

Restructuring the Excise Taxation of Motor Vehicles *

I. INTRODUCTION

The Duterte administration commits to reduce the personal income tax (PIT) under its Comprehensive Tax Reform Program Package (CTRP) such that there will be huge revenue loss that the government needs to compensate.

This study reviews the excise taxation of motor vehicles as one of the sources of revenues to compensate for the forgone revenue from the proposed lowering of the PIT.

II. HISTORICAL CHANGES ON EXCISE TAXATION OF AUTOMOBILES IN THE PHILIPPINES (SEE ANNEX A)

The excise tax on automobiles was first imposed in 1986 via Executive Order (EO) No. 36¹. The rates were three-tiered ranging from 5% to 20% based on the manufacturer's or importer's selling price, net of excise and sales tax, depending on the engine displacement and fuel used i.e. whether it is gasoline or diesel-fed. The tax was in addition to the then 30% sales tax imposed on original sale of automobiles except motor vehicles classified as trucks, jeeps and utility vehicles. In 1988, EO 273² imposed a 10% VAT on the sale of goods and services in lieu of the sales tax, including those of automobiles. Relative thereto, it also prescribed a revised excise tax schedule for automobiles, as follows:

* Prepared by Marry-Jean V. Yasol, Tax Specialist II, reviewed and approved by Ma. Berlie L. Amurao, Supervising Tax Specialist and Marlene L. Calubag, Chief Tax Specialist, Indirect Taxes Branch, NTRC.

¹ Entitled, "Further Amending Certain Sections of the National Internal Revenue Code as Amended", effective August 1, 1986

² Entitled, "Adopting a Value-Added Tax, Amending for this Purpose Certain Provisions of the National Internal Revenue Code, and for Other Purposes", effective January 1, 1988

**Table 1. EXCISE TAX SCHEDULE ON AUTOMOBILES UNDER EO 273
1988 - 2002**

Engine Displacement		Tax Rate
Gasoline	Diesel	
Up to 1600 cc	Up to 1800 cc	15%
1601 – 2000 cc	1801 – 2300 cc	35%
2001 – 2700 cc	2301 – 3000 cc	50%
2701 cc or over	3001 cc or over	100%

Tax base: Manufacturer's or importer's selling price, net of excise and VAT

In 1997, the term "automobiles" was defined with the promulgation of Revenue Regulations (RR) No. 14-97³ (dated November 5, 1997) implementing the provisions of Section 149 of Title VI of the National Internal Revenue Code (NIRC), as amended, imposing an excise tax on automobiles and other motor vehicles. It defined "automobile" as any four (4) or more wheeled vehicle other than trucks specially designed for the transport of persons with a seating capacity of less than ten (10) adult passengers, including the driver. It included utility or light commercial vehicles designed for passenger use with seating capacity of less than 10 adult passengers, including the driver. However, the seats in the rear cargo/luggage compartment were not to be counted as passenger seats even if these are factory installed and meet the area specifications. Jump-seats, fold-away and fold-down seats were also treated in the same manner. These regulations were effective until the promulgation of RR 14-99⁴ (dated October 13, 1999), which amended Section 2 of RR 14-97.

RR 14-99 provided, among others, that: (a) trucks and passenger jeepneys are not covered; (b) closed or covered four-wheel drive vehicles, primarily designed to carry passengers, regardless of the number of seats, are considered and taxed as automobiles for purposes of the said regulation starting February 1, 2000; and (c) for the uniform application of the number of seats criterion, the passenger seats must conform to the following rules and area specifications:

- (a) Each seat shall be a horizontal rectangular area with seat and feet space of not less than thirty-five centimeters (35 cm.) wide and sixty centimeters (60 cm.) long for each passenger and fifty centimeters (50 cm.) wide and sixty centimeters (60 cm.) long for the driver or operator.
- (b) The requirement of the Seatbelt Use Act of 1999 (R.A. 8753) must be complied with for a seat to be counted as such for purposes of these regulations.

³ Entitled, "Revenue Regulations Governing the Imposition of Excise Tax on Automobiles and Other Motor Vehicles."

⁴ Entitled, "Amending Section 2 of Revenue Regulations No. 14-97 Otherwise Known as Revenue Regulations Governing the Imposition of Excise Taxes on Automobiles and Other Motor Vehicles."

- (c) In all cases where there is a variance in the determination of the correct number of seats, the number of seats shown in the manufacturer's certification and catalogue or brochure shall prevail.

In August 2003, RA 9224⁵ revised the excise tax structure and based it purely on the vehicle price regardless of engine displacement and type of fuel used. In particular, it imposed an ad valorem tax (AVT) based on the manufacturer's or importer's selling price (MISP), net of excise tax and VAT, in accordance with the following schedule:

**Table 2. EXCISE TAX ON AUTOMOBILES UNDER RA 9224
2003 - PRESENT**

Net Manufacturer's Price/ Importer's selling price	Rate
Up to PhP600,000	2%
Over PhP600,000 to PhP1.1 million	PhP12,000 + 20% of value in excess of PhP600,000
Over PhP1.1 million to PhP2.1 million	PhP112,000 + 40% of value in excess of PhP1.1 million
Over PhP2.1 million	PhP512,000 + 60% of value in excess of PhP2.1 million

It was through RA 9224 that the tax regime on automobiles was changed from pure ad valorem tax where the rate is directly applied on the price or value of the automobile to marginal tax rates applied to the excess of a pre-defined threshold vehicle price in the tax schedule (similar to income tax). Furthermore, it effectively reduced the rates from the previous 15%-100% to 2%-60% and removed the distinction between gasoline and diesel-fed engines.

A new definition of the term "automobile" was also provided under RA 9224, as any four (4) or more-wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power. Buses, trucks, cargo vans, jeeps/jeepneys substitutes, single cab chassis, and special purpose vehicles are not considered as automobiles.

To implement the revised tax scheme on automobiles, RR 25-2003⁶ was issued and amended previous regulations relating to automobiles which include the following:

⁵ Entitled, "An Act Rationalizing the Excise Tax on Automobiles, Amending for the Purpose the National Internal Revenue Code of 1997, and for Other Purposes," approved August 29, 2003.

⁶ Subject: Amended Revenue Regulations Governing the Imposition of Excise Tax on Automobiles pursuant to the Provisions of 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. (Issued, September 16, 2003)

- (a) Tax treatment of imported automobiles not intended for sale – A person/entity can import only one (1) unit of vehicle within a twelve month period, which would be taxed based on its total landed value⁷.
- (b) Tax treatment of subsequent sale, transfer or exchange of a tax-exempt automobile by a tax-exempt person/entity to a non-exempt person/entity – such automobile shall be taxed based on the depreciated value of the automobile at the time of sale, transfer, or exchange where depreciation rate shall be at 10% per year, but in no case shall the total amount of depreciation be more than 50% of the original cost or value.
- (c) Tax exempt removals for export – Automobile manufacturers for exporting purposes⁸ shall be exempt from the AVT. Moreover, firms involved in the delivery of automobiles may be exempt from the pre-payment of AVT.

Customs Administrative Order (CAO) No. 07-2014⁹, prescribed the guidelines in the determination of the rate of depreciation for No-Dollar importations¹⁰ of motor vehicles to which 10% is allocated for depreciation in every year of the automobile but in no case shall it be more than 50% of the original cost or value and in no case shall it exceed 90% for used trucks and heavy equipment.

On the other hand, Customs Memorandum Order (CMO) No. 29-2014 prescribed a uniform and simplified format in the computation of duties, taxes and other charges for automobiles. It covers the following:

- (a) Brand new automobiles consigned to car manufacturers or dealers, the net importer's selling price (ISP) shall be the higher value;
- (b) Used automobiles consigned to the following:
 - i. Returning Filipino Diplomats and/or Dept. of Foreign Affairs' officials;
 - ii. Returning Filipino Residents who have resided abroad for at least one (1) year {accumulated within 3 years of his/her stay abroad immediately preceding the date of filing of the Certificate of Authority to Import (CAI) at the Bureau of Import Services (BIS)};
 - iii. Immigrants holding 13A or 13G visas or those with dual citizenships provided a prior Certificate of Authority to Import had been issued by the DTI-BIS prior to exportation.

