



Tax Reform for Acceleration and Inclusion package 1 – Automobile excise

As of August 14, 2017 10:04 PM

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Key messages

Key messages

1. We need to look at the automobile excise as part of an entire reform package.
2. It is progressive in design.
3. It can reduce pollution.
4. It may help address congestion.
5. The excise hike will not decrease demand nor cripple the automotive industry.
6. The Comprehensive Automotive Resurgence Strategy (CARS) program will not be adversely affected by the proposed automobile excise.

We need to look at the automobile excise as part of an entire reform package

| Combined effect | | | Package 1 change in annual take home pay (in pesos) | | | | | | | | | |
|-----------------------|--|---|---|---------------------|------------------------------|--------------|--------|-------------|---------------------------|-------------------------------|-------------------------|---|
| Decile/ percentile | Description (assumes a family of 5 members) | 2018 projected monthly household total income* | Personal income tax | Value- added tax | Petrol and transportation | Automobile** | SSB | Net tax due | Inflationary effect*** | Change in take home pay | Transfer (full year) | Change in take home pay after transfer |
| D1 | Subsistence poor | 5,106 | 2 | -210 | -102 | | -197 | -506 | -298 | -804 | 2,400 | 1,596 |
| D2 | Subsistence poor | 8,250 | 84 | -312 | -161 | | -335 | -725 | -456 | -1,180 | 2,400 | 1,220 |
| D3 | Poor | 10,652 | 404 | -423 | -217 | | -406 | -641 | -555 | -1,197 | 2,400 | 1,203 |
| D4 | Near poor | 12,987 | 1,063 | -563 | -276 | | -507 | -283 | -639 | -922 | 2,400 | 1,478 |
| D5 | Near poor | 15,760 | 2,377 | -895 | -365 | | -595 | 522 | -744 | -223 | 2,400 | 2,177 |
| D6 | Unskilled | 19,335 | 4,127 | -1,372 | -446 | | -1,129 | 1,179 | -847 | 332 | | 332 |
| D7 | Partly skilled | 24,524 | 7,684 | -1,650 | -581 | | -1,294 | 4,159 | -992 | 3,167 | | 3,167 |
| D8 | Skilled | 32,565 | 13,539 | -2,261 | -771 | | -1,418 | 9,089 | -1,183 | 7,906 | | 7,906 |
| D9 | Professional | 47,710 | 25,494 | -4,618 | -1,091 | -2,283 | -2,007 | 15,495 | -1,468 | 14,027 | | 14,027 |
| D10 | Middle class | 115,428 | 61,738 | -8,835 | -2,887 | -10,931 | -2,670 | 36,415 | -2,620 | 33,795 | | 33,795 |
| P100 | Executive | 303,059 | 118,538 | -16,525 | -6,284 | -87,360 | -3,278 | 5,090 | -3,879 | 1,212 | | 1,212 |
| T1000 | CEO | 706,017 | 146,575 | -20,672 | -7,801 | -131,533 | -1,962 | -15,394 | -5,301 | -20,695 | | -20,695 |
| | Top taxpayer A | 1,376,147 | -470,879 | -57,562 | -15,206 | -271,488 | -1,505 | -816,640 | -8,241 | -824,881 | | -824,881 |
| | Top taxpayer B | 2,752,294 | -1,495,740 | -120,279 | -30,411 | -271,488 | -1,062 | -1,918,980 | -12,361 | -1,931,341 | | -1,931,341 |

Source: DOF staff estimates using the preliminary Family Income and Expenditure Survey - Labor Force Survey 2015

Notes:

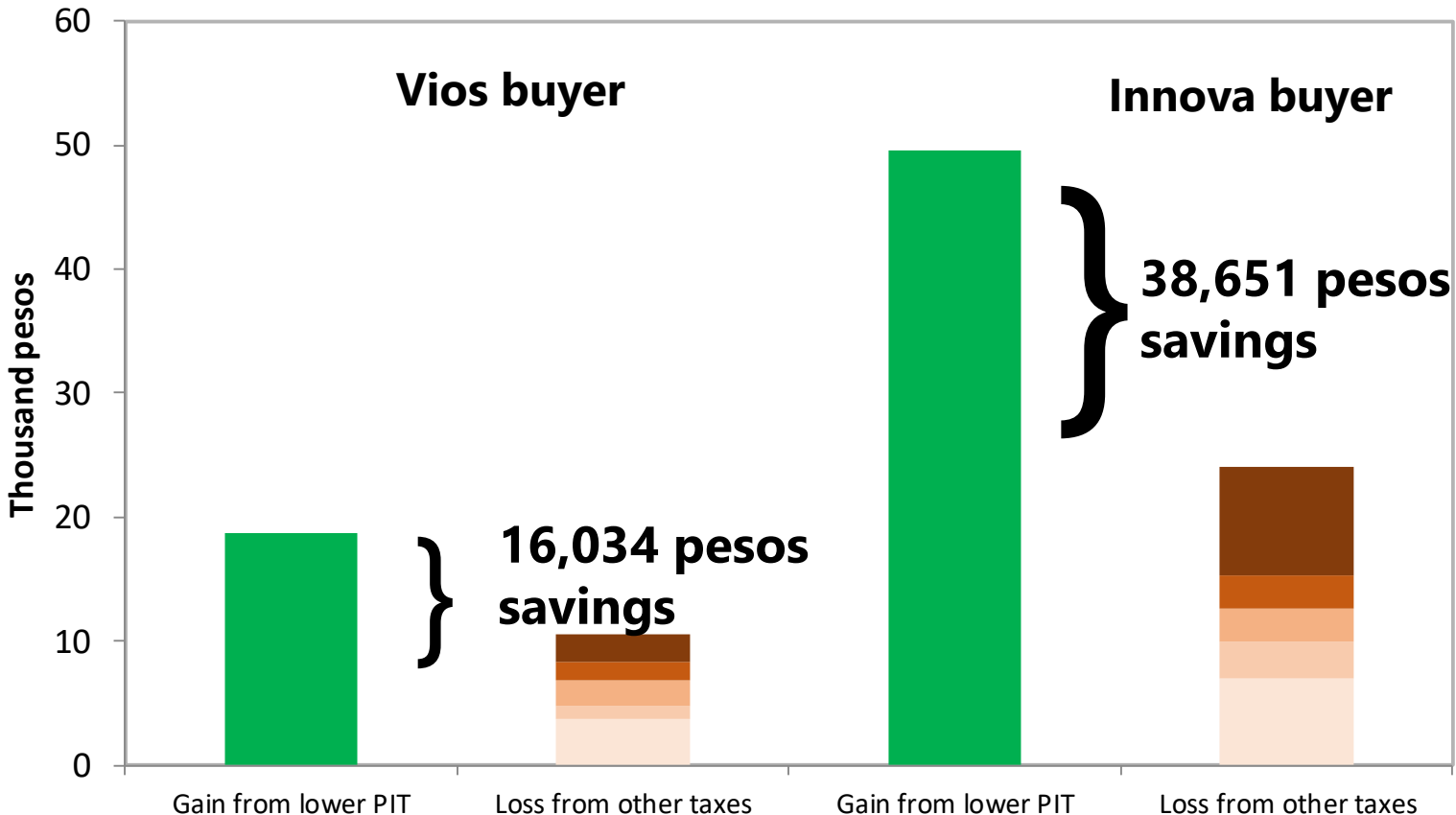
Each household has about two income earners

* Total household income includes compensation income, income from entrepreneurial activities (i.e. businesses), and other sources of income (i.e. cash transfers)

**Automobile excise tax impact were computed using 2016 prices, assuming 5 years of amortization

***The inflationary effect was computed as a function of income, marginal propensity to consume (MPC), and estimates on the price effect of the increased oil excise on food.

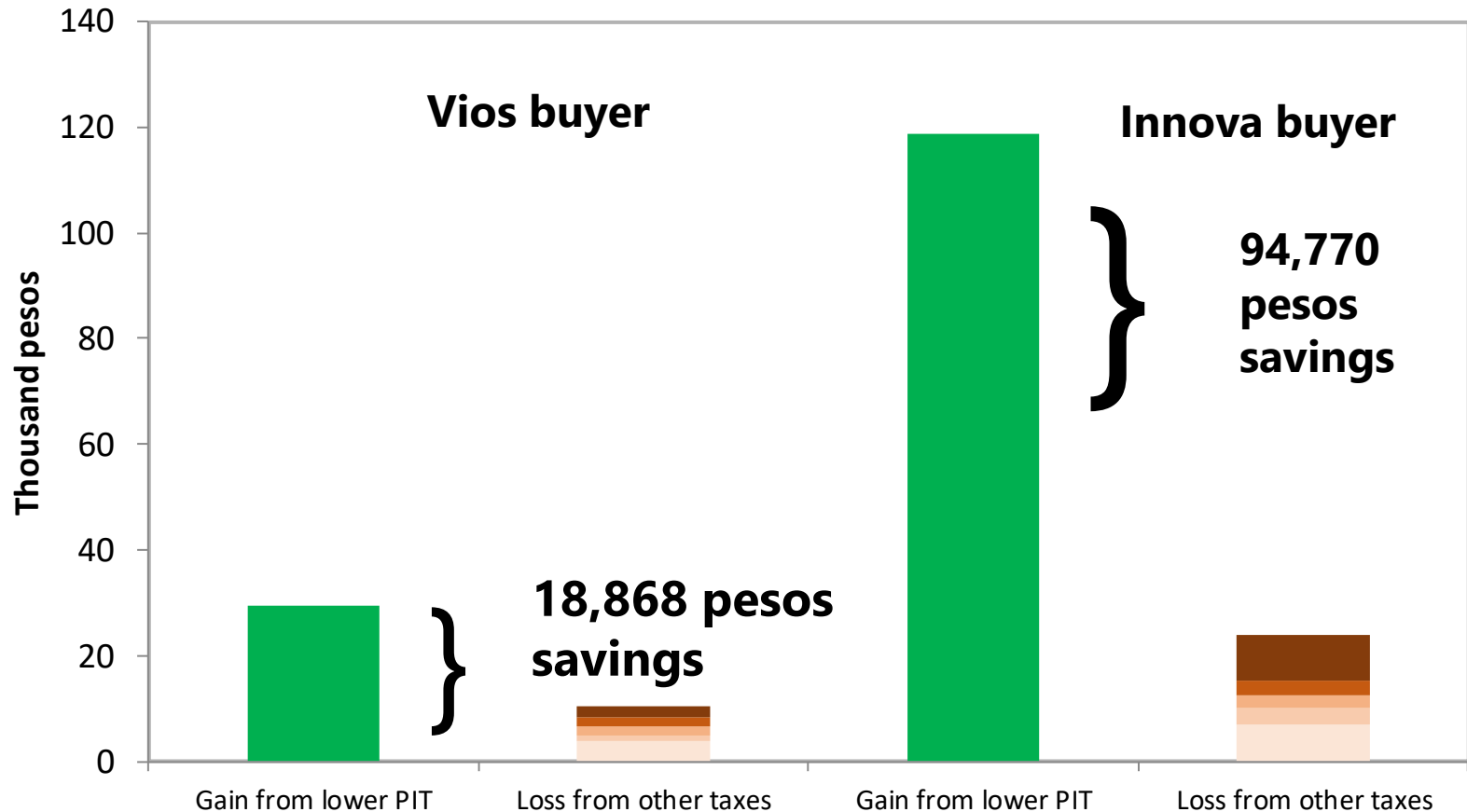
Gains from the lower PIT regime are more than enough to offset additional expenses from higher oil prices, car loan payments, and inflation (DOF amended)



■ PIT impact
 ■ Auto excise impact
 ■ Inflationary effect
 ■ SSB impact
 ■ Oil impact
 ■ VAT impact

Source: DOF staff estimates

Gains from the lower PIT regime are more than enough to offset additional expenses from higher oil prices, car loan payments, and inflation (HB 5636)



■ PIT impact
 ■ Auto excise impact
 ■ Inflationary effect
 ■ SSB impact
 ■ Oil impact
 ■ VAT impact

Source: DOF staff estimates

Rationale for the auto excise hike

- Enhance progressivity of the tax system.
 - The tax has not been adjusted since 2004.
 - The rich need to contribute more than the non-rich.
 - There are many supporters on the automobile excise tax.
 - At least 80 percent of households do not own cars and find the tax to be very equitable (various surveys and FGDs).

Rationale for the auto excise hike

- Address pollution.
 - Air pollution levels in Metro Manila are 4 times that of WHO guidelines.
- Can help address congestion.
 - Cost of congestion: 2.6 billion pesos daily in productivity cost in NCR (JICA 2014).
 - Private cars carry 33 percent of passengers but occupy 72 percent of road space (DOTr).
 - Public transportation accounts for 67 percent of passengers but occupy only 28 percent of road space (DOTr).
 - Incremental revenues to be used for infrastructure.

How much space do 50 people on different modes of transportation occupy?



