Bringing In Revenues
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REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

BAGONG PILIPINAS
AUG 05 2025

REVENUE REGULATIONS NO. 018-2025

SUBJECT : Amending Pertinent Provisions of Revenue Regulations No. 25-2003, as Amended, to Implement Section 149 of the National Internal Revenue Code of 1997, as Further Amended Under Section 18 of Republic Act No. 12214, Otherwise Known as the "Capital Markets Efficiency Promotion Act"

TO : All Internal Revenue Officials, Employees and Others Concerned

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SECTION 1. SCOPE. — Pursuant to Sections 244 and 245 of the National Internal Revenue Code of 1997, as amended (Tax Code), in relation to Sections 18 and 25 of Republic Act (RA) No. 12214, otherwise known as the *"Capital Markets Efficiency Promotion Act"* (CMEPA), these Regulations are hereby promulgated to amend Revenue Regulations (RR) No. 25-2003, as amended, in relation to RR No. 5-2018, mainly for the purpose of removing pick-ups from the list of tax-exempt automobiles.

Section 149 of the Tax Code, as further amended by Section 18 of the CMEPA, which now reads, 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 tax, in accordance with the following schedule:*
>
> *xxx*
>
> *Provided, That hybrid vehicles shall be subject to fifty percent (50%) of the applicable excise tax rates on automobiles under this Section: Provided, further, That purely electric vehicles shall be exempt from excise tax on automobiles."*

SECTION 2. COVERAGE. — These Regulations cover the exclusion of pick-ups from the list of automobiles exempt from excise tax starting **July 1, 2025**.

SECTION 3. DEFINITION OF TERMS. — Section 2 of RR No. 25-2003, as amended, is hereby further amended to read as follows:

> *"**SEC. 2. DEFINITION OF TERMS.** – For purposes of these Regulations, the following words and phrases shall have the meaning indicated below:*
>
> *(a) xxx*

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(o) ***PICK-UPS – shall refer to motor vehicles having enclosed cab and open bodies with low sides and tailgates.***

SECTION 4. RATES. — Section 4 of RR No. 25-2003, as amended, is hereby amended and shall now read, as follows:

*"**SEC. 4. RATES AND BASES OF THE AD VALOREM TAX ON AUTOMOBILES.** There shall be levied, assessed and collected an ad valorem tax on automobiles based on the manufacturer's/ assembler's or importer's selling price, net of excise and value-added tax, in accordance with the following schedule:*

Net Manufacturer's/ Importer's Selling Price	***Tax Rate***
Up to Six Hundred Thousand Pesos (P600,000.00)	*4%*
Over Six Hundred Thousand Pesos (P600,000.00) to One Million Pesos (P1,000,000.00)	*10%*
Over One Million Pesos (P1,000,000.00) to Four Million Pesos (P4,000,000.00)	*20%*
Over Four Million Pesos (P4,000,000.00)	*50%*

Provided, that hybrid vehicles shall be subject to fifty percent (50%) of the applicable excise tax rates on automobiles: Provided, further, That purely electric vehicles shall be exempt from excise tax on automobiles."

SECTION 5. TAX-EXEMPT REMOVALS OF AUTOMOBILES. — Section 9 of RR No. 25-2003 is hereby further amended to exclude pick-ups from the list of tax-exempt removals of automobiles and shall now read, as follows:

*"**SEC. 9. TAX-EXEMPT REMOVALS OF AUTOMOBILES.** The following removals of locally manufactured/assembled or release of imported automobiles from the place of production or from customs' custody, respectively, are exempt from the payment of the appropriate excise taxes subject to certain conditions.*

***a. Removals for Export** –*

No ad valorem tax shall be collected on locally manufactured/assembled automobiles which shall be removed for exportation and are actually exported without returning to the Philippines subject to the following conditions:

(1) Permit to Export – Immediately before removal, exporters of automobile shall apply in writing for a written permit from the

BUREAU OF INTERNAL REVENUE
RECORDS MANAGEMENT DIVISION
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AUG 05 2025
ADMIN UNIT - 1
BY: _____ TIME: 9:27 AM

Commissioner of Internal Revenue, stating the brand/model, number of units and value per unit of the automobiles to be exported, country of destination, name of the vessel, consignee, and the place of loading. The discovery of any of such unit in-transit or which have actually been exported without the issuance of the appropriate permit shall be deemed prima facie evidence of illegal removal of the same and the ad valorem tax shall be due immediately upon demand.