⁷ The cost of the vehicle would include purchase price, freight, insurance and additional costs as valued by the port.

⁸ Carries a permit to export, direct delivery to vessel, proof of export and exporter's bond

⁹ Subject: Revised Depreciation Schedule for Imported Motor Vehicles (Issued, October 29, 2014)

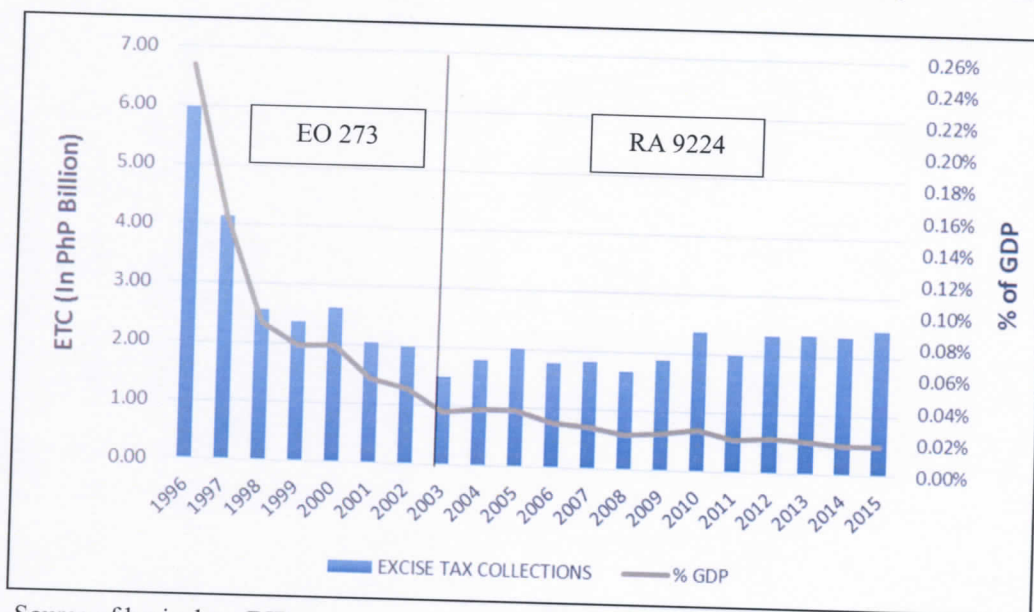
¹⁰ The No Dollar Importation (NDI) is a special privilege given by the government to returning residents and other qualified individuals to bring motor vehicles into the country for personal use under certain conditions.

- (c) Used automobiles under the local purchase scheme, sold by privilege (duty/tax exempt) persons to non-privilege (non-duty/tax exempt) individuals or those sold by privilege to privilege individuals. The depreciated value of the automobile at the time of sale, transfer or exchange shall be based on the provisions of CAO 07-2014.

III. REVENUE PERFORMANCE OF THE EXCISE TAX ON AUTOMOBILES, 1996-2015

Available data show that from a high collection of almost PhP6.0 billion in 1996, the excise tax collection (ETC) on automobiles went down to PhP4.1 billion in 1997 and further to PhP1.5 billion in 2003 under EO 273. With the full year implementation of RA 9224 in 2004, the collection hardly improved to PhP1.8 billion and remained more or less in that level up to 2009. Starting 2010, the collection hit PhP2.0 billion and more.

Figure 1. BIR COLLECTIONS FROM AUTOMOBILES, 1996 – 2015



Source of basic data: BIR

Its percentage contribution to total excise tax collection, BIR collection, and GDP, has been decreasing from percentage ratio of 9.7% to 1.6%, from 1.1% to 0.2% and from 0.3% to 0.02%, respectively, from 1996 to 2015.

Table 3. VOLUME OF REMOVALS (VOR) AND EXCISE TAX COLLECTIONS ON LOCALLY MANUFACTURED AUTOMOBILES, 1996-2015
(Amounts in Billion PhP)

Year	No. of Units	ETC	Growth Rate		Ratio of ETC to		
			VOR	ETC	Total ETC	Total BIR Collections	GDP
Under EO 273							
1996	83,935	5.98	-	-	9.67%	1.10%	0.25%
1997	65,852	4.13	-21.54%	-30.94%	6.68%	0.76%	0.15%
1998	32,195	2.57	-51.11%	-37.77%	4.16%	0.47%	0.09%
1999	26,697	2.38	-17.08%	-7.39%	3.85%	0.44%	0.07%
2000	28,410	2.63	6.42%	10.50%	4.25%	0.48%	0.07%
2001	22,060	2.06	-22.35%	-21.67%	3.33%	0.38%	0.05%
2002	28,240	2.00	28.01%	-2.91%	3.24%	0.37%	0.05%
2003	31,649	1.50	12.07%	-25.00%	2.43%	0.28%	0.03%
Ave.	39,880	2.91	-9.37%	-16.45%	4.70%	0.54%	0.10%
Under RA 9224							
2004	45,020	1.80	0.00%	0.00%	3.02%	0.38%	0.04%
2005	52,211	2.01	15.97%	11.77%	3.25%	0.37%	0.04%
2006	48,933	1.79	-6.28%	-10.91%	3.07%	0.27%	0.03%
2007	54,606	1.82	11.59%	1.88%	3.31%	0.26%	0.03%
2008	54,080	1.66	-0.96%	-8.73%	2.71%	0.21%	0.02%
2009	57,439	1.88	6.21%	13.28%	3.11%	0.25%	0.02%
2010	66,498	2.37	15.77%	25.93%	3.53%	0.29%	0.03%
2011	56,597	2.00	-14.89%	-15.69%	2.94%	0.22%	0.02%
2012	61,643	2.34	8.92%	16.88%	3.23%	0.22%	0.02%
2013	67,722	2.35	9.86%	0.57%	1.98%	0.19%	0.02%
2014	69,082	2.33	2.01%	-0.78%	1.72%	0.17%	0.02%
2015	74,347	2.45	7.62%	4.84%	1.55%	0.17%	0.02%
Ave	59,015	2.07	4.65%	3.25%	2.79%	0.25%	0.03%
Total Ave.	51,361	2.40	1.71%	-4.01%	3.55%	0.36%	0.05%

Source of basic data: BIR

The bulk (76%) of the volume of removals came from the 20% tax bracket with the highest recorded in 2015. Accordingly, total excise tax collection was highest under said bracket which comprised 90% of the total collection.

Table 4. VOLUME OF REMOVALS AND EXCISE TAX COLLECTIONS FROM LOCALLY MANUFACTURED AUTOMOBILES BY BRACKET, 2009-2015
(Amounts in Million PhP)

Year	No. of Units				Total Excise Tax Collection			
	2%	20%	40%	Total	2%	20%	40%	Total
2009	18,268	38,927	244	57,439	211.96	1,577.56	94.84	1,884.36
2010	21,171	45,176	151	66,498	254.15	2,097.83	20.99	2,372.97
2011	14,605	41,984	8	56,597	157.77	1,841.94	0.93	2,000.63
2012	12,389	49,032	222	61,643	130.11	2,118.84	89.38	2,338.33
2013	13,910	53,475	337	67,722	149.61	2,115.81	86.28	2,351.69
2014	15,649	53,258	175	69,082	171.67	2,119.54	42.20	2,333.40
2015	9,736	64,394	217	74,347	101.59	2,281.85	62.90	2,446.34
Ave.	15,104	49,464	193	64,761	168.12	2,021.91	56.79	2,246.82

Source of basic data: BIR

The same observation is found on imported automobiles wherein processed data from the BOC showed that the highest VOR and ETC came from the 20% tax bracket in 2015. Under the said bracket, excise tax collections amounted to PhP6.35 billion which comprised 58.2% of the total collection while its VOR comprised 52.8% of the total removals.