Private cars



Bus



Bikes

Source: <http://auguststrasse-berlin-mitte.de/wp-content/uploads/2007/11/muenster.jpg>

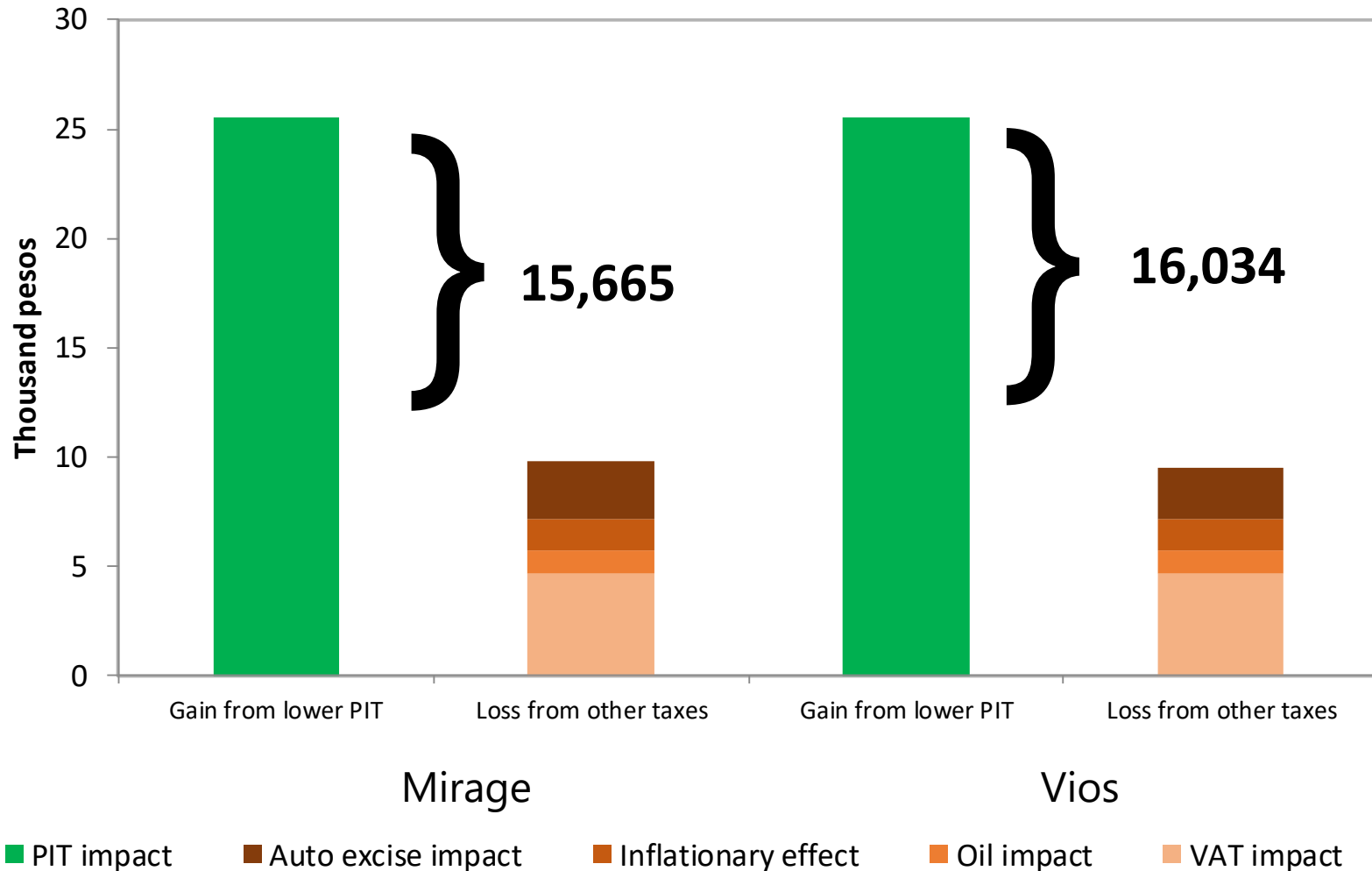
This excise hike will not necessarily decrease demand nor cripple the automotive industry.

- The strong economy can overcome the effects of higher excise.
 - Nominal GDP growth of 10 percent.
 - Population growth of 1.8 percent (2 million babies per year).
 - Falling poverty, unemployment, and underemployment rates.
 - Higher take home pay from lower income taxes. We are returning to the people P140 billion of which 90 percent will be spent.

This excise hike will not necessarily decrease demand nor cripple the automotive industry.

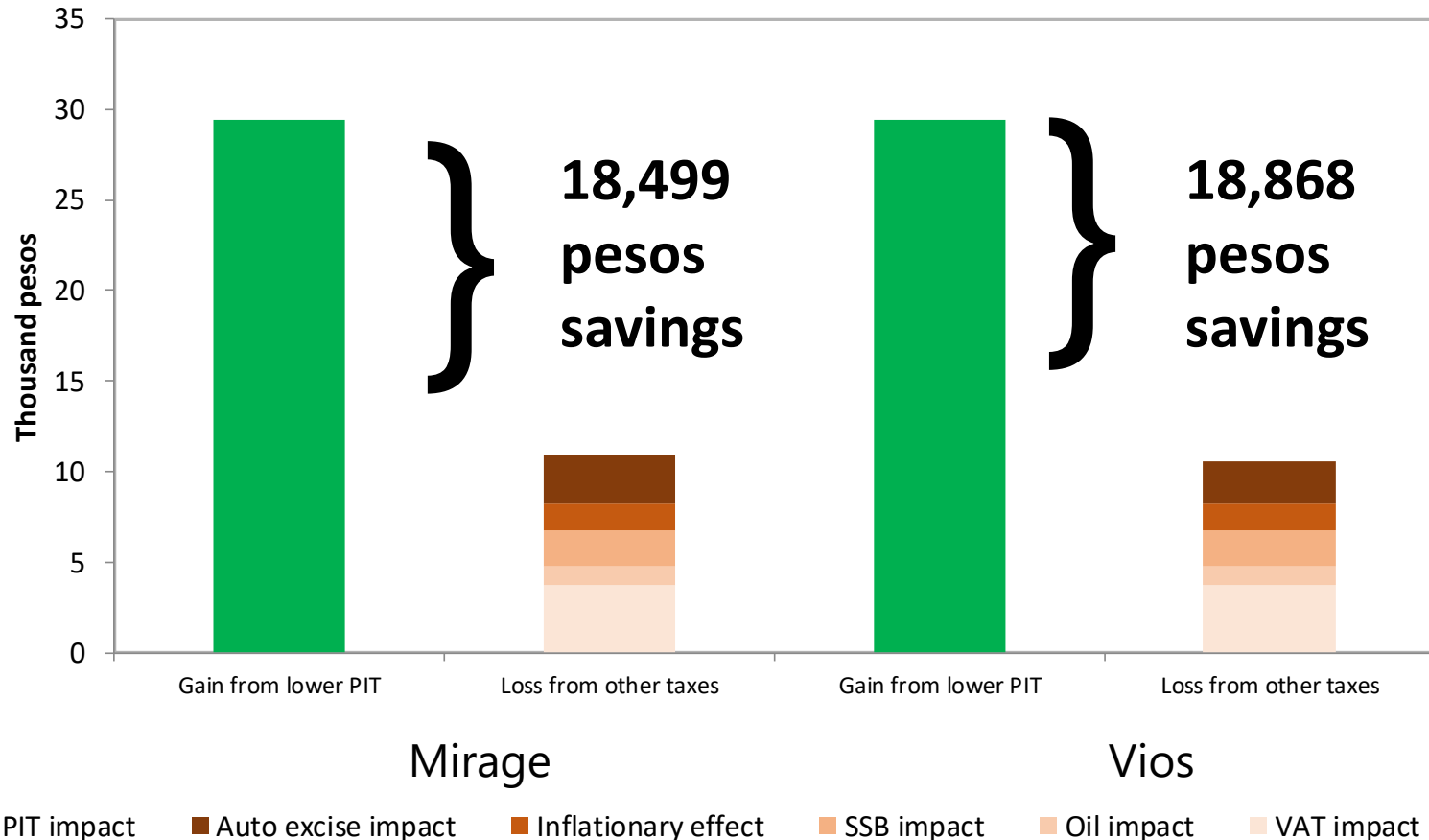
- The tax is only one of many factors that can affect demand. Other factors are income, quality of cars, financing cost, and also preference.
- There will also be downward shifting from expensive to cheaper cars, thus ensuring adequate overall demand.
- The effect of increased prices due to higher excise will be offset by the effect of increased income from income tax savings due to the restructuring of the personal income tax system.
 - Price elasticity of car demand is -1.2.
 - Income elasticity of car demand is 1.5.

The CARS program will not be adversely affected by the proposed tax reform (DOF amended)



Source: DOF staff estimates

The CARS program will not be adversely affected by the proposed tax reform (HB 5636)



Source: DOF staff estimates

What is development?

- It is not that the poor have cars.
- It is the rich taking public transport like in HK, Singapore, Tokyo, London, and New York.
- The tax reform intends to achieve this by allocating the bulk of incremental revenues for infrastructure.

A DEVELOPED COUNTRY ISN'T A PLACE WHERE THE POOR HAVE CARS



UM PAÍS DESENVOLVIDO NÃO É UM LUGAR ONDE OS POBRES TEM CARROS.



IT'S WHERE THE RICH USE PUBLIC TRANSPORTATION.

É UM LUGAR ONDE OS RICOS USAM TRANSPORTES PÚBLICOS.



Conclusion

1. We need to look at the automobile excise as part of an entire package.
2. This excise hike will not decrease demand nor cripple the automotive industry.
3. The CARS program will not be adversely affected by the proposed automobile excise.



Automobile excise tax reform

History of the automobile excise

August 1, 1986 (EO 36)

| Tax rate (in percent) | Engine displacement (in cc) | |
|--------------------------|-----------------------------|-----------------|
| | Gasoline | Diesel |
| 5 | 1,201 to 1,600 | 1,851 to 2,050 |
| 10 | 1,601 to 1,800 | 2,051 to 2,250 |
| 20 | 1,801 and above | 2,251 and above |

November 5, 1997 (EO 273)

| Tax rate (in percent) | Engine displacement (in cc) | |
|--------------------------|-----------------------------|-----------------|
| | Gasoline | Diesel |
| 15 | 0 to 1,600 | 0 to 1,850 |
| 35 | 1,601 to 2,000 | 1,851 to 2,300 |
| 50 | 2,001 to 2,700 | 2,301 to 3,000 |
| 100 | 2,701 and above | 3,001 and above |

History of the automobile excise

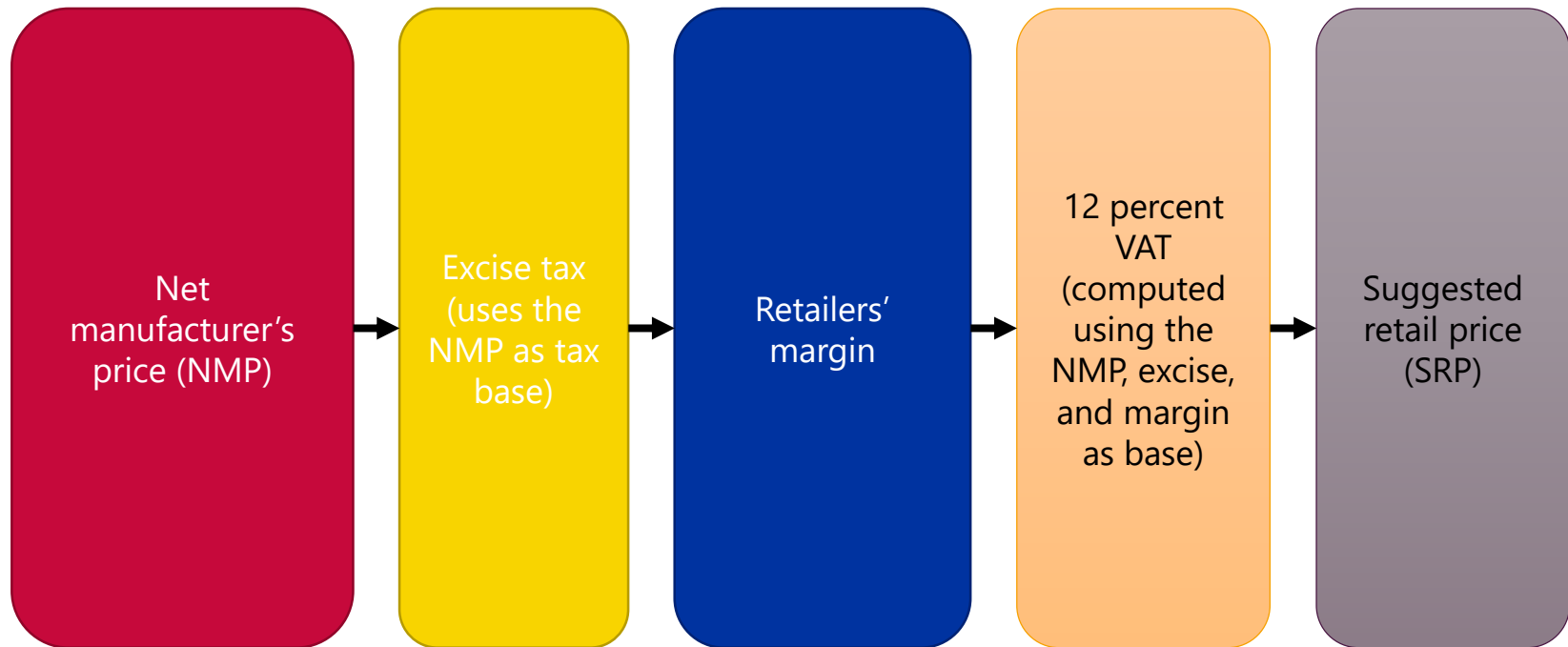
August 29, 2003, present (RA 9224)

| Tax rate (in pesos) | Net manufacturer's selling price/ net importer's selling price (in pesos) |
|---|--|
| 2 percent | 0 to 600,000 |
| 12,000 + 20 percent of the excess from 600,000 | Above 600,000 to 1,100,000 |
| 112,000 + 40 percent of the excess from 1,100,000 | Above 1,100,000 to 2,100,000 |
| 512,000 + 60 percent of the excess from 2,100,000 | Above 2,100,000 |