(2) Direct delivery to vessel – Automobiles for export shall be loaded direct from the place of production/assembly to the vessel or means of transportation carrying them outside the Philippines and the same shall be under the supervision of authorized internal revenue officer. A certification to this effect shall be duly issued by the Bureau of Customs immediately after loading and departure of the vessel or other means of transportation from the Philippine territory.

(3) Proof of exportation – Exporters of automobiles are required to submit proof of exportation satisfactory to the Commissioner of Internal Revenue within thirty (30) days from the date of removal from the place of assembly/production. The proofs of exportation shall consist of the following documents.

i. Statement from the Bangko Sentral ng Pilipinas (BSP) or any of its accredited banks that the proceeds of the sale in acceptable foreign currency have been inwardly remitted and accounted for in accordance with the existing banking rules and regulations;

ii. Certified true copy of the bill of lading or airway bill;

iii. Commercial invoice issued by the manufacturer/assembler-exporter to the foreign consignee; and

iv. An Export Entry and a Certificate of Inspection and Loading issued by the Bureau of Customs officer who had supervised the actual loading of the automobile units into the vessel.

In cases where the proofs of exportation are not submitted within the thirty-day period, or where such proofs are submitted within the period but the same are not satisfactory to the Commissioner of Internal Revenue, the manufacturer/assembler-exporter shall be required to pay the ad valorem tax including the applicable penalties. Such payment shall be entered in the Official Register Book stating the date of payment and validation number of the official receipt covering the payment.

BUREAU OF INTERNAL REVENUE
RECORDS MANAGEMENT DIVISION
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AUG 05 2025
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(4) Exporter's bond – when deemed necessary, an exporter shall be required to give a bond for an amount equivalent to the removal of the same for export shipment, conditioned upon the exportation of the same in good faith.

b. Delivery to tax-exempt persons or entities –

Manufacturers/assemblers or importers of automobiles are hereby allowed to sell to tax-exempt persons or entities without the pre-payment of ad valorem tax subject to certain conditions.

1. Tax exempt persons or entities

a) Embassies of foreign governments subject to the principle of reciprocity.

b) Tax-exempt organizations such as the Asian Development Bank (ADB) pursuant to special laws and subject to existing rules and regulations.

c) Other tax-exempt entities or agencies covered by tax treaties, conventions, and international agreements to which the Philippines is a signatory subject to reciprocity.

The above persons or entities may also remove imported automobiles from customs custody without the pre-payment of the ad valorem tax subject to existing rules and regulations.

2. Requirements in the sale of automobiles to tax-exempt entities

No automobiles shall be removed from the assembly plant or place of production or release from customs custody for sale to tax-exempt agencies without prior written approval from the Commissioner of Internal Revenue. The tax-exempt customer of the manufacturers/assembler or importer shall apply in writing for the approval of such exemption submitting, among others, favorable indorsement from concerned government agency (e.g., Department of Foreign Affairs for tax exempt purchase of automobile by foreign embassies for their official use); an authenticated true copy of the purchase order indicating the description of the automobiles to be purchased; the chassis and engine number; and the place or location of the point of delivery of the automobiles.

The written approval of the Commissioner of Internal Revenue or his duly authorized representative shall be forwarded by the tax-exempt customer to the manufacturer/assembler, through the dealer and thereafter, the automobile may be removed and delivered, free from excise tax, to the dealer. Such written approval is valid only for the particular transaction applied for by the tax-exempt customer.

BUREAU OF INTERNAL REVENUE
RECORDS MANAGEMENT DIVISION
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AUG 05 2025
BY: ADMIN UNIT - 1 TIME: 9:27 AM

3. Tax credits/refunds by tax-exempt persons or entities.

In cases where the tax-exempt persons or entities purchased automobiles in which the ad valorem tax due thereon was paid or where the ad valorem tax had been erroneously or illegally collected, such tax-exempt persons or entities may file a claim for tax refund or tax credit with the Commissioner of Internal Revenue under existing rules and regulations, submitting the following:

a) Authenticated copy of the Certificate of Tax Exemption;
b) Original and duplicate copies of sales invoices; and
c) Certified photocopies of proof of payment of the ad valorem tax.