Table 5. ESTIMATED VOLUME OF REMOVALS AND EXCISE TAX COLLECTIONS BY BRACKET FROM IMPORTED AUTOMOBILES, 2015
(In Million PhP)

Tax Bracket	No. of Units	Excise Tax Collections
2%	80,576	707.74
20%	106,947	6,350.28
40%	13,542	2,471.54
60%	1,351	1,380.87
Total	202,416	10,910.44

Source of basic data: BOC raw data as processed by NTRC

Thus, the combined total excise tax collection from both local and imported automobiles is estimated to be PhP13.36 billion, of which 81.7% came from the BOC collections.

Table 6. TOTAL EXCISE TAX COLLECTIONS BY BRACKET FROM LOCALLY MANUFACTURED AND IMPORTED AUTOMOBILES, 2015
(In Million PhP)

Tax Bracket	No. of Units			ETC		
	Local	Imported	Total	BIR	BOC	Total
2%	9,736	80,576	90,312	101.59	707.74	809.33
20%	64,394	106,947	171,341	2,281.85	6,350.28	8,632.13
40%	217	13,542	13,759	62.90	2,471.54	2,534.45
60%	-	1,351	1,351	-	1,380.87	1,380.87
Total	74,347	202,416	276,763	2,446.34	10,910.44	13,356.78

It is noted that prior to RA 9224, automobile excise taxation was based on engine displacement. Such policy was based on the premise that motor vehicles inflict damage to the environment and thus the heavier the motor vehicle is, the greater the environmental damage, hence, heavier taxes¹¹. However, policy-makers have decreed that value-based taxation is more transparent and easier to administer.

IV. COMPARATIVE EXCISE TAXATION OF MOTOR VEHICLES IN OTHER COUNTRIES

A. Excise Taxation of Motor Vehicles in ASEAN Countries (Annex B)

All ASEAN member-countries impose “excise tax”, “excise duty” or an equivalent excise tax- like levy on motor vehicles (MV). In particular, the Philippines, Lao PDR, Thailand and Vietnam impose the excise tax while Brunei, Malaysia and Singapore collect the excise duty. Other member-countries have their own unique excise taxes, the Specific Tax on Certain Merchandise and Service Tax in Cambodia, Excise Tariff-Luxury Sales Tax in Indonesia and Commercial Tax in Myanmar.

All ASEAN member-countries impose ad valorem tax rates based on the price or value of the MV. However, the Philippines is the only member-country that imposes marginal tax rates wherein the rates are applied on the excess over a pre-defined threshold amount in the tax schedule (similar to the income tax) while all others directly apply the tax rates to the price or value of the MV.

Brunei imposes a standard rate of 20% based on the value of the MV except for certain types of tractors which are taxed at 15%. Singapore also collects 20% excise tax except on motorcycles which are taxed at 12%.

¹¹ APTF ASEAN Excise Tax Study Group Discussion Paper. available at www.iticnet.org/images/Phase_II_Discussion_Paper.pdf, viewed October 2015

Myanmar applies two-tiered rates of 25% and 5% of selling price depending on the type of MV. In particular, light vans, saloons, sedans, light wagons, estate wagons and coupe are taxed at 25% while bicycles, tractors, train engines, ships, vans and buses, cranes and winches cars, among others are taxed at 5%.

Cambodia imposes three-tiered rates of 10%, 20% and 30% of ex- factory selling prices of automobiles based on their tariff headings and engine displacement. The higher the engine displacement, the higher is the excise tax.

Indonesia, Lao PDR, Malaysia, Thailand and Vietnam apply multiple tax rates depending on the type of MV and engine displacement. In particular, Indonesia imposes rates ranging from 10% to 125%; Lao PDR, from 10% to 150%; Malaysia, 20% to 105%; Thailand, 10% to 50%; and Vietnam, 10% to 60%.

Thailand is the only country that imposes the excise tax based on the CO₂ emission rate of each type of MV and engine. The higher the emission rate, the higher the excise tax rate.

Indonesia, on the other hand, considers the seating capacity of the MV aside from the type of engine and cylinder in its excise tax structure. In particular, it levies higher tax on MVs used for transporting less than 10 passengers including the driver than on those with 10 up to 15 passengers and exempts MVs with 16 or more seating capacities. Vietnam also considers the seating capacity in its excise tax structure with higher rate imposed on passenger cars of nine (9) seats or less and lower rate on those with 16 to 24 seats.

The Philippines levies a four-tiered excise tax with rates ranging from 2% to 60% depending purely on the manufacturer's or importer's selling price net of excise and VAT.

The Philippines imposes the lowest minimum rate of 2% on taxable MVs compared with 5% or 10% minimum tax rate in other member-countries. On the other hand, Lao PDR imposes the highest tax rate of up to 150% on large vehicles.

In terms of the coverage of the excise tax, the Philippines imposes the tax on "automobiles" which include any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power. Buses, trucks, cargo vans, jeeps/jeepneys/jeepney substitutes, single cab, chassis, and special purpose vehicles are not considered as automobiles; hence, not subject to excise tax.

Unlike the Philippines which limits its excise tax in any four (4) or more wheeled MVs, eight (8) ASEAN member-countries namely Brunei, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Singapore and Vietnam impose excise tax on two- wheeled MV such as motorcycles. Thailand similarly does not collect excise tax on motorcycles like the Philippines.

While the Philippines does not subject buses and trucks to the excise tax, Lao PDR and Myanmar include them in the coverage of their respective excise tax structure. Singapore also subject buses to the tax.

While the Philippines does not tax special purpose vehicles, Brunei, Indonesia and Singapore impose the excise tax on these. In particular, Brunei imposes the excise tax on crane lorries, concrete mixer lorries, road sweeper lorries, fire fighting vehicles, mobile radiological units while Indonesia imposes the tax on special vehicles made for golf, snow, on the beach, on the mountain and the like. Singapore also subject to the tax special vehicles designed for travelling on snow, golf cars, ambulance and hearses, among others.

Thailand and Vietnam give preferential rates on eco-friendly automobiles by imposing lower rates. In particular, Thailand imposes lower rates for eco-cars while Vietnam impose lower rates on electric cars, cars running on bio-fuel or cars running on gasoline in combination with electricity or bio-fuel.

B. TAXATION OF LUXURY CARS OR MOTOR VEHICLES IN OTHER COUNTRIES

Among the ASEAN member-countries, it is only Indonesia that imposes a Luxury-Goods Sales Tax (LST) on certain manufactured taxable goods such as motor vehicles. The tax is charged only once either on importation of the good or on delivery by the manufacturer to another party. It is accounted for every month together with VAT. The importer or the manufacturer of the goods is held responsible for the settlement of the LST. The current LST rates are between 10% to 125% but according to the VAT and LST Law, the rate may be increased up to 200%. The LST on motor vehicle is based on the cylinder capacity of the motor vehicles.¹²

In Australia, cars with value over the luxury car tax (LCT) threshold are subject to an LCT rate of 33%. The tax is applicable to the portion of the car's value that is above the threshold, and not the total value of the car. The tax is levied against the seller - the car retailer, wholesaler or manufacturer but the seller may pass this substantial cost on to consumers by adding the amount of LCT paid on top of the car's retail price. The LCT is payable on imported luxury cars unless the car is covered by a specified Customs duty concession item or LCT exemption. For LCT purposes, a car is a motor vehicle (but not a motorcycle) designed to carry a load of less than two (2) tonnes and fewer than nine (9) passengers. However, a limousine is classified as a car, regardless of the number of passengers it is designed to carry.¹³

The following table lists the LCT thresholds for the relevant financial year – the financial year the car was imported, acquired or sold.