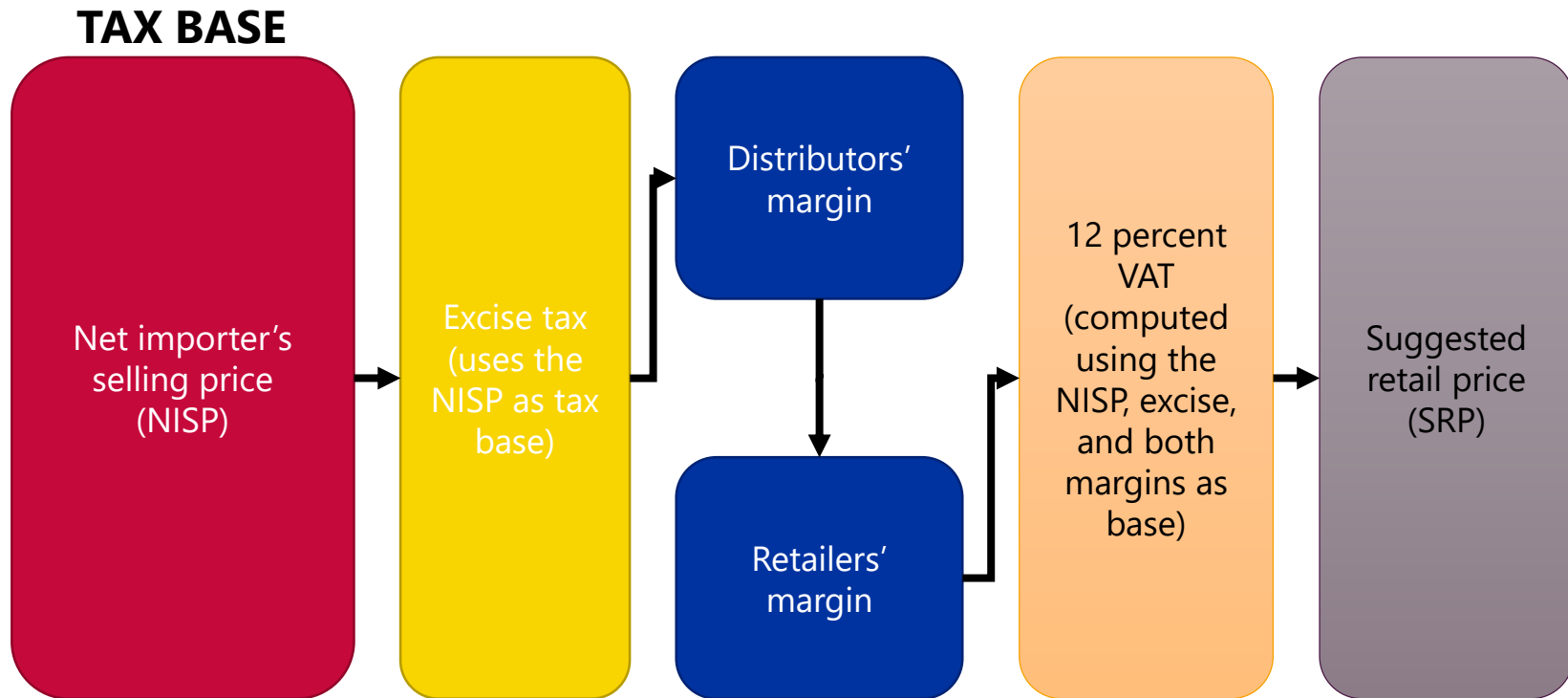
Source: National Tax Research Center (NTRC)

Value chain and the automobile excise for local cars

TAX BASE



Value chain and the automobile excise for imported cars



Evolution of the auto excise proposal

- Original DOF proposal: pure ad valorem rate: 4%, 20%, 40%, and 60%. Revenue estimate: 50 billion.
- Revised DOF proposal (HB 4774 and SB 1408): flat rate plus marginal rates of 4%, 40%, 100%, and 200%. Revenue estimate: 30 billion.
- Amended DOF proposal (May 2017): flat rate plus marginal rates of 4%, 40%, 80%, and 120%. Revenue estimate: 24 billion.
- Approved House bill (HB 5636): five brackets with flat rate plus marginal rates of 4%, 40%, 60%, 100%, and 120%. Two year phase-in period. Revenue estimate: 14 billion.

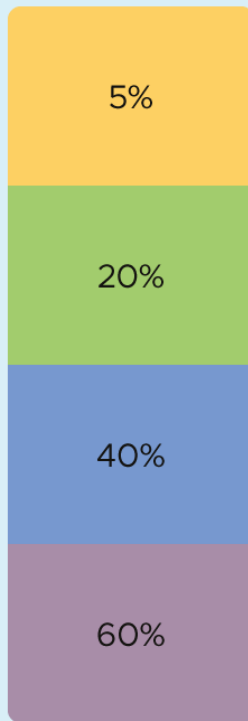
Evolution of the Automobile Excise Proposal

Net manufacturing/importation price in pesos



Revenue estimate

Original DOF proposal
Ad valorem rates



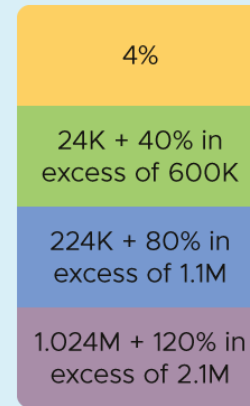
50 billion

HB 4774 and SB 1408
Revised DOF proposal



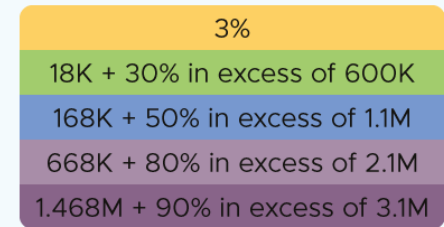
30 billion

Amended DOF proposal
as of May 2017



24 billion

HB 5636*
Approved House Bill



14 billion

LEGEND: Bracket 1 Bracket 2 Bracket 3 Bracket 4 Bracket 5

**HB 5636 splits the last bracket into two: over 2.1 million to 3.1 million, and over 3.1 million*



Automobile Excise Rates

Amended DOF proposal

In the proposed system, basic cars will be taxed at lower rates while more expensive cars will be taxed at higher rates. These revised rates are considerably lower than the original proposal.

Proposed excise tax on automobiles

| Net manufacturing/importation price in pesos | Current rates | Avg. effective tax rate | Proposed rates | Avg. effective tax rate |
|--|--|-------------------------|---|-------------------------|
| Up to 600,000 | 2% | 2% | 4% | 3% |
| Over 600,000 to 1.1 million | 12,000 + 20% in excess of 600,000 | 5% | 24,000 + 40% in excess of 600,000 | 10% |
| Over 1.1 million to 2.1 million | 112,000 + 40% in excess of 1.1 million | 15% | 224,000 + 80% in excess of 1.1 million | 31% |
| Over 2.1 million | 512,000 + 60% in excess of 2.1 million | 22% | 1,024,000 + 120% in excess of 2.1 million | 45% |

as of 05/08/2017



Automobile Excise Rates

Amended DOF proposal

Using the proposed auto excise rates, the following are sample suggested retail prices of selected cars:

Suggested retail price (SRP) of automobiles (in pesos)

| Brand and Model | Current SRP | Proposed SRP* | Change in SRP |
|-------------------------------|---|--|----------------|
| Toyota Vios 1.3 Base | 599,000 2% | 609,734 4% | 10,734 |
| Mitsubishi Mirage G4 GLS | 740,000 2% | 753,261 4% | 13,261 |
| Toyota Innova 2.0 J | 919,000 12,000 + 20% in excess of 600,000 | 962,725 24,000 + 40% in excess of 600,000 | 43,725 |
| Ford Everest Titanium 2.2 4x2 | 1,739,000 112,000 + 40% in excess of 1.1 million | 1,994,898 224,000 + 80% in excess of 1.1 million | 255,898 |
| Toyota Land Cruiser 4.5 V8 | 4,455,000 512,000 + 60% in excess of 2.1 million | 5,413,496 1,024,000 + 120% in excess of 2.1 million | 958,496 |

*Proposed SRP is computed as (net manufacturer's price + excise tax + VAT)

Additional revenues raised through this excise tax will be used to improve traffic management solutions, and fund climate change-resilient infrastructure.

as of 05/04/2017



Department of Finance

www.dof.gov.ph/taxreform

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Automobile Excise Rates (HB 5636)

In the proposed system, basic cars will be taxed at lower rates while more expensive cars will be taxed at higher rates. These revised rates are considerably lower than the original proposal.

Proposed excise tax on automobiles (2018)

| Net manufacturing/importation price in pesos | Current rates | Avg. effective tax rate | Net manufacturing/importation price in pesos | Proposed rates | Avg. effective tax rate |
|--|--|-------------------------|--|--|-------------------------|
| Up to 600,000 | 2% | 2% | Up to 600,000 | 3% | 2% |
| Over 600,000 to 1.1 million | 12,000 + 20% in excess of 600,000 | 5% | Over 600,000 to 1.1 million | 18,000 + 30% in excess of 600,000 | 8% |
| Over 1.1 million to 2.1 million | 112,000 + 40% in excess of 1.1 million | 15% | Over 1.1 million to 2.1 million | 168,000 + 50% in excess of 1.1 million | 18% |
| Over 2.1 million | 512,000 + 60% in excess of 2.1 million | 22% | Over 2.1 million to 3.1 million | 668,000 + 80% in excess of 2.1 million | 27% |
| | | | Over 3.1 million | 1,468,000 + 90% in excess of 3.1 million | 37% |

as of 08/01/2017



Automobile Excise Rates (HB 5636)

In the proposed system, basic cars will be taxed at lower rates while more expensive cars will be taxed at higher rates. These revised rates are considerably lower than the original proposal.

Proposed excise tax on automobiles (2019)

| Net manufacturing/importation price in pesos | Current rates | Avg. effective tax rate | Net manufacturing/importation price in pesos | Proposed rates | Avg. effective tax rate |
|--|--|-------------------------|--|---|-------------------------|
| Up to 600,000 | 2% | 2% | Up to 600,000 | 4% | 3% |
| Over 600,000 to 1.1 million | 12,000 + 20% in excess of 600,000 | 5% | Over 600,000 to 1.1 million | 24,000 + 40% in excess of 600,000 | 10% |
| Over 1.1 million to 2.1 million | 112,000 + 40% in excess of 1.1 million | 15% | Over 1.1 million to 2.1 million | 224,000 + 60% in excess of 1.1 million | 23% |
| Over 2.1 million | 512,000 + 60% in excess of 2.1 million | 22% | Over 2.1 million to 3.1 million | 824,000 + 100% in excess of 2.1 million | 34% |
| | | | Over 3.1 million | 1,824,000 + 120% in excess of 3.1 million | 47% |

as of 08/01/2017



Automobile Excise Rates (HB 5636)

Using the proposed auto excise rates, the following are sample suggested retail prices of selected cars:

Suggested retail price (SRP) of automobiles (in pesos)

| Brand and Model | Current SRP | 2018 Proposed SRP* | Change in SRP | 2019 Proposed SRP* | Change in SRP from current |
|-------------------------------|--|--|----------------|---|----------------------------|
| Toyota Vios 1.3 Base | 599,000 | 604,367 | 5,367 | 609,734 | 10,734 |
| | 2% | 3% | | 4% | |
| Mitsubishi Mirage G4 GLS | 740,000 | 746,630 | 6,630 | 753,261 | 13,261 |
| | 2% | 3% | | 4% | |
| Toyota Innova 2.0 J | 919,000 | 940,862 | 21,862 | 962,725 | 43,725 |
| | 12,000 + 20% in excess of 600,000 | 18,000 + 30% in excess of 600,000 | | 24,000 + 40% in excess of 600,000 | |
| Ford Everest Titanium 2.2 4x2 | 1,739,000 | 1,834,334 | 95,334 | 1,929,669 | 190,669 |
| | 112,000 + 40% in excess of 1.1 million | 168,000 + 50% in excess of 1.1 million | | 224,000 + 60% in excess of 1.1 million | |
| Toyota Land Cruiser 4.5 V8 | 4,455,000 | 4,758,072 | 303,072 | 5,061,144 | 606,144 |
| | 512,000 + 60% in excess of 2.1 million | 668,000 + 80% in excess of 2.1 million | | 824,000 + 100% in excess of 2.1 million | |

