

**Congress of the Philippines  
Twelfth Congress  
Third Regular Session**

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

**Republic Act No. 9224**                      **August 29, 2003**

**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 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 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 pick-ups shall not be considered as trucks.

(c) Jeep/jeepneys/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-news 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 (1) row of seats.

(f) Special purpose vehicle shall mean a motor vehicle designed for specific application such as cement mixer, fire truck, boom truck, ambulance and/or medical unit, and off-road vehicles for heavy industries and not for the 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 zones shall be exempt from excise tax.

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

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

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order, letters of instruction, rules and regulations or parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly:

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

Approved,

**FRANKLIN DRILON**  
President of the Senate

**JOSE DE VENECIA 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 the House of Representatives and Senate on August 25, 2003 and August 19, 2003, respectively.

**OSCAR G. YABES**  
Secretary of Senate

**ROBERTO P. NAZARENO**  
Secretary General  
House of Representatives

Approved: August 29, 2003

**GLORIA MACAPAGAL-ARROYO**  
*President of the Philippines*