¹² Pwc, Indonesian Pocket Tax Book 2015, <https://www.pwc.com/id/en/pocket-tax-book/ptb-2015-final-eng.pdf>, viewed August 5, 2016.

¹³ Australian Government Australian Taxation Office, Luxury Car Tax, <https://www.ato.gov.au/Business/Luxury-car-tax/>

Table 7. AUSTRALIA's LUXURY CAR TAX THRESHOLDS

Financial year	Australian Dollars		Peso Equivalent (In Billion PhP)	
	Fuel-efficient Vehicles	Other Vehicles	Fuel-efficient Vehicles	Other Vehicles
2009	\$75,000	\$57,180	2.69	2.05
2010	\$75,375	\$57,466	2.71	2.06
2011	\$75,375	\$57,466	2.71	2.06
2012	\$75,375	\$59,133	2.71	2.12
2013	\$75,375	\$60,316	2.71	2.16
2014	\$75,375	\$61,884	2.71	2.22
2015	\$75,375	\$63,184	2.71	2.27
2016	\$75,526	\$64,132	2.71	2.30

Source: <https://www.ato.gov.au/rates/luxury-car-tax-rate-and-thresholds/>, viewed September 19, 2016; Forex: Australian \$1 = PhP35.89

V. PROPOSED EXCISE TAX REFORM ON AUTOMOBILES

House Bill (HB) No. 4774 proposes that the lowest bracket be increased from 2% to 4% and the succeeding marginal tax rates from 20%-60% to 40%-200%. Below is the comparative schedule of the proposed vis-a-vis the present excise tax rates on automobiles.

Table 8. PROPOSED EXCISE TAX RATES ON AUTOMOBILES

Net Manufacturer's Price / Importer's Selling Price (NMISP)	Present	Proposed
Up to PhP600,000	2%	4%
Over PhP600,000 to PhP1.1 million	PhP12,000 + 20% of value in excess of PhP600,000	PhP24,000 + 40% of value in excess of PhP600,000
Over PhP1.1 million to PhP2.1 million	PhP112,000 + 40% of value in excess of PhP1.1 million	PhP224,000 + 100% of value in excess of PhP1.1 million
Over PhP2.1 million	PhP512,000 + 60% of value in excess of PhP2.1 million	PhP1,224,000 + 200% of value in excess of PhP2.1 million

Table 9 shows the comparative maximum tax and maximum effective excise tax rates (ratio of excise tax to NMISP) per tax bracket under present and proposed schedules.

At NMISP of PhP600,000 in the first bracket, the tax under present tax schedule amounts to PhP12,000. The tax will increase to PhP24,000 under the proposed tax schedule. At NMISP of PhP1.1 million in the second bracket, the present tax amounts to PhP112,000. It will double to PhP224,000 under the proposed excise tax. The effective tax rate will also

double from 10.2% to 20.4%. In the third bracket, the tax for NMISP of PhP2.1 million amounts to PhP512,000 but it will more than double to PhP1.224 million under the proposed excise tax rate. In the fourth bracket, the increase in the tax will more than double or triple depending on the NMISP of motor vehicles.

Table 9. COMPARATIVE EFFECTIVE EXCISE TAX RATES PER TAX BRACKET UNDER PRESENT AND HB 4774

Net Manufacturer's/ Importer's Selling Price	Maximum Tax		Maximum ETR	
	Present	Proposed	Present	Proposed
Up to PhP600,000	12,000	24,000	2%	4%
Over PhP600,000 to PhP1.1 M	112,000	224,000	10.2%	20.4%
Over PhP1.1 to PhP2.1 M	512,000	1,224,000	24.4%	58.3%
Over PhP2.1 M				
@ PhP2.5 M	752,000	2,024,000	30.1%	80.1%
@ PhP5.0 M	2,252,000	7,024,000	45.0%	140.5%
@ PhP10.0 M	5,252,000	17,024,000	52.5%	170.2%

Table 10 shows the impact of the proposed excise tax on suggested retail price (SRP). Assuming a 20% dealers' profit margin, with the proposed excise tax rates, SRP of sample motor vehicles will increase by 2% to 14% in the first to third brackets. The increase will be more for other higher-priced brands/models falling under the third bracket. On the other hand, the increase in the SRP of sample motor vehicles in the fourth bracket will range from 34% to 59%. Again, the increase could be more for higher-priced brands/models falling under the fourth bracket.

Table 10. IMPACT OF THE PROPOSED EXCISE TAX ON THE SELLING PRICE OF AUTOMOBILES

Brand	Model	Suggested Retail Price				Excise Tax			
		Present	Proposed	Increase	% Change	Present	Proposed	Increase	% Change
Net Manufacturer's or Importer's Selling Price*									
1. Up to PhP600 thousand									
Suzuki	Alto 800 Deluxe	438,000	446,588	8,588	2%	6,390	12,780	6,390	100%
Hyundai	Eon GLX Navi	525,000	535,294	10,294	2%	7,659	15,319	7,659	100%
Suzuki	Super Carry Jeepney	550,000	560,784	10,784	2%	8,024	16,048	8,024	100%
Toyota	Wigo 1.0 G	561,000	572,000	11,000	2%	8,185	16,369	8,185	100%
Kia	Picanto 1.0 EX	575,000	586,275	11,275	2%	8,389	16,778	8,389	100%
2. PhP600 thousand to PhP1.1 Million									
Mitsubishi	Adventure TX	690,000	703,529	13,529	2%	10,067	20,133	10,067	100%
Ford	Fiesta 1.5 Ambiente 4DR	698,000	711,686	13,686	2%	10,183	20,366	10,183	100%
Hyundai	Accent 1.6 GL CRD VGT 4DR	748,000	762,667	14,667	2%	10,913	21,825	10,913	100%
Toyota	Avanza 1.3 E	807,000	825,198	18,198	2%	11,807	23,615	11,807	100%
Honda	City 1.5 VX Navi MUGEN	1,063,000	1,119,207	56,207	5%	41,820	83,641	41,820	100%
3. PhP1.1 Million to PhP2.1 Million									
Toyota	Corolla Altis 2.0 V	1,215,000	1,296,540	81,540	7%	60,670	121,339	60,670	100%
Isuzu	Crosswind Sportivo X	1,245,000	1,331,540	86,540	7%	64,390	128,780	64,390	100%
Mazda	BT-50 2.2 4x2	1,300,000	1,395,707	95,707	7%	71,210	142,421	71,210	100%

Brand	Model	Suggested Retail Price				Excise Tax			
		Present	Proposed	Increase	% Change	Present	Proposed	Increase	% Change
Toyota	RAV4 2.5 Premium 2WD	1,863,000	2,113,845	250,845	13%	161,760	348,401	186,640	115%
Hyundai	Sonata 2.4 GLS Premium	1,898,000	2,163,845	265,845	14%	169,201	367,002	197,801	117%
4. Over PhP2.1 Million									
BMW	520d Luxury Essential	3,990,000	5,361,090	1,371,090	34%	645,781	1,665,938	1,020,156	158%
Volkswagen	Touareg 3.0 TDI Sport Edition	4,290,000	5,923,590	1,633,590	38%	729,487	1,944,955	1,215,469	167%
Honda	Legend	4,385,000	6,101,715	1,716,715	39%	755,993	2,033,311	1,277,318	169%
Porsche	718 Cayman	5,950,000	9,036,090	3,086,090	52%	1,192,656	3,488,854	2,296,198	193%
Nissan	GT-R	7,350,000	11,661,090	4,311,090	59%	1,583,281	4,790,938	3,207,656	203%

*Net of excise tax and VAT

On the other hand, Table 11 presents the impact of the proposed excise tax on auto financing. Assuming a 20% down payment and 27.28% and 36.10% interest rates for five (5) years of Bank A and Bank B, respectively, on car loans, there will only be minimal increases in the monthly amortizations on motor vehicles. Based on sample motor vehicles, the increase in monthly amortizations under a 5-year installment period only ranges from PhP146 to PhP4,512 for Bank A and PhP156 to PhP4,824 for Bank B. The increase is still affordable for low-priced motor vehicles but the impact becomes heavier as the price of the motor vehicle goes up.