*Proposed SRP is computed as (net manufacturer's price + excise tax + VAT)

Additional revenues raised through this excise tax will be used to improve traffic management solutions, and fund climate change-resilient infrastructure.

as of 05/31/2017



Automobile Excise Rates (HB 5636)

Using the proposed auto excise rates, the following are sample suggested retail prices of selected cars:

Suggested retail price (SRP) of automobiles (in pesos)

| Brand and Model | Current SRP | 2018 Proposed SRP* | Change in SRP | 2019 Proposed SRP* | Change in SRP from 2018 |
|-------------------------------|--|--|----------------|---|-------------------------|
| Toyota Vios 1.3 Base | 599,000 | 604,367 | 5,367 | 609,734 | 5,367 |
| | 2% | 3% | | 4% | |
| Mitsubishi Mirage G4 GLS | 740,000 | 746,630 | 6,630 | 753,261 | 6,631 |
| | 2% | 3% | | 4% | |
| Toyota Innova 2.0 J | 919,000 | 940,862 | 21,862 | 962,725 | 21,863 |
| | 12,000 + 20% in excess of 600,000 | 18,000 + 30% in excess of 600,000 | | 24,000 + 40% in excess of 600,000 | |
| Ford Everest Titanium 2.2 4x2 | 1,739,000 | 1,834,334 | 95,334 | 1,929,669 | 95,335 |
| | 112,000 + 40% in excess of 1.1 million | 168,000 + 50% in excess of 1.1 million | | 224,000 + 60% in excess of 1.1 million | |
| Toyota Land Cruiser 4.5 V8 | 4,455,000 | 4,758,072 | 303,072 | 5,061,144 | 303,072 |
| | 512,000 + 60% in excess of 2.1 million | 668,000 + 80% in excess of 2.1 million | | 824,000 + 100% in excess of 2.1 million | |

*Proposed SRP is computed as (net manufacturer's price + excise tax + VAT)

Additional revenues raised through this excise tax will be used to improve traffic management solutions, and fund climate change-resilient infrastructure.

as of 05/31/2017

Automobile Excise Rates (SB 1408)

In the proposed system, basic cars will be taxed at lower rates while more expensive cars will be taxed at higher rates. These revised rates are considerably lower than the original proposal.

Proposed excise tax on automobiles

| Net manufacturing/importation price in pesos | Current rates | Avg. effective tax rate | Proposed rates | Avg. effective tax rate |
|--|--|-------------------------|---|-------------------------|
| Up to 600,000 | 2% | 2% | 4% | 3% |
| Over 600,000 to 1.1 million | 12,000 + 20% in excess of 600,000 | 5% | 24,000 + 40% in excess of 600,000 | 10% |
| Over 1.1 million to 2.1 million | 112,000 + 40% in excess of 1.1 million | 15% | 224,000 + 100% in excess of 1.1 million | 37% |
| Over 2.1 million | 512,000 + 60% in excess of 2.1 million | 22% | 1,224,000 + 200% in excess of 2.1 million | 66% |

as of 08/01/2017



Automobile Excise Rates (SB 1408)

Using the proposed auto excise rates, the following are sample suggested retail prices of selected cars:

Suggested retail price (SRP) of automobiles (in pesos)

| Brand and Model | Current SRP | Proposed SRP* | Change in SRP |
|-------------------------------|---|--|---------------|
| Toyota Vios 1.3 Base | 599,000 2% | 609,734 4% | 10,734 |
| Mitsubishi Mirage G4 GLS | 740,000 2% | 753,261 4% | 13,261 |
| Toyota Innova 2.0 J | 919,000 12,000 + 20% in excess of 600,000 | 962,725 24,000 + 40% in excess of 600,000 | 43,725 |
| Ford Everest Titanium 2.2 4x2 | 1,739,000 112,000 + 40% in excess of 1.1 million | 2,060,126 224,000 + 100% in excess of 1.1 million | 321,126 |
| Toyota Land Cruiser 4.5 V8 | 4,455,000 512,000 + 60% in excess of 2.1 million | 6,150,904 1,224,000 + 200% in excess of 2.1 million | 1,695,904 |

**Proposed SRP is computed as (net manufacturer's price + excise tax + VAT)*

Additional revenues raised through this excise tax will be used to improve traffic management solutions, and fund climate change-resilient infrastructure.

as of 08/02/2017





Impact on price

Understanding the tax base

- Social media and news reports of the price increase of cars are misleading.
- The tax base is not the retail price but the manufacturing or importation price. The difference is between 10 to 50 percent. In fact, the import price can be as low as 50 percent of retail price.
- Thus the tax increase is moderate, not extreme. Certainly no doubling of car prices.

Social media and news reports of the price increase of cars are misleading.

| MODEL | CURRENT SRP | NEW PRICE |
|---|-------------|-------------|
| Hyundai Eon GLX M | P508,000 | P528,320 |
| Mitsubishi Mirage G4 GLX AT | P680,000 | P736,000 |
| Toyota Vios 1.5 G AT | P902,000 | P1,046,800 |
| Nissan Juke 1.6 AT | P980,000 | P1,156,000 |
| Honda Civic RS Turbo AT | P1,403,000 | P1,930,000 |
| Toyota Innova 2.8 E AT | P1,222,000 | P1,568,000 |
| Mazda CX-5 2.0 2WD | P1,345,000 | P1,814,000 |
| Isuzu D-Max 4x2 LS MT | P1,190,000 | P1,504,000 |
| Toyota Hiace 3.0 Grandia GL AT | P1,725,000 | P2,574,000 |
| Ford Everest Titanium 2.2 4x2 | P1,739,000 | P2,602,000 |
| Toyota Fortuner 2.8 V 4WD | P2,126,000 | P3,398,000 |
| BMW X5 30d | P6,590,000 | P10,170,000 |
| Theoretical P10 million car (i.e. Porsche, Jaguar, Maserati, etc.) | P10,000,000 | P27,020,000 |
| Theoretical P20 million car (i.e. Ferrari, Lamborghini, Aston Martin, Rolls-Royce, Bentley, etc.) | P20,000,000 | P57,020,000 |

Source: Philippine STAR Motoring Facebook post

Estimated price change for top car models, DOF amended (1/3)

| Old bracket | New bracket | Brand + model | Net manufacturing price (a) | Current SRP (b) | NMP/SRP (a/b) | Estimated SRP | Change in SRP |
|-------------|-------------|-------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|
| 1 | 1 | Hyundai Eon GLX | 406,400 | 508,000 | 80 | 517,103 | 9,103 |
| 1 | 1 | Toyota Wigo 1.0 G | 448,800 | 561,000 | 80 | 571,053 | 10,053 |
| 1 | 1 | Toyota Vios 1.3 Base | 479,200 | 599,000 | 80 | 609,734 | 10,734 |
| 1 | 1 | Hyundai Accent 1.4 GL | 534,400 | 668,000 | 80 | 679,971 | 11,971 |
| 1 | 1 | Mistubishi Adventure TX | 552,000 | 690,000 | 80 | 702,365 | 12,365 |
| 1 | 1 | Mistubishi Mirage GLS | 532,000 | 665,000 | 80 | 676,917 | 11,917 |
| 2 | 2 | Toyota Avanza 1.3 E | 611,200 | 764,000 | 80 | 779,949 | 15,949 |
| 2 | 2 | Kia Rio 1.4 EX 4 DR | 588,000 | 735,000 | 80 | 748,171 | 13,171 |
| 2 | 2 | Mistubishi Mirage G4 GLS | 592,000 | 740,000 | 80 | 753,261 | 13,261 |
| 2 | 2 | Mazda 2 1.5 S Skyactiv 4DR | 636,000 | 795,000 | 80 | 816,504 | 21,504 |
| 2 | 2 | Hyundai Accent 1.6 CRD VGT 5D | 638,400 | 798,000 | 80 | 820,042 | 22,042 |
| 2 | 2 | Suzuki Ertiga 1.4 GL | 607,200 | 759,000 | 80 | 774,053 | 15,053 |
| 2 | 2 | Isuzu Crosswind XS | 640,000 | 800,000 | 80 | 822,400 | 22,400 |
| 2 | 2 | Honda City 1.5 E | 611,200 | 764,000 | 80 | 779,949 | 15,949 |
| 2 | 2 | Honda Jazz 1.5 V | 634,400 | 793,000 | 80 | 814,146 | 21,146 |
| 2 | 2 | Nissan Almera 1.5 V | 676,000 | 845,000 | 80 | 875,464 | 30,464 |
| 2 | 2 | Mistubishi Lancer EX 1.6 GLS | 680,000 | 850,000 | 80 | 881,360 | 31,360 |
| 2 | 2 | Ford Fiesta 1.5 Sport 5DR | 700,000 | 875,000 | 80 | 910,840 | 35,840 |
| 2 | 2 | Ford EcoSport 1.5 Trend | 708,000 | 885,000 | 80 | 922,632 | 37,632 |
| 2 | 2 | Toyota Vios 1.5 G | 681,600 | 852,000 | 80 | 883,718 | 31,718 |

Sources: carguide.ph,

Estimated price change for top car models, DOF amended (2/3)

| Old bracket | New bracket | Brand + model | Net manufacturing price (a) | Current SRP (b) | NMP/SRP (a/b) | Estimated SRP | Change in SRP |
|-------------|-------------|---------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|
| 2 | 2 | Toyota Innova 2.0 J | 735,200 | 919,000 | 80 | 962,725 | 43,725 |
| 2 | 2 | Mistubishi Adventure GLS Sport | 756,000 | 945,000 | 80 | 993,384 | 48,384 |
| 2 | 2 | Toyota Corolla Altis 1.6 G | 714,400 | 893,000 | 80 | 932,066 | 39,066 |
| 2 | 2 | Nissan Juke 1.6 | 784,000 | 980,000 | 80 | 1,034,656 | 54,656 |
| 2 | 2 | Mazda 3 1.5 V Skyactiv 5DR | 814,400 | 1,018,000 | 80 | 1,079,466 | 61,466 |
| 2 | 2 | Isuzu Crosswind XUV | 848,000 | 1,060,000 | 80 | 1,128,992 | 68,992 |
| 2 | 2 | Honda Civic 1.8 E | 874,400 | 1,093,000 | 80 | 1,167,906 | 74,906 |
| 2 | 2 | Nissan NP300 Navara 4x2 EL Cal | 860,000 | 1,075,000 | 80 | 1,146,680 | 71,680 |
| 2 | 2 | Mistubishi Strada 2.5 GLX V 4x2 | 928,000 | 1,160,000 | 80 | 1,246,912 | 86,912 |
| 2 | 2 | Mistubishi ASX GLS 2WD | 932,000 | 1,165,000 | 80 | 1,252,808 | 87,808 |
| 2 | 2 | Hyundai Tucson 2.0 GL 2WD | 878,400 | 1,098,000 | 80 | 1,173,802 | 75,802 |
| 2 | 2 | Honda HR-V 1.8 E | 994,400 | 1,243,000 | 80 | 1,344,786 | 101,786 |
| 2 | 2 | Isuzu D-MAX 4x2 LS | 952,000 | 1,190,000 | 80 | 1,282,288 | 92,288 |
| 2 | 2 | Mazda CX-3 Pro 2WD | 1,024,000 | 1,280,000 | 80 | 1,388,416 | 108,416 |
| 2 | 2 | Toyota Hilux 2.4 G | 966,400 | 1,208,000 | 80 | 1,303,514 | 95,514 |
| 2 | 2 | Toyota Hiace 3.0 Commuter | 1,047,200 | 1,309,000 | 80 | 1,422,613 | 113,613 |
| 2 | 2 | Subaru XV 2.0i | 1,054,400 | 1,318,000 | 80 | 1,433,226 | 115,226 |
| 2 | 2 | Toyota Innova 2.8 G | 1,015,200 | 1,269,000 | 80 | 1,375,445 | 106,445 |
| 2 | 2 | Honda CR-V 2.0 V | 1,066,400 | 1,333,000 | 80 | 1,450,914 | 117,914 |
| 3 | 3 | Nissan X-TRAIL 2.0 2WD | 1,100,000 | 1,375,000 | 80 | 1,500,440 | 125,440 |

