineers and scientists in the automotive testing field.

**ARTICLE II ESTABLISHMENT AND MANDATE OF THE PATCC**

**Sec. 3. Establishment.** There is hereby established the Philippine Automotive Testing and Certification Centre (PATCC), a government institution under the Department of Science and Technology (DOST), with technical cooperation from the Department of Trade and Industry (DTI) and the Department of Transportation (DOTr). The PATCC shall have the legal personality to enter into contracts, acquire property, sue and be sued, and to establish satellite testing facilities.

**Sec. 4. Location.** The primary facility of the PATCC shall be established in the CALABARZON region, within or adjacent to a designated Automotive Manufacturing Zone under the IPCA, at a site to be selected by the DOST in consultation with the NAIDB and the BOI, within one (1) year of the effectivity of this Act. Satellite testing facilities shall be established in the Clark Freeport Zone (Central Luzon) and in the Mactan Economic Zone (Cebu) within three (3) years of the establishment of the primary facility.

**Sec. 5. Core Functions of the PATCC.** The PATCC shall perform the following core functions:

- (a) **Vehicle Type Approval Testing:** Conduct type approval tests for BEVs, PHEVs, E2Ws, E3Ws, and e-CVs, and issue Philippine Type Approval Certificates (PTAC) in accordance with Philippine National Standards (PNS) aligned with UNECE Regulations R13, R75, R78, R94, R95, R100, R136, and R138, and with such additional ASEAN Mutual Recognition Arrangement (MRA) standards as are applicable;
- (b) **Battery Safety Testing:** Conduct cell, module, and pack-level battery safety certification in accordance with UN Regulation No. 100 and IEC 62619, for EV batteries sold or used in vehicles in the Philippines;
- (c) **EV Charging Equipment Certification:** Test and certify EV charging equipment, including AC Level 1 and Level 2 chargers and DC fast chargers, in accordance with IEC 61851 and Philippine Electrical Code requirements;
- (d) **Electromagnetic Compatibility (EMC) Testing:** Provide EMC testing for vehicle systems in accordance with UNECE Regulations R10 and applicable IEC standards;
- (e) **Crashworthiness and Passive Safety Testing:** Conduct frontal and side impact testing, pedestrian protection testing, and seat belt anchorage testing for BEVs and e-CVs in the Philippine market;
- (f) **Standards Development:** Develop Philippine National Standards for EVs, E2Ws, E3Ws, and EV components, in coordination with the Bureau of Philippine Standards (BPS) of the DTI and the Land Transportation Office (LTO) of the DOTr;
- (g) **Calibration and Metrology:** Provide calibration services for automotive testing instruments used by QAMs, QEMs, and their suppliers in the Philippines;
- (h) **Research and Development:** Conduct applied R&D in automotive testing methodology, EV performance characterization, and Philippine-specific climate and road condition testing protocols;
- (i) **Training and Capacity Building:** Provide training for Philippine automotive engineers, LTO type approval inspectors, and automotive testing technicians.

**Sec. 6. ASEAN MRA Alignment.** The PATCC shall, within three (3) years of its establishment, apply for accreditation as a recognized testing laboratory under the ASEAN Mutual Recognition Arrangement on Type Approval of Automotive Products and Parts (ASEAN MRA), to ensure that PTACs issued by the PATCC are recognized by ASEAN Member States as equivalent to their respective national type approvals. The DTI, DFA, and DOST shall coordinate the diplomatic and technical engagement necessary to secure ASEAN MRA recognition.

### ARTICLE III ORGANIZATIONAL STRUCTURE

**Sec. 7. Governance.** The PATCC shall be governed by a Board of Trustees composed of:

- (a) The Secretary of Science and Technology, as Chairperson;
- (b) The Secretary of Trade and Industry, as Vice-Chairperson;
- (c) The Secretary of Transportation;
- (d) The Director General of the BOI;
- (e) The Administrator of the Land Transportation Office;
- (f) Three (3) representatives from the private sector: one (1) from registered QEMs, one (1) from the Philippine automotive parts industry, and one (1) from the academic or research community with relevant expertise, each appointed by the DOST Secretary for a three-year term.

**Sec. 8. Director General.** The PATCC shall be headed by a Director General, who shall be appointed by the President upon the recommendation of the DOST Secretary, with the rank of Undersecretary. The Director General shall be a Filipino citizen with at least ten (10) years of experience in automotive engineering, vehicle testing, or related technical fields.