Table 11. IMPACT OF THE PROPOSED EXCISE TAX ON AUTO FINANCING FOR FIVE YEARS

Brand	Model	Increase in Monthly Amortization					
		Bank A @ 27.28%			Bank B @ 36.10%		
		Present	Proposed	Diff.	Present	Proposed	Diff.
Net Manufacturer's or Importer's Selling Price*							
1. Up to PhP600 thousand							
Suzuki	Alto 800 Deluxe	7,433	7,579	146	7,948	8,104	156
Hyundai	Eon GLX Navi	8,910	9,084	175	9,527	9,714	187
Suzuki	Super Carry Jeepney	9,334	9,517	183	9,981	10,176	196
Toyota	Wigo 1.0 G	9,521	9,707	187	10,180	10,380	200
Kia	Picanto 1.0 EX	9,758	9,949	191	10,434	10,639	205
2. PhP600 thousand to PhP1.1 Million							
Mitsubishi	Adventure TX	11,710	11,939	230	12,521	12,767	246
Ford	Fiesta 1.5 Ambiente 4DR	11,846	12,078	232	12,666	12,915	248
Hyundai	Accent 1.6 GL CRD VGT 4DR	12,694	12,943	249	13,574	13,840	266
Toyota	Avanza 1.3 E	13,695	14,004	309	14,644	14,975	330
Honda	City 1.5 VX Navi MUGEN	18,040	18,994	954	19,290	20,310	1,020
3. PhP1.1 Million to PhP2.1 Million							
Toyota	Corolla Altis 2.0 V	20,619	22,003	1,384	22,048	23,528	1,480
Isuzu	Crosswind Sportivo X	21,128	22,597	1,469	22,593	24,163	1,570
Mazda	BT-50 2.2 4x2	22,062	23,686	1,624	23,591	25,327	1,737
Toyota	RAV4 2.5 Premium 2WD	31,616	35,873	4,257	33,807	38,359	4,552
Hyundai	Sonata 2.4 GLS Premium	32,210	36,722	4,512	34,442	39,267	4,824

Brand	Model	Increase in Monthly Amortization					
		Bank A @ 27.28%			Bank B @ 36.10%		
		Present	Proposed	Diff.	Present	Proposed	Diff.
4. Over PhP2.1 Million							
BMW	520d Luxury Essential	67,713	90,981	23,268	72,405	97,286	24,881
Volkswagen	Touareg 3.0 TDI Sport Edition	72,804	100,527	27,723	77,849	107,493	29,644
Honda	Legend	74,416	103,550	29,134	79,573	110,726	31,153
Porsche	718 Cayman	100,975	153,348	52,373	107,973	163,975	56,002
Nissan	GT-R	124,734	197,896	73,162	133,378	211,610	78,232

**Assuming a 20% down payment of the SRP of sample motor vehicles presented in Table 10*

VI. CONCLUSION AND RECOMMENDATION

The present tax of 2% tax on the first bracket under the Philippine tax schedule is the lowest compared with the 5% or 10% minimum tax rate in other ASEAN member-countries. The proposed increase in the minimum tax from 2% to 4% in the first bracket and from 20% to 40% in the second bracket will make the rates comparable with its ASEAN peers. Moreover, given the tax savings on personal income tax and low increase in the monthly amortization in case of car financing, buying a car in the first and second brackets will still be affordable among middle income employees.

On the other hand, the significant increase in the proposed marginal tax rates ranging from 100% to 200% on high-priced automobiles under the third and fourth brackets will enhance the progressivity of the tax and is justified on the ability to pay of potential buyers.



Annex A

EXCISE TAX RATES AND DEFINITION OF AUTOMOBILES

Legislation (Date of Effectivity)	Tax Schedule			Features
EO 36 (August 1, 1986)	Tax Rate	Engine Displacement		Imposed an Ad Valorem Tax of 5%, 10% and 20% depending on engine displacement and type of fuel used, in addition to the sales tax.
		Gasoline	Diesel	
	5%	1201 to 1600 cc	1851 to 2050 cc	
	10%	1601 to 1800 cc	2051 to 2250 cc	
	20%	1801 cc or over	2251 cc or over	
EO 273 (January 1, 1988)	15%	Up to 1600 cc	Up to 1850 cc	Increased the number of excise tax rates to four and upgraded the level of rates to 15% to 100%
	35%	1601 to 2000 cc	1801 to 2300 cc	
	50%	2001 to 2700 cc	2301 to 3000 cc	
	100%	2701 cc or over	3001 cc or over	
RR 14-97 (November 5, 1997)	Same schedule under EO 273			Defined the term “automobile” as: “any four (4) or more wheeled vehicle other than trucks as defined under RA 4136 and RA 1188 which is propelled by gasoline, diesel or any other motive power and specially designed for the transport of persons and not used primarily for carrying of freight and merchandise: Provided, that its seating capacity shall be less than 10 adult passengers including the driver. It shall include utility or light commercial

Legislation (Date of Effectivity)	Tax Schedule	Features
RR 14-99 (October 13, 1999)	Same schedule under EO 273	<p>vehicles designed for passengers with seating capacity of less than 10 adult passengers, including the driver. The seat in the rear cargo/luggage compartment shall not be counted as passenger seats even if these are factory installed and meet the area specification. Jump seats, fold away or fold down shall also be treated in the same manner.”</p> <p>Amended RR 14-97 such that starting February 1, 2000, closed or covered four-wheel drive vehicles primarily designed to carry passengers, regardless of the number of seats shall be covered by the tax on automobiles.</p> <p>Deleted the following provisions:</p> <p>“The seat in the rear cargo/luggage compartment shall not be counted as passenger seats even if these are factory installed and meet the area specification. Jump seats, fold away or fold down shall also be treated in the same manner.”</p> <p>“Automobile” is defined as a four (4) or more wheeled vehicle other than trucks or passenger jeeps, which is propelled by gasoline, diesel, electricity or any other motive power, and specially designed to transport persons and not primarily to transport freight or merchandise. It will include utility or light commercial vehicles designed for</p>

Legislation (Date of Effectivity)	Tax Schedule		Features
			passenger use with seats for less than ten (10) passengers, including the driver
RA 9224 (August 29, 2003)	Net Manufacturer's Selling Price / Importer's Selling Price	Tax Rate	Revised the excise tax structure and based it purely on the vehicle price regardless of engine displacement. "Automobile" as any four (4) or more-wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power. Buses, trucks, cargo vans, jeeps/jepneys substitutes, single cab chassis, and special purpose vehicles are not considered as automobiles.
	Up to PhP600,000 Over PhP600,000 to PhP1.1 million Over PhP1.1 million to PhP2.1 million Over PhP2.1 million	2% PhP12,000 + 20% of value in excess of PhP600,000 PhP112,000 + 40% of value in excess of PhP1.1 million PhP512,000 + 60% of value in excess of PhP2.1 million	

Prepared by: Indirect Taxes Branch, National Tax Research Center
Date Prepared: October 20, 2016