Sources: carguide.ph, DOF staff estimates

Estimated price change for top car models, DOF amended (3/3)

| Old bracket | New bracket | Brand + model | Net manufacturing price (a) | Current SRP (b) | NMP/SRP (a/b) | Estimated SRP | Change in SRP |
|-------------|-------------|----------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|
| 2 | 2 | Toyota Innova 2.0 J | 735,200 | 919,000 | 80 | 962,725 | 43,725 |
| 2 | 2 | Mistubishi Adventure GLS Sport | 756,000 | 945,000 | 80 | 993,384 | 48,384 |
| 3 | 3 | Chevrolet Trailblazer 2.5 4x2 LT | 1,103,110 | 1,378,888 | 80 | 1,505,721 | 126,833 |
| 3 | 3 | Ford Everest Ambiente 2.2 4x2 | 1,071,200 | 1,339,000 | 80 | 1,457,989 | 118,989 |
| 3 | 3 | Kia Sportage 2.0 CRDi EX 2WD | 1,156,000 | 1,445,000 | 80 | 1,595,528 | 150,528 |
| 3 | 3 | Subaru Forester 2.0i-L | 1,158,400 | 1,448,000 | 80 | 1,599,603 | 151,603 |
| 3 | 3 | Toyota Fortuner 2.4 G 2WD | 1,108,800 | 1,386,000 | 80 | 1,515,382 | 129,382 |
| 3 | 3 | Isuzu mu-X LS-A 3.0 4x2 | 1,182,400 | 1,478,000 | 80 | 1,640,355 | 162,355 |
| 3 | 3 | Mazda CX-5 2.0 Pro 2WD | 1,196,000 | 1,495,000 | 80 | 1,663,448 | 168,448 |
| 3 | 3 | Mistubishi Montero Sport GLS 2 | 1,244,000 | 1,555,000 | 80 | 1,744,952 | 189,952 |
| 3 | 3 | Toyota Camry 2.5 S | 1,349,600 | 1,687,000 | 80 | 1,924,261 | 237,261 |
| 3 | 3 | Honda Accord 2.4 S Navi | 1,434,400 | 1,793,000 | 80 | 2,068,251 | 275,251 |
| 3 | 3 | Toyota Hiace 3.0 Super Grandia | 1,548,000 | 1,935,000 | 80 | 2,261,144 | 326,144 |
| 3 | 3 | Mini Cooper 5DR | 1,840,000 | 2,300,000 | 80 | 2,756,960 | 456,960 |
| 3 | 3 | Lexus CT200h | 1,958,400 | 2,448,000 | 80 | 2,958,003 | 510,003 |
| 3 | 3 | Mercedes C 450 AMG 4MATIC | 2,032,000 | 2,540,000 | 80 | 3,082,976 | 542,976 |
| 3 | 3 | Lexus IS 350 | 2,078,400 | 2,598,000 | 80 | 3,161,763 | 563,763 |
| 4 | 4 | BMW 318d SE Package | 2,416,000 | 3,020,000 | 80 | 3,876,576 | 856,576 |
| 4 | 4 | Audi Q5 2.0 TFSI Quattro | 2,448,000 | 4,080,000 | 60 | 4,887,296 | 807,296 |
| 4 | 4 | Porsche Macan | 2,997,000 | 4,995,000 | 60 | 6,171,224 | 1,176,224 |
| 4 | 5 | Volvo XC90 D5 | 3,897,000 | 6,495,000 | 60 | 8,276,024 | 1,781,024 |
| 4 | 5 | BMW X5 xDrive 30d Executive | 3,954,000 | 6,590,000 | 60 | 8,409,000 | 1,819,328 |

Sources: carguide.ph, DOF staff estimates

Estimated price change for top car models, HB 5636 (1/3)

| Old bracket | New bracket | Brand and model | Net manufacturing price (a) | Current SRP (b) | NMP/SRP (a/b) | 2018 | | 2019 | |
|-------------|-------------|--------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | | Estimated SRP | Change in SRP | Estimated SRP | Change in SRP |
| 1 | 1 | Hyundai Eon GLX | 406,400 | 508,000 | 80 | 512,552 | 4,552 | 517,103 | 9,103 |
| 1 | 1 | Toyota Wigo 1.0 G | 448,800 | 561,000 | 80 | 566,027 | 5,027 | 571,053 | 10,053 |
| 1 | 1 | Toyota Vios 1.3 Base | 479,200 | 599,000 | 80 | 604,367 | 5,367 | 609,734 | 10,734 |
| 1 | 1 | Hyundai Accent 1.4 GL | 534,400 | 668,000 | 80 | 673,985 | 5,985 | 679,971 | 11,971 |
| 1 | 1 | Mistubishi Adventure TX | 552,000 | 690,000 | 80 | 696,182 | 6,182 | 702,365 | 12,365 |
| 1 | 1 | Mistubishi Mirage GLS | 572,000 | 715,000 | 80 | 721,406 | 6,406 | 727,813 | 12,813 |
| 2 | 2 | Toyota Avanza 1.3 E | 611,200 | 764,000 | 80 | 771,974 | 7,974 | 779,949 | 15,949 |
| 2 | 2 | Kia Rio 1.4 EX 4 DR | 620,000 | 775,000 | 80 | 783,960 | 8,960 | 792,920 | 17,920 |
| 2 | 2 | Mistubishi Mirage G4 GLS | 632,000 | 790,000 | 80 | 800,304 | 10,304 | 810,608 | 20,608 |
| 2 | 2 | Mazda 2 1.5 S Skyactiv 4DR | 636,000 | 795,000 | 80 | 805,752 | 10,752 | 816,504 | 21,504 |
| 2 | 2 | Hyundai Accent 1.6 CRD VGT 5DR | 638,400 | 798,000 | 80 | 809,021 | 11,021 | 820,042 | 22,042 |
| 2 | 2 | Suzuki Ertiga 1.4 GL | 639,200 | 799,000 | 80 | 810,110 | 11,110 | 821,221 | 22,221 |
| 2 | 2 | Isuzu Crosswind XS | 640,000 | 800,000 | 80 | 811,200 | 11,200 | 822,400 | 22,400 |
| 2 | 2 | Honda City 1.5 E | 643,200 | 804,000 | 80 | 815,558 | 11,558 | 827,117 | 23,117 |
| 2 | 2 | Honda Jazz 1.5 V | 666,400 | 833,000 | 80 | 847,157 | 14,157 | 861,314 | 28,314 |
| 2 | 2 | Nissan Almera 1.5 V | 676,000 | 845,000 | 80 | 860,232 | 15,232 | 875,464 | 30,464 |
| 2 | 2 | Mistubishi Lancer EX 1.6 GLS | 680,000 | 850,000 | 80 | 865,680 | 15,680 | 881,360 | 31,360 |
| 2 | 2 | Ford Fiesta 1.5 Sport 5DR | 700,000 | 875,000 | 80 | 892,920 | 17,920 | 910,840 | 35,840 |
| 2 | 2 | Ford EcoSport 1.5 Trend | 708,000 | 885,000 | 80 | 903,816 | 18,816 | 922,632 | 37,632 |
| 2 | 2 | Toyota Vios 1.5 G | 721,600 | 902,000 | 80 | 922,339 | 20,339 | 942,678 | 40,678 |

Sources: carguide.ph, DOF staff estimates

Estimated price change for top car models, HB 5636 (2/3)

| Old bracket | New bracket | Brand and model | Net manufacturing price (a) | Current SRP (b) | NMP/SRP (a/b) | 2018 | | 2019 | |
|-------------|-------------|------------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | | Estimated SRP | Change in SRP | Estimated SRP | Change in SRP |
| 2 | 2 | Toyota Innova 2.0 J | 735,200 | 919,000 | 80 | 940,862 | 21,862 | 962,725 | 43,725 |
| 2 | 2 | Mistubishi Adventure GLS Sport | 756,000 | 945,000 | 80 | 969,192 | 24,192 | 993,384 | 48,384 |
| 2 | 2 | Toyota Corolla Altis 1.6 G | 759,200 | 949,000 | 80 | 973,550 | 24,550 | 998,101 | 49,101 |
| 2 | 2 | Nissan Juke 1.6 | 784,000 | 980,000 | 80 | 1,007,328 | 27,328 | 1,034,656 | 54,656 |
| 2 | 2 | Mazda 3 1.5 V Skyactiv 5DR | 814,400 | 1,018,000 | 80 | 1,048,733 | 30,733 | 1,079,466 | 61,466 |
| 2 | 2 | Isuzu Crosswind XUV | 848,000 | 1,060,000 | 80 | 1,094,496 | 34,496 | 1,128,992 | 68,992 |
| 2 | 2 | Honda Civic 1.8 E | 874,400 | 1,093,000 | 80 | 1,130,453 | 37,453 | 1,167,906 | 74,906 |
| 2 | 2 | Nissan NP300 Navara 4x2 EL Calibre | 916,800 | 1,146,000 | 80 | 1,188,202 | 42,202 | 1,230,403 | 84,403 |
| 2 | 2 | Mistubishi Strada 2.5 GLX V 4x2 | 928,000 | 1,160,000 | 80 | 1,203,456 | 43,456 | 1,246,912 | 86,912 |
| 2 | 2 | Mistubishi ASX GLS 2WD | 932,000 | 1,165,000 | 80 | 1,208,904 | 43,904 | 1,252,808 | 87,808 |
| 2 | 2 | Hyundai Tucson 2.0 GL 2WD | 950,400 | 1,188,000 | 80 | 1,233,965 | 45,965 | 1,279,930 | 91,930 |
| 2 | 2 | Honda HR-V 1.8 E | 994,400 | 1,243,000 | 80 | 1,293,893 | 50,893 | 1,344,786 | 101,786 |
| 2 | 2 | Isuzu D-MAX 4x2 LS | 1,008,000 | 1,260,000 | 80 | 1,312,416 | 52,416 | 1,364,832 | 104,832 |
| 2 | 2 | Mazda CX-3 Pro 2WD | 1,024,000 | 1,280,000 | 80 | 1,334,208 | 54,208 | 1,388,416 | 108,416 |
| 2 | 2 | Toyota Hilux 2.4 G | 1,026,400 | 1,283,000 | 80 | 1,337,477 | 54,477 | 1,391,954 | 108,954 |
| 2 | 2 | Toyota Hiace 3.0 Commuter | 1,047,200 | 1,309,000 | 80 | 1,365,806 | 56,806 | 1,422,613 | 113,613 |
| 2 | 2 | Subaru XV 2.0i | 1,054,400 | 1,318,000 | 80 | 1,375,613 | 57,613 | 1,433,226 | 115,226 |
| 2 | 2 | Toyota Innova 2.8 G | 1,079,200 | 1,349,000 | 80 | 1,409,390 | 60,390 | 1,469,781 | 120,781 |
| 2 | 2 | Honda CR-V 2.0 V | 1,098,400 | 1,373,000 | 80 | 1,435,541 | 62,541 | 1,498,082 | 125,082 |
| 3 | 3 | Nissan X-TRAIL 2.0 2WD | 1,100,000 | 1,375,000 | 80 | 1,437,720 | 62,720 | 1,500,440 | 125,440 |

Sources: carguide.ph, DOF staff estimates

Estimated price change for top car models, HB 5636 (3/3)

| Old bracket | New bracket | Brand and model | Net manufacturing price (a) | Current SRP (b) | NMP/SRP (a/b) | 2018 | | 2019 | |
|-------------|-------------|----------------------------------|-----------------------------|-----------------|---------------|---------------|---------------|---------------|---------------|
| | | | | | | Estimated SRP | Change in SRP | Estimated SRP | Change in SRP |
| 2 | 2 | Toyota Innova 2.0 J | 735,200 | 919,000 | 80 | 940,862 | 21,862 | 962,725 | 43,725 |
| 2 | 2 | Mistubishi Adventure GLS Sport | 756,000 | 945,000 | 80 | 969,192 | 24,192 | 993,384 | 48,384 |
| 2 | 2 | Toyota Corolla Altis 1.6 G | 759,200 | 949,000 | 80 | 973,550 | 24,550 | 998,101 | 49,101 |
| 3 | 3 | Chevrolet Trailblazer 2.5 4x2 LT | 1,103,110 | 1,378,888 | 80 | 1,441,956 | 63,068 | 1,505,025 | 126,137 |
| 3 | 3 | Ford Everest Ambiente 2.2 4x2 | 1,119,200 | 1,399,000 | 80 | 1,463,870 | 64,870 | 1,528,741 | 129,741 |
| 3 | 3 | Kia Sportage 2.0 CRDi EX 2WD | 1,156,000 | 1,445,000 | 80 | 1,513,992 | 68,992 | 1,582,984 | 137,984 |
| 3 | 3 | Subaru Forester 2.0i-L | 1,158,400 | 1,448,000 | 80 | 1,517,261 | 69,261 | 1,586,522 | 138,522 |
| 3 | 3 | Toyota Fortuner 2.4 G 2WD | 1,180,800 | 1,476,000 | 80 | 1,547,770 | 71,770 | 1,619,539 | 143,539 |
| 3 | 3 | Isuzu mu-X LS-A 3.0 4x2 | 1,182,400 | 1,478,000 | 80 | 1,549,949 | 71,949 | 1,621,898 | 143,898 |
| 3 | 3 | Mazda CX-5 2.0 Pro 2WD | 1,196,000 | 1,495,000 | 80 | 1,568,472 | 73,472 | 1,641,944 | 146,944 |
| 3 | 3 | Mistubishi Montero Sport GLS 2WD | 1,244,000 | 1,555,000 | 80 | 1,633,848 | 78,848 | 1,712,696 | 157,696 |
| 3 | 3 | Toyota Camry 2.5 S | 1,349,600 | 1,687,000 | 80 | 1,777,675 | 90,675 | 1,868,350 | 181,350 |
| 3 | 3 | Honda Accord 2.4 S Navi | 1,434,400 | 1,793,000 | 80 | 1,893,173 | 100,173 | 1,993,346 | 200,346 |
| 3 | 3 | Toyota Hiace 3.0 Super Grandia | 1,548,000 | 1,935,000 | 80 | 2,047,896 | 112,896 | 2,160,792 | 225,792 |
| 3 | 3 | Mini Cooper 5DR | 1,840,000 | 2,300,000 | 80 | 2,445,600 | 145,600 | 2,591,200 | 291,200 |
| 3 | 3 | Lexus CT200h | 1,958,400 | 2,448,000 | 80 | 2,606,861 | 158,861 | 2,765,722 | 317,722 |
| 3 | 3 | Mercedes C 450 AMG 4MATIC | 2,032,000 | 2,540,000 | 80 | 2,707,104 | 167,104 | 2,874,208 | 334,208 |
| 3 | 3 | Lexus IS 350 | 2,078,400 | 2,598,000 | 80 | 2,770,301 | 172,301 | 2,942,602 | 344,602 |
| 4 | 4 | BMW 318d SE Package | 2,416,000 | 3,020,000 | 80 | 3,265,504 | 245,504 | 3,511,008 | 491,008 |
| 4 | 4 | Audi Q5 2.0 TFSI Quattro | 2,448,000 | 4,080,000 | 60 | 4,332,672 | 252,672 | 4,585,344 | 505,344 |
| 4 | 4 | Porsche Macan | 2,997,000 | 4,995,000 | 60 | 5,370,648 | 375,648 | 5,746,296 | 751,296 |
| 4 | 5 | Volvo XC90 D5 | 3,897,000 | 6,495,000 | 60 | 7,161,512 | 666,512 | 7,828,024 | 1,333,024 |
| 4 | 5 | BMW X5 xDrive 30d Executive | 3,954,000 | 6,590,000 | 60 | 7,275,664 | 685,664 | 7,961,328 | 1,371,328 |

