

# BIR to begin using DENR certification for e-vehicle tax

December 2, 2018 | 10:30 pm

THE BUREAU of Internal Revenue (BIR) said that it will use a certification process used by the Department of Environment and Natural Resources (DENR) to determine whether electric vehicles qualify for tax exemptions.

The BIR issued Revenue Regulation 24-2018 on Sunday, which requires manufacturers, assemblers, or importers of purely electric or hybrid vehicles to provide the BIR a DENR Certificate of Conformity as a condition to obtain exemptions from the automobile excise tax.

Previously, the Department of Energy (DoE) had to certify whether the vehicles met the standards for tax exemption.

“During the inter-agency consultation called by the DoE with representatives from the BIR, DoF (Department of Finance) and BoC (Bureau of Customs), the DoE proposed that the BIR could use as a basis the current Department of Environment and Natural Resources (DENR) system of issuing a Certificate of Conformity (CoC) for new motor vehicles in determining with high confidence the vehicle classification as hybrid or purely electric vehicles (HEV/EV),” according to the regulation.

“The actual inspection or separate validation of vehicle by the DoF to verify whether the automobile is an HEV/EV is a clear duplication of an existing DENR issuance of CoC for new locally manufactured or imported vehicles,” it added.

The CoC will now be the basis for the BIR to distinguish purely electric vehicles, which are exempt from the automobile excise tax, and hybrid vehicles, which are only subject to 50% of the applicable excise tax.

In Republic Act 10963, or the Tax Reform for Acceleration and Inclusion (TRAIN) law, cars with a net manufacturer or importer's selling price of less than P600,000 would be subject to a 4% excise tax rate, from 2% previously. Those between P600,000 and P1 million are taxed 10%, those between P1-P4 million are subject to a 20% tax, and those over P4 million are levied a 50% tax.  
– **Elijah Joseph C. Tubayan**

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