**Sec. 9. Technical Staff.** The PATCC shall be staffed by at least one hundred fifty (150) engineers, technicians, and scientific personnel at full operation, to be recruited through competitive examination administered by the Civil Service Commission. The PATCC is authorized to grant market-competitive compensation packages to its technical staff, consistent with Section 12 of Republic Act No. 8439 (Magna Carta for Scientists, Engineers, Researchers and other Science and Technology Personnel in the Government), and to second technical experts from QEMs and OEM associations on a non-exclusive, transparent basis.

### ARTICLE IV FUNDING

**Sec. 10. Initial Capitalization.** The PATCC shall be funded as follows:

- (a) PHP 10,000,000,000 (Ten Billion Pesos) from the proceeds of the Government Automotive Industry Development Bonds (GAIDBy) under Section 25 of the PAREA, for the construction of the primary facility and acquisition of core testing equipment;

(b) Official Development Assistance (ODA) grants and loans from the Japan International Cooperation Agency (JICA), the Korea International Cooperation Agency (KOICA), the Asian Development Bank (ADB), and the International Finance Corporation (IFC), for which the DFA and NEDA are hereby authorized and directed to negotiate, with a target of not less than PHP 4,000,000,000 (Four Billion Pesos) in ODA co-financing;

(c) The national government shall include in the annual General Appropriations Act, for the five (5) fiscal years following the effectivity of this Act, an annual appropriation of PHP 500,000,000 (Five Hundred Million Pesos) for PATCC operational costs and equipment maintenance.

**Sec. 11. Self-Sustaining Revenue.** The PATCC shall charge cost-recovery fees for vehicle type approval testing, battery certification, EMC testing, calibration services, and training programmes. The PATCC shall endeavour to cover at least sixty percent (60%) of its annual operating costs from service fees by the end of its fifth year of operation, reducing its dependence on national government appropriation. All fee revenues shall be deposited into a dedicated PATCC Operations Fund and shall not be subject to reversion to the General Fund.

**Sec. 12. Tax Exemptions.** The PATCC, as a government institution and scientific research body under the DOST, shall be exempt from all national and local taxes, including income tax, VAT, and real property tax on its facilities, consistent with Section 16 of the NIRC and applicable jurisprudence.

## ARTICLE V LTO TYPE APPROVAL INTEGRATION

**Sec. 13. LTO Type Approval Integration.** The Land Transportation Office (LTO), within one (1) year of the establishment of the PATCC primary facility, shall amend its type approval regulations to recognize Philippine Type Approval Certificates (PTACs) issued by the PATCC as the primary basis for LTO vehicle registration eligibility for BEVs, PHEVs, E2Ws, E3Ws, and e-CVs. The LTO shall no longer require separate foreign type approval documentation for Qualifying Vehicles that hold a valid PATCC.

**Sec. 14. PATCC as Sole Type Approval Authority for EVs.** The PATCC shall be designated as the sole government body authorized to issue type approvals for BEVs, PHEVs, E2Ws, E3Ws, and e-CVs in the Philippines, and the LTO shall defer to the PATCC's technical findings on vehicle safety and performance for these vehicle categories. For conventional ICE vehicles, the existing LTO type approval process shall continue until such time as the PATCC's scope is extended by regulation.

## ARTICLE VI FINAL PROVISIONS

**Sec. 15. Implementing Rules and Regulations.** The DOST, DTI, and DOTr shall issue the joint IRR within one hundred twenty (120) days of the effectivity of this Act. The IRR shall include the PATCC organizational structure, staffing plan, fee schedule, site selection criteria, and ODA engagement programme.

**Sec. 16. Separability Clause.** If any provision of this Act is declared unconstitutional, the remainder shall not be affected.

**Sec. 17. Repealing Clause.** All laws, orders, and regulations inconsistent with this Act are hereby amended accordingly.

**Sec. 18. Effectivity.** This Act takes effect thirty (30) days after publication in the Official Gazette or two (2) newspapers of general circulation.

Approved,

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**FERDINAND R. MARCOS JR.**

President of the Republic of the Philippines

## ANNEX A

# CONSTITUTIONAL COMPLIANCE MEMORANDUM

Philippine Automotive Sector Enabling Legislative Package (PASELP)

This Annex is prepared by the Office of the Solicitor General in coordination with the Office of the Economic Adviser to the President, pursuant to the constitutional requirement that all Administration-sponsored bills be reviewed for constitutional compliance before transmittal to Congress.