Sources: carguide.ph, DOF staff estimates



Impact on financing

Summary of bank loan requirements to get a car/house

| Bank | Minimum gross family income per month | | Minimum amount | | Source |
|---------------|---------------------------------------|--------------------|---------------------------|---|---|
| | Car loan | Home loan | Car loan | Home loan | |
| BPI | 30,000 | 40,000 | 200,000 | 400,000 | http://www.bpiautoloans.com/pages?page=frequently-asked-questions |
| BDO | 50,000* | 50,000 | 100,000 | | https://www.bdo.com.ph/personal/loans |
| Unionbank | 50,000 | no info in website | no info in website | 500,000 | https://www.unionbankph.com/personal/loans/autoloans/faqs |
| Metrobank | 20,000 | | | 250,000 | https://www.metrobank.com.ph/personal_product.asp |
| Security Bank | 40,000 (new) 20,000 (used) | 50,000 | 400k (new) 100k (used) | 1,000,000 | https://www.securitybank.com/personal/loans/ |
| Sterling Bank | * | 40,000 | 100,000 | 500,000 to 10M or 80 percent of the property's appraised value | http://www.sterlingbankasia.com/Content.aspx?id=82 |
| PNB | no info in website | | 300k (new) 150k (used) | 750k house & lot, townhouse, condo MM; 500k outside MM 500k lot in MM; 200k outside MM | http://www.pnb.com.ph/index.php/personal-banking/loans/sure-wheels |

* Monthly amortization of the vehicle to be financed should not exceed 30% of the gross monthly income of the borrower

Summary of bank loan requirements to get a car*

| Bracket | SRP lower bound | NMP lower bound | Minimum required monthly income | Current monthly amortization at lower bound (pesos) | Proposed monthly amortization at lower bound (pesos) | Minimum change in monthly amortization (pesos) | Maximum change in monthly amortization (pesos) |
|---------|-----------------|-----------------|---------------------------------|---|--|--|--|
| 1** | 398,000 | 238,800 | 50,000 | 6,794 | 6,915 | 122 | 990 |
| 2 | 1,000,000 | 600,000 | 50,000 | 17,069 | 18,060 | 991 | 4,944 |
| 3 | 1,833,333 | 1,100,000 | 78,234 | 31,294 | 36,239 | 4,945 | 9,787 |
| 4 | 3,500,000 | 2,100,000 | 149,357 | 59,743 | 69,531 | 9,788 | |

*Assumes a 5-year loan with downpayment of 20 percent

**SRP lower bound for bracket 1 is based on the cheapest car in this bracket (Suzuki Alto 800)

Source: <https://www.bdo.com.ph/personal/loans/auto-loan/vp-calculator>

Change in bank loan monthly amortization will be minimal

| BDO | | | | |
|---------------------------------------|-----------------------------|-----------------|---------------------------------|-----------------|
| Car model | Toyota Vios 1.3 Base | | Mitsubishi Mirage G4 GLS | |
| Scheme | Current | Proposed | Current | Proposed |
| SRP | 599,000 | 609,734 | 740,000 | 753,261 |
| Monthly income | 50,000 | 50,000 | 50,000 | 50,000 |
| Downpayment (percent) | 20 | 20 | 20 | 20 |
| Downpayment (amount) | 119,800 | 121,947 | 148,000 | 150,652 |
| Loanable amount | 479,200 | 487,787 | 592,000 | 602,609 |
| Loan tenor (years) | 60 | 60 | 60 | 60 |
| Effective interest rate | 28.0 | 28.0 | 28.0 | 28.0 |
| Annualized interest rate | 5.1 | 5.1 | 5.1 | 5.1 |
| Monthly amortization | 10,225 | 10,408 | 12,631 | 12,858 |
| Change in monthly amortization | | 183 | | 226 |

source:

<https://www.bdo.com.ph/personal/loans/auto-loan/mi-calculator>

Change in bank loan monthly amortization will be minimal

| BDO | | | | |
|---------------------------------------|-------------------|------------|--------------------|------------|
| Car model | Hyundai Eon GLX M | | Nissan Juke 1.6 AT | |
| Scheme | Current | Proposed | Current | Proposed |
| SRP | 508,000 | 517,103 | 980,000 | 1,034,656 |
| Monthly income | 50,000 | 50,000 | 50,000 | 50,000 |
| Downpayment (percent) | 20 | 20 | 20 | 20 |
| Downpayment (amount) | 101,600 | 103,421 | 196,000 | 206,931 |
| Loanable amount | 406,400 | 413,682 | 784,000 | 827,725 |
| Loan tenor (years) | 60 | 60 | 60 | 60 |
| Effective interest rate | 28.0 | 28.0 | 28.0 | 28.0 |
| Annualized interest rate | 5.1 | 5.1 | 5.1 | 5.1 |
| Monthly amortization | 8,671 | 8,827 | 16,728 | 17,661 |
| Change in monthly amortization | | 155 | | 933 |

source:

<https://www.bdo.com.ph/personal/loans/auto-loan/mi-calculator>

Change in bank loan monthly amortization will be minimal

BDO

| Car model | Honda Civic RS Turbo AT | | Mazda CX-5 2.0 2WD | | Isuzu D-Max 4x2 LS MT | |
|---------------------------------------|-------------------------|--------------|--------------------|--------------|-----------------------|--------------|
| | Current | Proposed | Current | Proposed | Current | Proposed |
| Scheme | | | | | | |
| SRP | 1,403,000 | 1,538,475 | 1,345,000 | 1,465,064 | 1,190,000 | 1,282,288 |
| Monthly income | 59,871 | 65,652 | 57,396 | 62,519 | 50,781 | 54,720 |
| Downpayment (percent) | 20 | 20 | 20 | 20 | 20 | 20 |
| Downpayment (amount) | 280,600 | 307,695 | 269,000 | 293,013 | 238,000 | 256,458 |
| Loanable amount | 1,122,400 | 1,230,780 | 1,076,000 | 1,172,051 | 952,000 | 1,025,830 |
| Loan tenor (years) | 60 | 60 | 60 | 60 | 48 | 48 |
| Effective interest rate | 28.0 | 28.0 | 28.0 | 28.0 | 21.8 | 21.8 |
| Annualized interest rate | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |
| Monthly amortization | 23,948 | 26,261 | 22,958 | 25,008 | 20,313 | 21,888 |
| Change in monthly amortization | | 2,312 | | 2,049 | | 1,575 |

source: <https://www.bdo.com.ph/personal/loans/auto-loan/mi-calculator>

Change in bank loan monthly amortization will be minimal

| BDO | | | | | | |
|---------------------------------------|---------------------|------------|----------------------|--------------|----------------------------|---------------|
| Car model | Toyota Innova 2.0 J | | Ford Everest 2.2 4x2 | | Toyota Land Cruiser 4.5 V8 | |
| Scheme | Current | Proposed | Current | Proposed | Current | Proposed |
| SRP | 919,000 | 962,725 | 1,739,000 | 1,994,898 | 4,455,000 | 5,413,496 |
| Monthly income | 100,000 | 100,000 | 150,000 | 150,000 | 300,000 | 300,000 |
| Downpayment (percent) | 20 | 20 | 20 | 20 | 20 | 20 |
| Downpayment (amount) | 183,800 | 192,545 | 347,800 | 398,980 | 891,000 | 1,082,699 |
| Loanable amount | 735,200 | 770,180 | 1,391,200 | 1,595,918 | 3,564,000 | 4,330,797 |
| Loan tenor (years) | 60 | 60 | 48 | 48 | 36 | 36 |
| Effective interest rate | 28.0 | 28.0 | 21.8 | 21.8 | 16.1 | 16.1 |
| Annualized interest rate | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |
| Monthly amortization | 15,687 | 16,433 | 35,302 | 40,496 | 114,890 | 139,608 |
| Change in monthly amortization | | 746 | | 5,195 | | 24,719 |

source:

<https://www.bdo.com.ph/personal/loans/auto-loan/mi-calculator>

Change in bank loan monthly amortization will be minimal

| BDO | | | | |
|--------------------------------|--------------------------------|-----------|------------|-----------|
| Car model | Toyota Hiace 3.0 Grandia GL AT | | BMW X5 30d | |
| Scheme | Current | Proposed | Current | Proposed |
| SRP | 1,725,000 | 1,975,880 | 6,590,000 | 8,409,328 |
| Monthly income | 73,612 | 84,317 | 281,217 | 358,854 |
| Downpayment (percent) | 20 | 20 | 20 | 20 |
| Downpayment (amount) | 345,000 | 395,176 | 1,318,000 | 1,681,866 |
| Loanable amount | 1,380,000 | 1,580,704 | 5,272,000 | 6,727,462 |
| Loan tenor (years) | 60 | 60 | 60 | 60 |
| Effective interest rate | 28.0 | 28.0 | 28.0 | 28.0 |
| Annualized interest rate | 5.1 | 5.1 | 5.1 | 5.1 |
| Monthly amortization | 29,445 | 33,727 | 112,487 | 143,542 |
| Change in monthly amortization | | 4,282 | | 31,055 |

source: <https://www.bdo.com.ph/personal/loans/auto-loan/mi-calculator>

Deadline of Submission of Bids: July 31, 2017
CALL: (02) 667-6388 local 8370 (BABES) / 8375 (DENIS)

JACOB WAREHOUSE: Pasacola Rd., Brgy. Nagkaisang Nayon, Novaliches District Quezon City

