

H No. 5719
S No 2517

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress

Third Regular Session

Begun and held in Metro Manila, on Monday, the twenty-eighth day of July, two thousand three.

[REPUBLIC ACT NO. 9224]

AN ACT RATIONALIZING THE EXCISE TAX ON AUTOMOBILES, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AND FOR OTHER PURPOSES

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

SECTION 1. Section 149 of the National Internal Revenue Code of 1997 is hereby amended to read as follows:

"SEC. 149. *Automobiles.* - There shall be levied, assessed and collected an *ad valorem* tax on automobiles based on the manufacturer's or importer's selling price, net of excise and value-added taxes, in accordance with the following schedule:

Net manufacturer's price/ importer's selling price	Rate
up to P600 Thousand	2%

Over P600 Thousand to P1.1 Million	P12,000 + 20% of value in excess of P600 Thousand
Over P1.1 Million to P2.1 Million	P112,000 + 40% of value in excess of P1.1 Million
Over P2.1 Million	P512,000 + 60% of value in excess of P2.1 Million

Provided, That the brackets reflecting the manufacturer's price or importer's selling price, net of excise and value-added taxes, will be indexed by the Secretary of Finance once every two (2) years if the change in the exchange rate of the Philippine peso against the United States (U.S.) dollar is more than ten percent (10%) from the date of effectivity of this Act, in the case of initial adjustment and from the last revision date in the case of subsequent adjustments.

The manufacturer's price or importer's selling price, net of excise and value-added taxes, shall be indexed by the full rate of the peso depreciation or appreciation, as the case may be.

Provided, further, That in case the change in the exchange rate of the Philippine peso against the U.S. dollar is at least twenty percent (20%) at anytime within the two-year period referred to above, the Secretary of Finance shall index the brackets reflecting the manufacturer's price or importer's selling price, net of excise and value-added taxes, by the full rate of the peso depreciation or appreciation, as the case may be.

As used in this Section -

(a) Automobile shall mean any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power: *Provided*, That for purposes of this Act, buses, trucks, cargo vans, jeeps/jeepneys/jeepney substitutes, single cab chassis, and special-purpose vehicles shall not be considered as automobiles.

(b) Truck/cargo van shall mean a motor vehicle of any configuration that is exclusively designed for the carriage of goods and with any number of wheels and axles: *Provided*, That pickups shall not be considered as trucks.

(c) Jeep/jeepney/jeepney substitutes shall mean as "Philippine jeep or jeepney" which are of the jitney type locally designed and manufactured generally from surplus parts and components. It shall also include jeepney substitutes that are manufactured from brand-new single cab chassis or cowl chassis and locally customized rear body that has continuous sideway row seats with open rear door and without retractable glass windows.

(d) Bus shall mean a motor vehicle of any configuration with gross vehicle weight of 4.0 tons or more with any number of wheels and axles, which is generally accepted and specially designed for mass or public transportation.

(e) Single cab chassis shall mean a motor vehicle with complete engine power train and chassis equipped with a cab that has a maximum of two (2) doors and only one (1) row of seats.

(f) Special purpose vehicle shall mean a motor vehicle designed for specific applications such as cement mixer, fire truck, boom truck, ambulance and/or medical unit, and off-road vehicles for heavy industries and not for recreational activities.

Provided, That in the case of imported automobiles not for sale, the tax imposed herein shall be based on the total landed value, including transaction value, customs duty and all other charges.

Automobiles used exclusively within the freeport zone shall be exempt from excise tax."

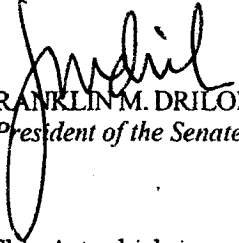
SEC. 2. Rules and Regulations. – The Secretary of Finance, upon the recommendation of the Commissioner of Internal Revenue, shall promulgate the necessary rules and regulations for the effective implementation of the provisions of this Act within thirty (30) days from the date of approval.

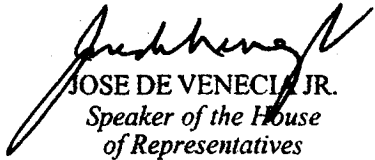
SEC. 3. *Separability Clause.* – If any provision of this Act is held unconstitutional or invalid, all other provisions not affected thereby shall remain valid.

SEC. 4. *Repealing Clause.* – All laws, decrees, executive orders, letters of instruction, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

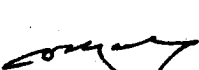
SEC. 5. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after the publication of the approved implementing rules and regulations.

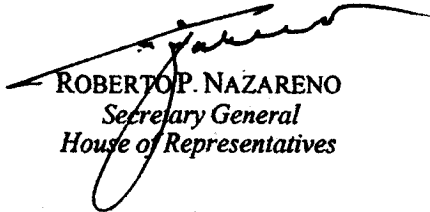
Approved,


FRANKLIN M. DRILON
President of the Senate


JOSE DE VENEZIA JR.
Speaker of the House of Representatives

This Act which is a consolidation of House Bill No. 5719 and Senate Bill No. 2517 was finally passed by the House of Representatives and the Senate on August 25, 2003 and August 19, 2003, respectively.


OSCAR G. ZABES
Secretary of the Senate


ROBERTOP. NAZARENO
Secretary General House of Representatives

Approved: **AUG 29 2003**


GLORIA MACAPAGAL-ARROYO
President of the Philippines