The claim for tax credit/refund for erroneous payment of ad valorem tax should be filed within two (2) years from date of payment of the ad valorem tax. Processing of claims for tax refund/credit shall be done by the BIR but the actual issuance of Tax Credit Certificate/refund shall come from the agency where the actual payment was made.

c. Removals for delivery and use exclusively within the freeport zone –

For purposes of these Regulations, automobiles imported directly into the legislated freeport zones from abroad or purchased from establishments located within the customs territory for use exclusively within the freeport zone shall be exempt from the imposition of the excise tax. Therefore, in the event that the automobile is, by whatever mode, introduced into the customs territory, in case where the automobile was directly imported, or re-introduced into the customs territory in case the automobile was purchased from establishments located within the customs territory, the same shall be deemed an importation into the Philippines subject to customs duties, taxes, and charges, including excise and value-added taxes.

d. Removal of automobiles for test run –

Should an automobile be removed for test run, prior notice of the test should be given to the appropriate BIR Office that may allow the test run; provided, that the unit under the test run shall be returned to the plant on the same day. In the event that the manufacturer/assembler failed to return the said unit to the manufacturing/assembly plant within the prescribed period, the ad valorem tax otherwise due thereon shall be immediately due and demandable.

e. Purely Electric Vehicle –

Purely Electric Vehicle shall be exempt from the Excise Tax on Automobiles. Hybrid Vehicles shall be subject to Fifty Percent (50%) of

BUREAU OF INTERNAL REVENUE
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AUG 05 2025
ADMIN UNIT - 1
BY: _____ TIME: 9:27AM

the applicable excise tax rates on automobiles, prior to the removal of the automobiles from the manufacturing plant or customs custody, the Commissioner of Internal Revenue (CIR), shall refer to the electric vehicle recognition list published by the Department of Energy (DOE), which contains the information and classification for battery electric vehicles (purely electric vehicles/BEV), plug-in hybrid electric vehicles (PHEV), and hybrid electric vehicles (HEV).

The BIR shall make a determination whether the automobile is exempt from excise tax or subject to 50% excise tax, respectively, on the basis of the DOE's list of recognized electric vehicles, published on its website, without prejudice to the BIR's authority to conduct any post-verification assessment of the automobiles.

For purposes of keeping up to date with the latest publications of the list of recognized electric vehicles, the DOE shall furnish the BIR with a certified true copy of an updated list of recognized electric vehicles."

SECTION 6. RESPONSIBILITY OF MANUFACTURERS, ASSEMBLERS AND IMPORTERS. — All manufacturers, assemblers or importers are hereby required to file an updated manufacturers'/assemblers' or importers' sworn statement on all *brands/models* of pick-ups as of June 30, 2025. The updated manufacturers'/assemblers' or importers' sworn statement shall be submitted to the CIR, Attention: Chief, Excise Large Taxpayers Regulatory Division (ELTRD) within fifteen (15) working days from the date of effectivity of these Regulations. This sworn statement shall likewise be subjected to verification as provided under existing regulations and issuances.

All manufacturers, assemblers or importers are further required to submit a duly notarized list of inventory of on-hand Completely Built-Up (CBU) pick-ups, including Completely Knocked-Down (CKD) and Semi-Knocked Down (SKD) units that are located within the manufacturing/assembly plant, storage facility or warehouse or the customs premises, and those in transit for which import entries have been filed with the Bureau of Customs (BOC) **on or before June 30, 2025**, indicating therein the brand, model, year, engine number, body and chassis number thereof. The list shall be submitted to the CIR, Attention: Chief, Excise LT Field Operations Division (ELTFOD) within fifteen (15) working days from the date of effectivity of these Regulations. Failure to submit the inventory list shall be construed that the concerned manufacturers, assemblers or importers do not have any inventory on hand or in transit of CBUs, CKDs and SKDs **as of June 30, 2025**.

SECTION 7. TRANSITORY PROVISION. — In order to ensure the orderly implementation of these Regulations, the imposition of excise tax on pick-ups shall not apply on the following:

1. Those units that are included in the inventory list as of June 30, 2025 duly submitted to the BIR within the prescribed period; and

2. Those units in transit for which import entries have been filed with the BOC on or before June 30, 2025 and withdrawn on or after July 1, 2025.

BUREAU OF INTERNAL REVENUE
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ADMIN UNIT - 1
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SECTION 8. SEPARABILITY CLAUSE. — If any of the provisions of these Regulations is subsequently declared invalid or unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SECTION 9. REPEALING CLAUSE. — All other issuances and rules and regulations or parts thereof which are contrary to and inconsistent with the provisions of these Regulations are hereby repealed, amended or modified accordingly.

SECTION 10. EFFECTIVITY. — These Regulations shall take effect on July 1, 2025, following its publication in the Official Gazette or the Bureau of Internal Revenue's official website, whichever comes first.

RALPH G. RECTO
Secretary of Finance
JUL 29 2025

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Recommending Approval:

ROMEO D. LUMAGUI, JR.
Commissioner of Internal Revenue

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