| UNIT DESCRIPTION | PLATE NO. | RELEASE (YR) | REMARKS | REGISTERED PRICE | UNIT DESCRIPTION | PLATE NO. | RELEASE (YR) | REMARKS | REGISTERED PRICE |
|---|-----------|--------------|------------|------------------|---|-----------|--------------|-------------|------------------|
| MITSUBISHI | | | | | DODGE | | | | |
| 1 2015 Montero Sport GLX 2.5L, A/T | AQA-2239 | 16,834 | Gray/dal | 990,000 | 26 2014 Ranger XLT Double Cab, A/T | AMA-6990 | 50,210 | White/dal | 740,000 |
| 2 2011 Adventure GLS, M/T | WAL-1047 | 197,807 | White/dal | 318,750 | 27 2006 Durango 4.7L, A/T | DMJ-88 | 99,395 | Black/gas | 500,000 |
| 3 2012 Lancer GLS, A/T | TWO-632 | 54,389 | Gray/gas | 348,000 | LAND ROVER | | | | |
| 4 2012 Fuzion GLX, A/T | TUC-572 | 47,303 | Gray/gas | 468,000 | 28 2012 Range Rover Sport Supercharged, A/T | UAI-363 | 20,153 | White/gas | 4,500,000 |
| 5 2014 Mirage G4 GLX 1.2L, M/T | ACA-2725 | 69,769 | Red/gas | 370,000 | MERCEDES BENZ | | | | |
| 6 2014 Mirage G4 GLX, M/T | AAN-1007 | 44,559 | White/gas | 370,000 | 29 2007 E280 Avantgarde, A/T | ZJV-954 | 94,762 | Silver/gas | 1,444,150 |
| 7 2014 Mirage G4 GLX 1.2L, M/T | AAP-1646 | 91,550 | White/gas | 390,000 | BMW | | | | |
| TOYOTA | | | | | 30 2011 3 Series, A/T | TOV-151 | 10,110 | Black/gas | 1,683,000 |
| 8 2012 Fortuner G 2.5L, M/T | UIC-467 | 94,339 | Black/dal | 890,000 | 31 2012 M5, A/T | OMM-555 | 8,102 | Black/gas | 5,500,000 |
| 9 2012 Vios 1.3L, M/T | LVT-665F | 391,907 | White/gas | 199,000 | KIA | | | | |
| 10 2012 Vios 1.3L, M/T | TOQ-821 | 172,272 | White/gas | 340,000 | 32 2014 Picanto EX 1.0L, M/T | AAO-9154 | 41,517 | Red/gas | 240,000 |
| 11 2012 Vios 1.3L, M/T | UON-926 | 37,227 | White/gas | 360,000 | 33 2010 Rio 1.4L, M/T | UWV-0302 | 162,924 | C.White/gas | 180,000 |
| 12 2014 Wigo G 1.0L, M/T | AAN-2500 | 57,528 | Black/gas | 390,000 | 34 2011 Rio LX 1.4L, M/T | TJO-630 | 90,328 | White/gas | 210,000 |
| 13 2009 Sonata, A/T | NRQ-400 | 44,503 | Silver/gas | 2,000,000 | 35 2011 Rio LX 1.4L, M/T | UVM-429F | 341,522 | White/gas | 210,000 |
| NISSAN | | | | | 36 2011 Rio LX 1.4L, M/T | UVP-450F | 317,084 | White/gas | 210,000 |
| 14 2012 Urvan VX, M/T | UMI-573 | 109,552 | White/dal | 499,000 | 37 2011 Rio EX, M/T | YVN-125 | 110,966 | Silver/gas | 288,000 |
| 15 2012 Urvan Estate, M/T | 056-CCE | 118,709 | White/dal | 550,000 | 38 2011 Rio EX 1.4L, A/T | TJO-514 | 90,328 | Orange/gas | 330,000 |
| HYUNDAI | | | | | CHEVROLET | | | | |
| 16 2011 Elantra GL 1.6L, M/T | TOI-610 | 90,736 | White/gas | 330,000 | 39 2011 Spark 1.0, A/T | YKS-230 | 23,805 | Green/gas | 250,000 |
| 17 2012 Accent CVVT GL 1.4L, A/T | TWQ-477 | 82,106 | Silver/gas | 285,000 | MAZDA | | | | |
| 18 2012 Accent GL 1.4L, A/T | TQM-359 | 169,669 | Silver/gas | 299,000 | 40 2014 BT-50 4x4, A/T | AAG-7660 | 39,007 | Red/dal | 948,100 |
| 19 2014 EON GL 0.8L, M/T | AAH-7732 | 65,709 | White/gas | 235,000 | FOTON | | | | |
| 20 2010 Getz 1.1L (FL), M/T | NQT-281 | 44,035 | Red/gas | 190,000 | 41 2013 Tornado 2 Doorside, M/T | GA 5918 | 30,302 | White/dal | 495,000 |
| ISUZU (ARMOURED TRUCK) | | | | | 42 2014 Tornado 2 Alum. Van, M/T | ATA-8873 | 15,822 | White/dal | 588,000 |
| 21 2005 NPR, M/T | ZCD-862 | 330,942 | Silver/dal | 800,000 | 43 2014 Tornado 2.5 Alum. Van Diesel, M/T | AMA-3170 | 58,572 | White/dal | 490,000 |
| 22 2005 NPR, M/T | ZCD-824 | 312,222 | Silver/dal | 800,000 | 44 2014 Tornado 2E Composite Van, M/T | AAV-9873 | 97,070 | White/dal | 439,000 |
| 23 2006 NPR, M/T | ZCD-804 | 342,855 | Silver/dal | 800,000 | 45 2014 Tornado 2E 2.8L, M/T | AAW-2549 | 54,144 | White/dal | 400,000 |
| SUZUKI | | | | | 46 2014 View Ltd Edition, M/T | AAB-6792 | 107,010 | White/dal | 620,000 |
| 24 2015 Alto 800 Deluxe, M/T | ARA-7787 | 14,983 | Blue/gas | 260,000 | 47 2015 View Traveller, M/T | ABB-2342 | 62,438 | White/dal | 895,000 |
| FORD | | | | | 48 2015 View Transvan, M/T | AHA-2973 | 114,023 | White/dal | 889,000 |
| 25 2009 Ranger XL 2.5L, M/T | NJI-176 | 140,185 | Silver/dal | 510,000 | 49 2015 View Transvan, M/T | AWA-2636 | 108,903 | White/dal | 889,000 |
| UNITS WITH DISCREPANCY ON YEAR MODEL | | | | | | | | | |
| 50 2014 NISSAN Urvan VX, M/T | AGA-7794 | 107,375 | White/dal | 650,000 | 52 2010 BMW X6, A/T | ADC-11 | 52,634 | Black/gas | 2,454,800 |
| 51 2014 NISSAN Urvan VX, M/T | AEA-2683 | 33,136 | Green/dal | 630,000 | NOT RUNNING CONDITION | | | | |
| 1 2012 HYUNDAI Accent CVVT, M/T | UWV-0302 | - | White/gas | 99,000 | 8 2012 FORD Everest 2.5L 4x2, A/T | IE 3159 | - | Black/dal | 610,000 |
| 2 2010 KIA Rio LX, M/T | YVN-833 | - | White/gas | 153,000 | 9 2012 FOTON Tornado 2.5 Doorside 1.5L, M/T | UUV-702 | - | White/dal | 248,000 |
| 3 2011 KIA Rio LX, M/T | UVM-480F | - | White/gas | 210,000 | 10 2014 FOTON Tornado 2.5 Doorside, M/T | AAU-7830 | 67,379 | White/dal | 401,000 |
| 4 2006 MAZDA 3 1.6L S, A/T | ZDT-288 | - | White/dal | 288,000 | 11 2014 FOTON Tornado 2.5L, M/T | ABB-6808 | - | White/dal | 525,000 |
| 5 2014 FORD Fiesta EcoBoost Spt 1.6L, A/T | AAW-9208 | 59,047 | White/gas | 398,000 | 12 2015 FOTON Tornado 2E Turbo MPV, M/T | AMA-3395 | 31,313 | White/dal | 597,000 |
| 6 2011 HONDA Civic EX 1.8L VTEC, A/T | POJ-971 | - | Brown/gas | 441,000 | 13 2015 FOTON Tornado Mini Dumptruck, M/T | AHA-2964 | 22,564 | White/dal | 620,000 |
| 7 2005 VW Touareg, A/T 1.9L V6 TDI Diesel | YCG-673 | - | White/gas | 500,000 | 14 2014 FOTON View Traveller, M/T | AWA-2265 | - | White/dal | 705,000 |



BID FORMS ARE AVAILABLE AT ASSET RECOVERY GROUP, 15TH FLOOR UNIONBANK PLAZA, MERALCO AVE. COR. ONYX ROAD, ORTIGAS CENTER, PASIG CITY. BIDS SHOULD BE SUBMITTED TOGETHER WITH THE P20,000 (MANAGER'S CHECK PER UNIT) AT THE ABOVE ADDRESS NOT LATER THAN JULY 31, 2017. INSPECTION OF UNITS IS AT ABOVE ADDRESS. CALL: 667-6388 local 8375 (BABES) / 8375 (DENIS) or in Call No. 0917-8127738/932-8627738.

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“Be fast, act before the excise tax!!!”

JACOB WAREHOUSE: Pasacola Rd., Brgy. Nagkaisang Nayon, Novaliches District Quezon City

| UNIT DESCRIPTION | | PLATE NO. | MILEAGE (KMS) | REMARKS | INDICATIVE PRICE | UNIT DESCRIPTION | | PLATE NO. | MILEAGE (KMS) | REMARKS | INDICATIVE PRICE | | |
|---|------|--|---------------|---------|------------------|------------------|----------------------|---------------------------------|--------------------------------------|--------------|------------------|-------------|-----------|
| MITSUBISHI | | | | | | 26 | 2014 | Ranger XLT Double Hi Rider, A/T | AMA-6990 | 50,210 | White/dsl | 740,000 | |
| 1 | 2015 | Montero Spt GLX 2.5L, A/T | AQA-2239 | 16,834 | Gray/dsl | 950,000 | DODGE | | | | | | |
| 2 | 2011 | Adventure GLS, M/T | TS-302VV-40* | 197,807 | White/dsl | 318,750 | 27 | 2006 | Durango 4.7L, A/T | DMJ-88 | 59,395 | Black/gas | 500,000 |
| 3 | 2012 | Lancer GLS, A/T | TWO-632 | 54,389 | Gray/gas | 348,000 | LAND ROVER | | | | | | |
| 4 | 2012 | Fuzion GLX, A/T | TUO-572 | 47,303 | Gray/gas | 468,000 | 28 | 2012 | Range Rover Spt Supercharged, A/T | UAI-363 | 20,153 | White/gas | 4,900,000 |
| 5 | 2014 | Mirage G4 GLX 1.2L, M/T | ACA-2725 | 69,769 | Red/gas | 370,000 | MERCEDES BENZ | | | | | | |
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| TOYOTA | | | | | | 30 | 2011 | 3 Series, A/T | TOV-151 | 10,110 | Black/gas | 1,683,000 | |
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| FORD | | | | | | 48 | 2015 | View Transvan, M/T | AHA-2973 | 114,023 | White/dsl | 889,000 | |
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| 1 | 2012 | HYUNDAI Accent CVVT, M/T | UVM-4078-40* | - | White/gas | 99,000 | 8 | 2012 | FORD Everest 2.5L 4x2, A/T | IE 3159 | - | Black/dsl | 610,000 |
| 2 | 2010 | KIA Rio LX, M/T | YJN-833 | - | White/gas | 153,000 | 9 | 2012 | FOTON Tornado 2.5 Dropside 3.5L, M/T | UIW-702 | - | White/dsl | 248,000 |
| 3 | 2011 | KIA Rio LX, M/T | UVM-480* | - | White/gas | 210,000 | 10 | 2014 | FOTON Tornado 2.5 Dropside, M/T | AAU-7830 | 67,379 | White/dsl | 401,000 |
| 4 | 2006 | MAZDA 3 1.6L S, A/T | ZDT-288 | - | White/dsl | 288,000 | 11 | 2014 | FOTON Tornado 2.5L, M/T | ABB-6808 | - | White/dsl | 525,000 |
| 5 | 2014 | FORD Fiesta EcoBoost Spt 1.0L, A/T | AAW-9208 | 59,047 | White/gas | 398,000 | 12 | 2015 | FOTON Tornado 2E Turbo MPV, M/T | AMA-3395 | 31,313 | White/dsl | 597,000 |
| 6 | 2011 | HYUNDAI Tucson Theta II GLS 2.0 4WD, A/T | POJ-971 | - | Bronze/gas | 441,000 | 13 | 2015 | FOTON Tornado Mini Dumptruck, M/T | AHA-2964 | 22,564 | White/dsl | 620,000 |
| 7 | 2005 | VW Touareg, A/T / Ayala Inf'd Warehouse | YCG-673 | - | White/gas | 500,000 | 14 | 2014 | FOTON View Traveller, M/T | AWA-2265 | - | White/dsl | 705,000 |

Source: Unionbank, Jul. 31, 2017



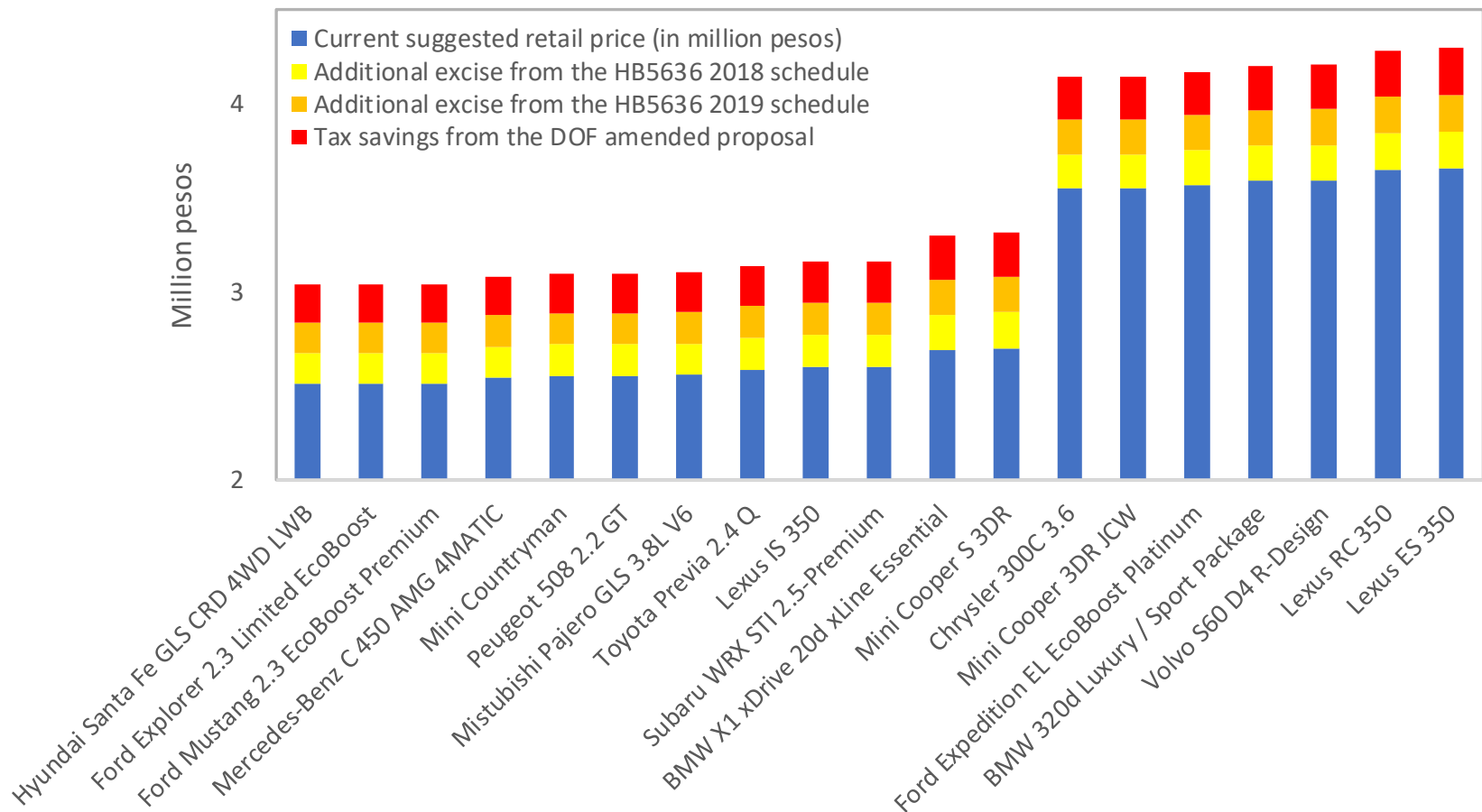
Improving HB5636 and the industry proposal

Issues with HB 5636

- Breaking the tax into more brackets creates biases towards certain brands.
- Two year phase-in is not necessary as the market is already adjusting since last year.
- Exempting pick-up is not progressive.
- Keeping the exemption of single-cab chassis creates leakages.
- Taxing only additional cars is very hard to administer.