Annex B

COMPARATIVE EXCISE TAXATION ON MOTOR VEHICLES IN ASEAN COUNTRIES

Country	Particulars	Tax Base	Tax Rate
Philippines (Excise Tax)	Automobiles	Manufacturer's or importer's selling price, net of excise tax and value-added tax (VAT), in accordance with the following schedule:	
	➤ Any four (4) or more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power.	$\frac{\text{Net manufacturer's price/}}{\text{Importer's selling price}}$	2%
	➤ Buses, trucks, cargo vans, jeeps/jeepneys/jeepney substitutes, single cab, chassis, and special purpose vehicles are not considered as automobiles; hence, not subject to excise tax.	Up to PhP600 thousand Over PhP600 thousand to PhP1.1 million	PhP12,000 + 20% of value in excess of PhP600 thousand
		Over PhP1.1 million to PhP2.1 million	PhP112,000 + 40% of value in excess of PhP1.1 million
		Over PhP2.1 million	PhP512,000 + 60% of value in excess of PhP2.1 million

Country	Particulars	Tax Base	Tax Rate
Brunei ¹ (Excise Duty)	1. Tractors (other than tractors of heading 87.09)	Value of goods	15%
	2. Motor vehicles for the transport of 10 or more persons, including the driver	Value of goods	20%
	3. Motor cars and other motor vehicles principally designed for the transport of persons (other than those of heading 87.02), including station wagons and racing cars.	Value of goods	20%
	4. Motor vehicles for the transport of goods	Value of goods	20%
	5. Special purpose motor vehicles, other than those principally designed for the transport of persons or goods (for example, breakdown lorries; crane lorries, fire fighting vehicles, concrete-mixer lorries, road sweeper lorries, spraying lorries, mobile workshops, mobile radiological units).	Value of goods	20%
	6. Chassis fitted with engines, for the motor vehicles of headings 87.01 to 87.05	Value of goods	20%

¹ [http://www.mof.gov.bn/attachments/article/187/EXCISE%20DUTIES%20ORDER,%202006%20\(S%2040%2006\)%20EXCISE%20DUTIES%20ORDER,%20\(1\).pdf](http://www.mof.gov.bn/attachments/article/187/EXCISE%20DUTIES%20ORDER,%202006%20(S%2040%2006)%20EXCISE%20DUTIES%20ORDER,%20(1).pdf), viewed March 03, 2016

Country	Particulars	Tax Base	Tax Rate
Cambodia ² (Specific Tax on Certain Merchandise and Services)	7. Bodies (including cabs), for the motor vehicles of headings 87.01 to 87.05	Value of goods	20%
	8. Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars	Value of goods	20%
	9. Trailers and semi-trailers; other vehicles, not mechanically propelled; parts thereof	Value of goods	20%
	1. Automobiles classified under the harmonized tariff heading 8703 with an engine displacement of more than 2000 cc, and spare parts for those automobiles	Domestic – ex-factory selling price which is 90% of the invoice price excluding VAT and specific tax	30%
	2. Automobiles classified under the harmonized tariff heading 8703 with an engine displacement of up to 2000 cc, and spare parts for those automobiles	Imported – tax is calculated inclusive of customs duty and CIF value ³	20%
	3. All types of motor vehicles and spare parts classified under the harmonized tariff headings 8702, 8704.21 through		10%

² Cambodia, "Law on Taxation", http://www.cambodiainvestment.gov.kh/content/uploads/2012/02/Law-on-Taxation-of-2004_0401.pdf, viewed 11 March 2016.

³ PricewaterhouseCoopers (Cambodia) Ltd., "Cambodian 2015 Tax Booklet", <http://www.pwc.com/kh/en/publications/assets/cambodian-2015-tax-booklet.pdf>, viewed 11 March 2016.

Country	Particulars	Tax Base	Tax Rate
	8704.90, 8706, 8708, 8714 and 8711 with engine displacements from 125 cc upwards		
Indonesia ⁴ (Excise Tariff-Luxury Sales Tax)	1. Motor vehicles for transporting less than 10 passengers including the driver	Sales price, replacement, import value, export value, or the other value utilized as the basis to calculate the tax payable.	
	(a) Spark-ignition internal combustion engine		
	i. Sedan or station wagon		
	• Cylinder content capacity up to 1500 cc		30%
	• Cylinder content capacity 1500 cc up to 3000 cc		40%
	• Cylinder content capacity more than 3000 cc		125%
	ii. Single drive axle (4x2)		
	• Cylinder content capacity up to 1500 cc		10%
	• Cylinder content capacity 1500 cc up to 2500 cc		20%

⁴ <https://www.pwc.com/id/en/indonesian-pocket-tax-book/assets/indonesian-ptb-2015-en.pdf>, viewed on March 04, 2016.

Country	Particulars	Tax Base	Tax Rate
Indonesia (cont.)	<ul style="list-style-type: none"> • Cylinder content capacity 2500 cc up to 3000 cc 		40%
	<ul style="list-style-type: none"> • Cylinder content capacity more than 3000 cc 		125%
	iii. Double drive axle (4x4)		
	<ul style="list-style-type: none"> • Cylinder content capacity up to 1500 cc 		30%
	<ul style="list-style-type: none"> • Cylinder content capacity 1500 cc up to 3000 cc 		40%
	<ul style="list-style-type: none"> • Cylinder content capacity more than 3000 cc 		125%
	(b) Compression ignition engine (diesel or semi-diesel)		
	i. Sedan or station wagon		
	<ul style="list-style-type: none"> • Cylinder content capacity up to 1500 cc 		30%
	<ul style="list-style-type: none"> • Cylinder content capacity 1500 cc up to 2500 cc 		40%
	<ul style="list-style-type: none"> • Cylinder content capacity more than 2500 cc 		125%
	ii. Single drive axle (4x2)		

Country	Particulars	Tax Base	Tax Rate
Indonesia (cont.)	<ul style="list-style-type: none"> • Cylinder content capacity up to 1500 cc 		10%
	<ul style="list-style-type: none"> • Cylinder content capacity 1500 cc up to 2500 cc 		20%
	<ul style="list-style-type: none"> • Cylinder content capacity more than 2500 cc 		125%
	iii. Double drive axle (4x4)		
	<ul style="list-style-type: none"> • Cylinder content capacity up to 1500 cc 		30%
	<ul style="list-style-type: none"> • Cylinder content capacity 1500 cc up to 2500 cc 		40%
	<ul style="list-style-type: none"> • Cylinder content capacity more than 2500 cc 		125%
	2. Motor vehicles for transporting 10 up to 15 passengers including the driver		
	(a) Spark-ignition internal combustion engine, all cylinder content capacity		10%
	(b) Compression ignition engine (diesel or semi-diesel), all cylinder content capacity		10%

Country	Particulars	Tax Base	Tax Rate
Indonesia (cont.)	<p>(c) Used for the official vehicle of the Indonesian Armed Forces (TNI) or Indonesia National Police's Patrol Vehicle (Polri)</p> <p>3. Motor vehicle for transporting 16 passengers or more including the driver</p> <p>4. Double cabin vehicles for passengers exceeding 3 persons but not exceeding 6 persons including the driver and has opened or closed bed for transport of goods, using spark-ignition internal combustion engine or compression ignition engine (diesel or semi-diesel), using single drive axle (4x2) or double drive axle (4x4), for all cylinder content capacities with the weight not more than 5 tons</p> <p>5. Special purpose vehicles</p> <p>(a) All types of special vehicle that are produced for golf</p> <p>(b) Special vehicle made for travelling on the snow, on the beach, on mountain and the like</p> <p>(c) Trailer or semi-trailer of type caravan, housing or camping</p>		<p>Exempt</p> <p>Exempt</p> <p>20%</p> <p>50%</p> <p>60%</p> <p>125%</p>

