REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE

Quezon City

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RECORDS MGT. DIVISION
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January 5, 2018

REVENUE REGULATIONS NO. 5-2018

SUBJECT : **Revenue Regulations Implementing the Adjustment of Rates on the Excise Tax on Automobiles pursuant to the Provisions of Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law" Amending for the Purpose Revenue Regulations No. 25-2003**

TO : All Internal Revenue Officers and Others Concerned.

SECTION 1. SCOPE. - Pursuant to the provisions of Section 244 in relation to Section 245 of the National Internal Revenue Code of 1997 (NIRC), as amended, and Section 84 of Republic Act No. 10963, otherwise known as the "Tax Reform for Acceleration and Inclusion (TRAIN) Law" these Regulations are hereby promulgated to these Regulations are hereby promulgated to amend Revenue Regulations (RR) No. 25-2003 providing for the revised tax rates of excise tax on automobiles.

SEC. 2. Section 2 of RR No. 25-2003 is hereby amended 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

xxx. xxx xxx

(N) HYBRID ELECTRIC VEHICLE - SHALL REFER TO A MOTOR VEHICLE POWERED BY ELECTRIC ENERGY, WITH OR WITHOUT PROVISION FOR OFF-VEHICLE CHARGING, IN COMBINATION WITH GASOLINE, DIESEL OR ANY OTHER MOTIVE POWER: PROVIDED, THAT, FOR PURPOSES OF THIS ACT, A HYBRID ELECTRIC VEHICLE MUST BE ABLE TO PROPEL ITSELF FROM A STATIONARY CONDITION USING SOLELY ELECTRIC MOTOR."

SEC. 3. Section 4 of RR No. 25-2003 is hereby amended 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, **EFFECTIVE JANUARY 1, 2018**:

NET MANUFACTURER'S PRICE/ IMPORTER'S SELLING PRICE	TAX RATE
UP TO SIX HUNDRED THOUSAND PESOS (P600,000.00)	**FOUR PERCENT (4%)**
OVER SIX HUNDRED THOUSAND PESOS (P600,000.00) TO ONE MILLION PESOS (P1,000,000.00)	**TEN PERCENT (10%)**
OVER ONE MILLION PESOS (P1,000,000.00) TO FOUR MILLION PESOS (P4,000,000.00)	**TWENTY PERCENT (20%)**
OVER FOUR MILLION PESOS (P4,000,000.00)	**FIFTY PERCENT (50%)**

***PROVIDED, THAT* HYBRID VEHICLES SHALL BE TAXED AT FIFTY PERCENT (50%) OF THE APPLICABLE EXCISE TAX RATES ON AUTOMOBILES SUBJECT TO THE CONDITIONS IN SECTION 9(E) OF THIS REGULATIONS: *PROVIDED, FURTHER,* 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."**

SEC. 4. Section 9 is hereby amended 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. XXX

XXX XXX XXX

E. PURELY ELECTRIC VEHICLES SHALL BE EXEMPT FROM THE EXCISE TAX ON AUTOMOBILES. HYBRID VEHICLES SHALL BE SUBJECT TO FIFTY PERCENT (50%) OF THE APPLICABLE EXCISE TAX RATES ON AUTOMOBILES. PRIOR TO THE REMOVAL OF THE AUTOMOBILES FROM THE MANUFACTURING PLANT OR CUSTOMS CUSTODY, THE DEPARTMENT OF ENERGY (DOE) SHALL DETERMINE WHETHER THE AUTOMOBILES ARE HYBRID VEHICLES OR

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PURELY ELECTRIC VEHICLES, AND FURNISH THE COMMISSIONER OF INTERNAL REVENUE, ATTENTION: CHIEF EXCISE LARGE TAXPAYERS REGULATORY DIVISION (ELTRD), CERTIFIED COPIES OF THE RESULTS OF SUCH EXAMINATION OR INDORSEMENT TO THAT EFFECT.

F. PICK-UPS."

SEC. 5. A new provision designated as Section 5-A in RR No. 25-2003 is hereby inserted to read as follows:

"SEC. 5-A. VALIDATION OF MANUFACTURERS' AND IMPORTERS' SELLING PRICE. – By the end of three months from the imposition of the new rates, the Bureau of Internal Revenue shall validate the Manufacturer's or Importer's Selling Price of the newly introduced models against the Manufacturer's or Importer's Selling Price as defined herein and initially determine the correct bracket under which a newly introduced model shall be classified. After the end of one year from such validation, and every year thereafter, the Bureau of Internal Revenue shall revalidate the initially validated Net Manufacturer's or Importer's Selling Price against the Net Manufacturer's or Importer's Selling Price as of the time of revalidation in order to finally determine the correct tax bracket under which a newly introduced model shall be classified."

SEC. 6. TRANSITORY PROVISIONS

1. All manufacturer's/assembler's or importers are hereby required to file an updated manufacturer's/assemblers or importer's sworn statement for each brands/models of automobiles as of the day immediately before the date of effectivity of these Regulations. The updated manufacturer's/assembler's or importer's sworn statement shall be submitted to the Commissioner of Internal Revenue, *Attention*: Chief, Excise Large Taxpayers Regulatory Division (ELTRD) within seven working (7) days from the date of effectivity of these Regulations. This sworn statement shall likewise be subjected to verification as required under existing regulations and issuances; and

2. All manufacturers/assemblers or importers shall submit a duly notarized list of inventory on-hand of completely built-up (CBU) automobiles, 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 for which import entries have been filed as of the day immediately before the date of effectivity of these Regulations, indicating therein the brand, year model, engine, body and chassis numbers thereof. The list shall be submitted to the Commissioner of Internal Revenue, *Attention*: Chief, Excise LT Field Operations Division (ELTFOD) within seven working (7) days from the date of effectivity of these Regulations. Failure to submit the inventory list on the part of the manufacturers/assemblers/ importers shall be construed that the said manufacturers/assemblers/ importers do not have any inventory on hand of CBUs, CKDs and SKDs as of the day immediately before the date of effectivity of these Regulations.

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SEC. 7. REPEALING CLAUSE. – All regulations, rulings or orders or portions thereof which are inconsistent with the provisions of these Regulations are also hereby revoked, repealed or amended accordingly.

SEC. 8. EFFECTIVITY CLAUSE. - These Regulations shall take effect on January 1, 2018 following its complete publication in the Official Gazettes or in at least one (1) newspaper of general circulation.

CARLOS G. DOMINGUEZ
Secretary of Finance
JAN 11 2018

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Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue
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BIR TRAIN IRR/RR Drafting Committee