



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - Public distribution

**Date:** 12/22/2008

**GAIN Report Number:** RP8073

## Philippines

### Bio-Fuels

### Renewable Energy Act of 2008

**2008**

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**Report Highlights:**

Philippine President Gloria Macapagal-Arroyo recently signed Republic Act 9531 or the Renewable Energy Act of 2008 which provides various incentives to investors of renewable energy projects. The new law takes effect 15 days after its publication in two national newspapers.

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Trade Report  
Manila [RP1]  
[RP]

President Gloria Macapagal-Arroyo recently signed Republic Act 9531 (RA 9531) or the Renewable Energy Act of 2008 which aims to promote the development and commercialization of renewable energy resources by providing incentives to potential investors in the sector. Sources of renewable energy include the sun, wind, water bodies, organic matter and heat from the earth.

Incentives provided by RA 9531 include the following:

1. Renewable energy developers are entitled to a 7 year income tax holiday. Beyond this, they will be charged a 10 percent corporate income tax.
2. The value-added tax is waived on power generated from renewable energy sources.
3. Renewable energy facilities are eligible to a 1.5 percent realty tax cap on the original cost of equipment and facilities used for renewable energy production.
4. Imports of equipment and materials will be duty-free for 10 years.
5. Carbon credits to be generated from the projects are exempt from all taxes.

RA 9531 also mandates the Philippine Department of Energy (DOE) and the National Power Corp. to come up with a mechanism that will connect renewable energy sources to the national power grid. In addition, a National Renewable Energy Board and a Renewable Energy Trust Fund will also be established.

As much as \$25 billion worth of investments are expected in the next two years, rising to \$80 billion in the next ten years, according to an official of the DOE with most of renewable energy coming from wind, hydro, solar and biomass sources.

RA 9531 takes effect 15 days after its publication in two newspapers of national circulation.