Country	Particulars	Tax Base	Tax Rate
Indonesia (cont.)	<p>(d) Motor vehicle in the form of ambulance, hearse, fire fighter vehicle, detainee vehicle, and public transportation vehicle</p> <p>(e) State protocol Vehicle</p> <p>(f) Patrol vehicle of TNI or Polri</p> <p>6. Two wheel motor vehicles</p> <ul style="list-style-type: none"> - Motorcycle (including moped) and bicycle equipped with additional motor, with or without sided carriage, includes side carriage <p>(a) Cylinder content capacity up to 250 cc</p> <p>(b) Cylinder content capacity more than 250 cc up to 500 cc</p> <p>(c) Cylinder content capacity above 500 cc</p> <p>7. Completely knocked down (CKD) motor vehicle</p> <ul style="list-style-type: none"> - Motor vehicle in the condition of disassemble becomes its parts includes its equipment as well as principal property of the motor vehicle in question 		<p>Exempt</p> <p>Exempt</p> <p>Exempt</p> <p>Exempt</p> <p>60%</p> <p>125%</p> <p>Exempt</p>

Country	Particulars	Tax Base	Tax Rate
Indonesia (cont.)	8. Car chassis <ul style="list-style-type: none"> Vehicle frame that has been completed with the motor fuel and its transmission as well as steering system and axle installed for the motor vehicle 		Exempt
	9. Good transporter vehicle <ul style="list-style-type: none"> Motor vehicle with the single cabin in the form of open-bed vehicle or close-bed vehicle, with the sum of passenger not more than 3 passengers including the driver, which is used for the good transportation activity either for personal or public purposes 		Exempt
Lao PDR ⁵ (Excise Tax)	1. Motorbikes: <ul style="list-style-type: none"> (a) from 110 cc or less (b) from 111 cc – 150 cc (c) from 151 cc – 250 cc (d) from 251 cc or more 	Domestic – wholesale or retail value (excluding VAT and the excise tax) Imported – declared value for customs (CIF) plus import tax and other fees (if any)	10% 15% 20% 25%

⁵ Lao PDR, "Tax Law (amended) No. 05/NA", <http://www.laotradeportal.gov.la/index.php?r=site/display&id=629#a22>, viewed 11 March 2016.

Country	Particulars	Tax Base	Tax Rate
Lao PDR (cont.)	(e) motorbike run by electricity		Shall be reduced by 20% of each item
	2. Large Vehicles:		
	(a) Categories of vans, buses, trucks, soft and hard roof jeeps, sedan cars and pickups	Purchase price	25% - 150%
	(b) Imported cars of the international organizations, cars of foreign aid projects in Lao PDR		Exempt
	(c) Temporarily imported cars for the use of project according to the investment agreement which is approved by the National Assembly		Exempt
	(d) Cars that are imported, produced and assembled domestically for professional use of State organizations as provided for in specific regulations		Exempt
	(e) Other types of large vehicles which are not vans, buses, trucks, soft and hard roof jeeps, sedan cars and pickups		Exempt
	3. Vehicle spare parts	Domestic – wholesale or retail value (excluding VAT and the excise tax)	10%

Country	Particulars	Tax Base	Tax Rate
	(a) Spare parts imported by manufacturing plants to produce complete vehicles in the country	Imported – declared value for customs (CIF) plus import tax and other fees (if any)	Exempt
	4. Vehicle accessories		15%
	5. Speed boats, yachts, motorized sport boats, including their components and spare parts		15%
Malaysia⁶ (Excise Duty)	1. Motor Cars (including station wagons, sports cars and racing cars)		
	(a) engine capacity < 1800 cc		75%
	(b) engine capacity 1800 cc – 1999 cc		80%
	(c) engine capacity 2000 cc – 2,499 cc		90%
	(d) engine capacity above 2500 cc		105%
	2. Four Wheel Drive Vehicles		
	(a) engine capacity < 1800 cc		65%
	(b) engine capacity 1800 cc – 1,999 cc		75%
	(c) engine capacity 2000 cc – 2,499 cc		90%

⁶ Malaysian Automotive Association, "Duties & Taxes on Motor Vehicles", http://www.maa.org.my/info_duty.htm, viewed 11 March 2016 and Ministry of International Trade and Industry, "Domestic Automotive Duty Structure for CBU and CKD", <http://www.miti.gov.my/miti/resources/fileupload/ANNEX%20PRESS%20RELEASE%20ENGLISH.xls>, viewed 11 March 2016

Country	Particulars	Tax Base	Tax Rate
Malaysia (cont.)	(d) engine capacity above 2500 cc		105%
	3. Others (MPV & Van)		
	(a) engine capacity < 1,500 cc		60%
	(b) engine capacity 1,500 cc – 1,799 cc		65%
	(c) engine capacity 1,800 cc – 1,999 cc		75%
	(d) engine capacity 2000 cc – 2,499 cc		90%
	(e) engine capacity above 2,500 cc		105%
	4. Commercial Vehicles		
	(a) All classes		-
	5. Motorcycles		
Singapore ⁷ (Excise Duty)	(a) engine capacity ≤ 150 cc		20%
	(b) engine capacity > 150 cc		30%
	1. Motor vehicles for the transport of 10 or more persons including stretch limousines but excluding coaches, buses, minibuses or vans	Customs Value ⁸	20%

⁷ Singapore Customs; <http://www.customs.gov.sg/leftNav/trad/val/List+of+Dutiable+Goods.html>, viewed March 07, 2016

⁸ Cost + Insurance, and Freight (CIF) value

Country	Particulars	Tax Base	Tax Rate
Singapore (cont.)	2. Other vehicles specially designed for travelling on snow; golf cars and similar vehicles excluding motor vehicles in (1)		20%
	3. Motor cars (CKD and Non-CKD) including station wagons, SUVs and sport cars but excluding vans		
	(a) compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement not over 1500 cc to over 3000 cc		20%
	(b) spark-ignition internal combustion reciprocating piston engine with engine displacement not over 1000 cc to over 3000 cc		20%
	(c) other than spark and compression ignition internal combustion piston engine, regardless of engine displacement		20%
	4. Other motor vehicles (CKD and Non CKD)		

Country	Particulars	Tax Base	Tax Rate
Singapore (cont.)	(a) compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement not over 1500 cc to over 2500 cc		20%
	(b) spark-ignition internal combustion reciprocating piston engine with engine displacement not over 1000 cc to over 3000 cc		20%
	(c) other than spark and compression ignition internal combustion piston engine, regardless of engine displacement		20%
	(d) electrically powered		20%
	5. Ambulances		
	(a) compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement not over 1500 cc to over 2500 cc		20%
	(b) spark-ignition internal combustion reciprocating piston engine with engine displacement not over 1000 cc to over 3000 cc		20%

Country	Particulars	Tax Base	Tax Rate
Singapore (cont.)	(c) electrically powered		20%
	6. Hearses (CKD and Non-CKD)		
	(a) compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement over 1500 cc to over 2500 cc		20%
	(b) spark-ignition internal combustion reciprocating piston engine with engine displacement over 1500 cc to over 3000 cc		20%
	7. Prison vans (CKD and Non-CKD)		
	(a) compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement over 1500 cc to over 2500 cc		20%
	(b) spark-ignition internal combustion reciprocating piston engine with		20%

Country	Particulars	Tax Base	Tax Rate
Singapore (cont.)	engine displacement over 1500 cc to over 3000 cc		
	8. Motor homes		
	(a) compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement not over 1500 cc to over 2500 cc		20%
	(b) spark-ignition internal combustion reciprocating piston engine with engine displacement not over 1000 cc to over 3000 cc		20%
	9. Motorcycles (including mopeds) and cycles fitted with an auxiliary motor, with or without side-cars; side-cars		
	(a) CKD and non-CKD electrically powered motorcycles		12%
	(b) Other cycles excluding reciprocating internal combustion piston engine & electrically powered		

Country	Particulars	Tax Base	Tax Rate
Singapore (cont.)	i. Other CKD cycles with engine displacement not over 200 cc to over 500 cc		12%
	ii. Other Non-CKD cycles regardless of engine displacement		12%
	(c) Motorcycles (including mopeds) and cycles with reciprocating internal combustion piston engine		
	i. CKD and non-CKD mopeds and motorized bicycles with engine displacement not over 50 cc but not over 250 cc		12%
	ii. CKD and non-CKD motorcross motorcycles with engine displacement over 50 cc to over 800 cc		12%
	iii. CKD and non-CKD motorcycles (with or without sidecars) including motor scooters with engine displacement over 50 cc but not over 250 cc		12%