### **A.1 One Subject, One Title Rule (Article VI, Section 26[1])**

Each of the five bills in the PASELP addresses a single, discrete subject: (1) PAREA — the automotive resurgence programme framework; (2) EVMIA — fiscal incentives for EV manufacturers; (3) GPTEFA — public transport electrification financing; (4) IPCA — industrial power competitiveness; (5) PATCCA — automotive testing infrastructure. The title of each bill accurately reflects and embraces its entire subject matter. The bills are presented as a package for legislative convenience but are each constitutionally self-standing. The transmittal of the package as five separate bills (rather than one omnibus bill) is itself a constitutional compliance measure.

### **A.2 Tax Exemptions — Majority Vote Requirement (Article VI, Section 28[4])**

The EVMIA grants income tax holidays constituting tax exemptions within the meaning of Article VI, Section 28(4), which requires 'the concurrence of a majority of all the Members of the Congress.' PAREA's duty-free importation provisions similarly constitute tariff exemptions. The certification of necessity and urgency attached separately ensures expedited passage, but each bill must receive the absolute majority required under Section 28(4). Bills 3 (GPTEFA), 4 (IPCA), and 5 (PATCCA) do not grant tax exemptions and require only a simple majority for passage.

### **A.3 Appropriation Bills — House Origination (Article VI, Section 24)**

The GPTEFA (Bill 3) and PATCCA (Bill 5) include provisions for government expenditure (fund capitalization and PATCC construction), making them appropriation measures within the contemplation of Article VI, Section 24, which requires appropriation bills to originate exclusively in the House of Representatives. These bills must therefore be introduced in the House of Representatives. Companion bills may subsequently be introduced in the Senate. PAREA (Bill 1), EVMIA (Bill 2), and IPCA (Bill 4) are primarily tax and regulatory measures and may originate in either chamber.

### **A.4 National Economy and Patrimony (Article XII)**

Automotive manufacturing is not included in the Negative List under Republic Act No. 7042 (Foreign Investments Act), as amended by RA 11647. One hundred percent (100%) foreign equity is therefore permissible in automotive manufacturing — consistent with QEM registration under EVMIA being open to foreign-owned entities. The PAREA's Production Offset Obligation is a condition attached to a government incentive (zero-tariff importation), not a compulsory operational mandate, and does not constitute an impermissible restriction on the right of a foreign entity to conduct business in the Philippines. This POO structure is analogous to BOI registered activity conditions upheld by the Supreme Court in *Chevron Philippines Inc. v. Bases Conversion Development Authority* (G.R. No. 173863, September 15, 2010).

The SAMPR under IPCA is a regulatory rate exercise within the ERC's existing constitutional authority under Article XII, Section 11. The BSP risk-weight Circular authorized under Section 7 of IPCA is within the BSP's independent regulatory authority under the New Central Bank Act (RA 7653), as amended by RA 11211.

### **A.5 LTFRB EPUV Franchise Conditions (Article XII, Section 11)**

Section 9 of the GPTEFA directing the LTFRB to require EPUVs for new franchises in designated cities from 2028 is a valid exercise of the State's regulatory power over public utilities under Article XII, Section 11, read in conjunction with the LTFRB's charter authority under Executive Order No. 202, Series of 1987. The Supreme Court has consistently upheld franchise conditions tied to technology, safety, and environmental standards. The two-year lead time and GPTEF financing access provided in Section 9 address the due process dimension of franchise condition imposition.

### **A.6 PATCC as Government Scientific Institution (Article XIV, Section 11)**

The PATCC is established as a DOST-attached government institution pursuant to Article XIV, Section 11 of the 1987 Constitution, which mandates that 'the State shall give priority to research and development, invention, innovation, and their utilization.' The PATCC's core testing and standards-development functions are scientific and technical activities within the express constitutional mandate for government science and technology development. Its tax-exempt status under Section 12 of the PATCCA is consistent with the precedent established for DOST institutes including ITDI, PNRI, and PTRI.

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**END OF PHILIPPINE AUTOMOTIVE SECTOR ENABLING LEGISLATIVE PACKAGE**

Five Bills for Transmission to the 20th Congress, Second Regular Session  
Office of the President | Office of the Economic Adviser | NEDA | Office of the Solicitor General | March 2026