Country	Particulars	Tax Base	Tax Rate
Singapore (cont.)	iv. Other CKD and non-CKD cycles with engine displacement not over 50 cc but not over 800 cc		12%
	v. Other CKD and non-CKD motorcycles and motor scooters with engine displacement not over 50 cc		12%
	10. Chassis fitted with engines		
	(a) For ambulances		20%
	(b) For motor cars		20%
	(c) For other motor cars and motor vehicles principally designed for transport of persons		20%
	(d) For motor cars for transport of 10 or more persons including stretch limousines but excluding coaches, buses, minibuses or vans		20%

Country	Particulars	Tax Base	Tax Rate
	11. Bodies including cabs (a) For ambulances (b) For other motor cars and motor vehicles principally designed for transport of persons (c) For motor cars for transport of 10 or more persons including stretch limousines but excluding coaches, buses, minibuses, or vans		20% 20% 20%
Thailand⁹ (Excise Tax)	1. Passenger car (a) Engine capacity less than 3000 cc i. Carbon dioxide (CO ₂) emission rate less than 150 g/km		30%

⁹ http://www.thaiauto.or.th/2012/news/news-detail.asp?news_id=3198 and http://www.boj.go.th/upload/content/BOI-brochure%202015-automotive-20150325_70298.pdf, viewed on May 23, 2016

In order to promote green technology, the Thailand government has restructured automotive excise taxes to better-align with vehicle emissions that will be effective on 01 January 2016. http://www.boj.go.th/upload/content/BOI-brochure%202015-automotive-20150325_70298.pdf, viewed on March 04, 2016

Country	Particulars	Tax Base	Tax Rate
Thailand (cont.)	ii. CO ₂ emission rate 150 g/km up to 200 g/km		35%
	iii. CO ₂ emission rate more than 200 g/km		40%
	(b) Engine capacity more than 3000 cc, regardless of CO ₂ emission rate		50%
	2. Passenger car using E85 or compressed natural gas (CNG)		
	iv. Engine capacity less than 3000 cc		
	i. CO ₂ emission rate less than 150 g/km		25%
	ii. CO ₂ emission rate 150 g/km up to 200 g/km		30%
	iii. CO ₂ emission rate more than 200 g/km		35%
	v. Engine capacity more than 3000 cc, regardless of CO ₂ emission rate		50%
	3. Hybrid vehicles		
	(a) Engine capacity less than 3000 cc		
	i. CO ₂ emission rate less than 100 g/km		10%
	ii. CO ₂ emission rate 100 g/km up to 150 g/km		20%

Country	Particulars	Tax Base	Tax Rate
Thailand (cont.)	iii. CO ₂ emission rate 150 g/km up to 200 g/km		25%
	iv. CO ₂ emission rate more than 200 g/km		30%
	(b) Engine capacity more than 3000 cc, regardless of CO ₂ emission rate		50%
	4. Eco cars		
	(a) Engine capacity 1300 cc up to 1400 cc		
	i. CO ₂ emission rate less than 100 g/km		14%
	ii. CO ₂ emission rate more than 100 g/km		17%
	(b) Using E85 fuel		
	i. CO ₂ emission rate less than 100 g/km		12%
	ii. CO ₂ emission rate more than 100 g/km		17%
	5. Pick-up trucks		
	(a) Single cab		
	i. CO ₂ emission rate less than 200 g/km		3%

Country	Particulars	Tax Base	Tax Rate
Thailand (cont.)	<ul style="list-style-type: none"> ii. CO₂ emission rate more than 200 g/km (b) Space cab <ul style="list-style-type: none"> i. CO₂ emission rate less than 200 g/km ii. CO₂ emission rate more than 200 g/km (c) Double cab <ul style="list-style-type: none"> i. CO₂ emission rate less than 200 g/km ii. CO₂ emission rate more than 200 g/km 		<ul style="list-style-type: none"> 5% 5% 7% 12% 15% 25% 30% 50%

Country	Particulars	Tax Base	Tax Rate
Vietnam ¹⁰ (Excise Tax)	1. Cars under 24 seats		
	(a) Passenger cars of 9 seats or less, except those specified at Points 1(e), 1(f) and 1(g)	Domestically produced goods – selling price set by the producer	
	i. With cylinder capacity of 2000 cm ³ or less	Imported goods – import-duty calculation price plus the import duty	45%
	ii. With cylinder capacity of 2000 cm ³ to 3000 cm ³		50%
	iii. With cylinder capacity exceeding 3000 cm ³		60%
	(b) Passenger cars between 10 to less than 16 seats, except those specified at Points 1(e), 1(f) and 1(g)		30%
	(c) Passenger cars between 16 to 24 seats, except those specified at Points 1(e), 1(f) and 1(g)		15%
	(d) Cars for both passenger and cargo transportation, except those specified at Points 1(e), 1(f) and 1(g)		15%

¹⁰ <http://www.customs.gov.vn/Lists/EnglishDocuments/ViewDetails.aspx?language=en-US&ID=1061>, viewed on March 07, 2016.

Country	Particulars	Tax Base	Tax Rate
Vietnam (Excise Tax)	(e) Cars running on gasoline in combination with electricity or bio-fuel, with gasoline accounting for not more than 70% of the used fuel		70% of the tax rate for cars of the same kind as specified at Points 1(a) to 1(d)
	(f) Cars running on bio-fuel		50% of the tax rate for cars of the same type as specified at Points 1(a) to 1(d)
	(g) Electric cars		
	i. Passenger cars of 9 seats or less		25%
	ii. Passenger cars between 10 to less than 16 seats		15%
	iii. Passenger cars between 16 to 24 seats		10%
	iv. Cars for both passenger and cargo transportation		10%
	2. Two-wheeled and three-wheeled motorcycles with cylinder capacity more than 125 cm ³		20%

Country	Particulars	Tax Base	Tax Rate
Myanmar ¹¹ (Commercial Tax)	1. Bicycles	<u>Domestic</u> – Proceeds of the Sale <u>Imported</u> – Landed Cost	5%
	2. Tractors, other industrial motor trucks, parts and accessories thereof		5%
	3. Tractors, other industrial motor trucks, parts and accessories thereof		5%
	4. Train engines, train locomotives, coaches, spare parts and accessories thereof		5%
	5. Sea-going ships, other ships, motor boards, schooners, spare parts and accessories thereof		5%
	6. Electric motors		5%
	7. Lorries, trucks and trailers above ¼ ton		5%
	8. Vans and buses		5%
	9. Browsers ¹²		5%
	10. Cranes and winches cars		5%

¹¹ http://www.mof.gov.mm/sites/default/files/CommercialTaxLawEnglish_1.pdf, viewed March 07, 2016

¹² A browser is a generic name for a tanker of various kinds. In the United Kingdom, it is used by water companies to refer to mobile water tanks deployed to distribute fresh water in emergency situations. It also describes a fuel tanker used to deliver fuel to aircraft at airports or airfields. It is also describes refueling boats that supply seaplanes, and vehicles that fill heavy construction equipment such as hydraulic excavators and bulldozers. (Source: [http://everythingexplained.today/Browser_\(tanker\)](http://everythingexplained.today/Browser_(tanker)), viewed 20 April 2016)

Country	Particulars	Tax Base	Tax Rate
	11. Motor-car parts and accessories including frames and parts of chassis		5%
	12. Motorcycle parts and accessories		5%
	13. Motorcycles, scooters and the like		5%
	14. Light vans, saloons, sedans, light wagons, estate wagons and coupe		25%