HB 5636 may be protecting some brands due to its structure

Tax savings from HB5636

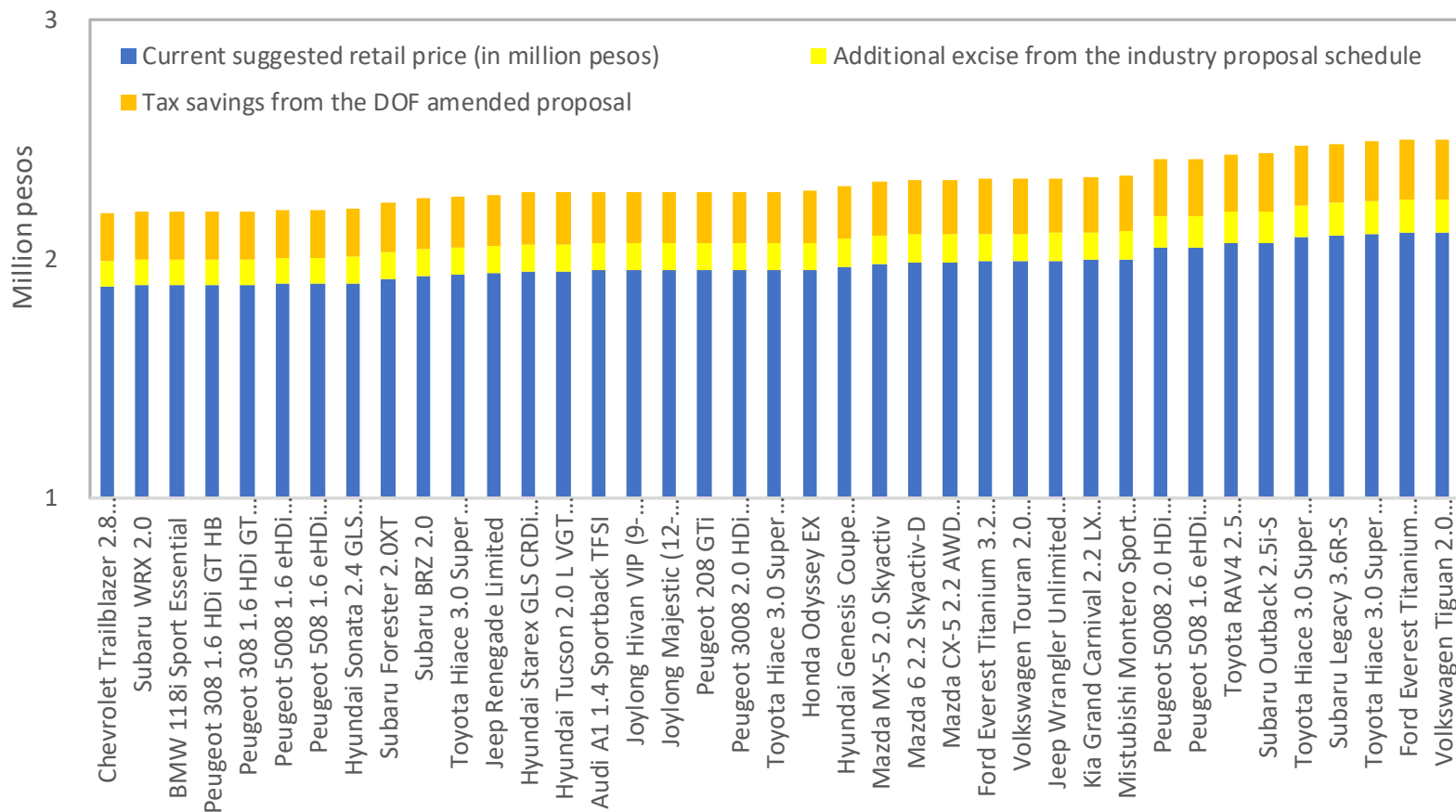


HB 5636 may be protecting some brands due to its structure

| Brand and model | Current suggested retail price (in million pesos) | Additional excise from the HB5636 2018 schedule | Additional excise from the HB5636 2019 schedule | Tax savings from the DOF amended proposal |
|--------------------------------------|---|---|---|---|
| Hyundai Santa Fe GLS CRD 4WD LWB | 2.51 | 0.16 | 0.16 | 0.20 |
| Ford Explorer 2.3 Limited EcoBoost | 2.51 | 0.16 | 0.16 | 0.20 |
| Ford Mustang 2.3 EcoBoost Premium | 2.51 | 0.16 | 0.16 | 0.20 |
| Mercedes-Benz C 450 AMG 4MATIC | 2.54 | 0.17 | 0.17 | 0.21 |
| Mini Countryman | 2.55 | 0.17 | 0.17 | 0.21 |
| Peugeot 508 2.2 GT | 2.55 | 0.17 | 0.17 | 0.21 |
| Mistubishi Pajero GLS 3.8L V6 | 2.56 | 0.17 | 0.17 | 0.21 |
| Toyota Previa 2.4 Q | 2.58 | 0.17 | 0.17 | 0.22 |
| Lexus IS 350 | 2.60 | 0.17 | 0.17 | 0.22 |
| Subaru WRX STI 2.5-Premium | 2.60 | 0.17 | 0.17 | 0.22 |
| BMW X1 xDrive 20d xLine Essential | 2.69 | 0.19 | 0.19 | 0.24 |
| Mini Cooper S 3DR | 2.70 | 0.19 | 0.19 | 0.24 |
| Chrysler 300C 3.6 | 3.55 | 0.18 | 0.18 | 0.23 |
| Mini Cooper 3DR JCW | 3.55 | 0.18 | 0.18 | 0.23 |
| Ford Expedition EL EcoBoost Platinum | 3.57 | 0.18 | 0.18 | 0.23 |
| BMW 320d Luxury / Sport Package | 3.59 | 0.19 | 0.19 | 0.24 |
| Volvo S60 D4 R-Design | 3.60 | 0.19 | 0.19 | 0.24 |
| Lexus RC 350 | 3.65 | 0.19 | 0.19 | 0.24 |
| Lexus ES 350 | 3.66 | 0.20 | 0.20 | 0.25 |

The industry proposal may be protecting some brands due to its structure (1.6M breakpoint)

Tax savings from the industry proposal



The industry proposal may be protecting some brands due to its structure (1.6M breakpoint)

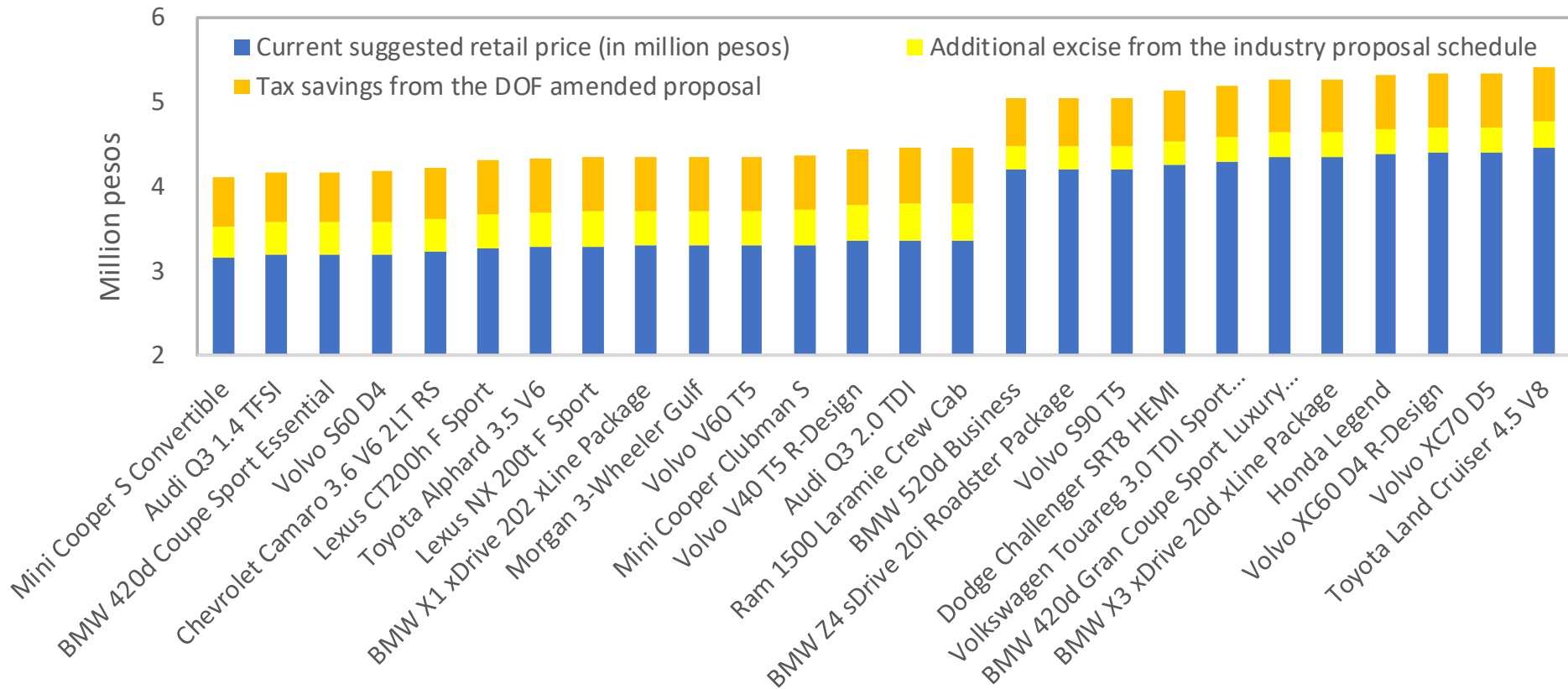
| Brand and model | Current suggested retail price (in million pesos) | Additional excise from the industry proposal schedule | Tax savings from the DOF amended proposal |
|--|---|---|---|
| Chevrolet Trailblazer 2.8 4x4 Z71 | 1.88 | 0.11 | 0.20 |
| Subaru WRX 2.0 | 1.89 | 0.11 | 0.20 |
| BMW 118i Sport Essential | 1.89 | 0.11 | 0.20 |
| Peugeot 308 1.6 HDi GT HB | 1.89 | 0.11 | 0.20 |
| Peugeot 308 1.6 HDi GT Touring | 1.89 | 0.11 | 0.20 |
| Peugeot 5008 1.6 eHDi Allure | 1.90 | 0.11 | 0.20 |
| Peugeot 508 1.6 eHDi Active | 1.90 | 0.11 | 0.20 |
| Hyundai Sonata 2.4 GLS Premium | 1.90 | 0.11 | 0.20 |
| Subaru Forester 2.0XT | 1.92 | 0.11 | 0.21 |
| Subaru BRZ 2.0 | 1.93 | 0.11 | 0.21 |
| Toyota Hiace 3.0 Super Grandia (Fabric) | 1.94 | 0.11 | 0.21 |
| Jeep Renegade Limited | 1.94 | 0.11 | 0.21 |
| Hyundai Starex GLS CRDi (Swivelling) | 1.95 | 0.11 | 0.22 |
| Hyundai Tucson 2.0 L VGT 4WD | 1.95 | 0.11 | 0.22 |
| Audi A1 1.4 Sportback TFSI | 1.95 | 0.11 | 0.22 |
| Joylong Hivan VIP (9-Seater) | 1.95 | 0.11 | 0.22 |
| Joylong Majestic (12-Seat, Bodyguard) | 1.95 | 0.11 | 0.22 |
| Peugeot 208 GTi | 1.95 | 0.11 | 0.22 |
| Peugeot 3008 2.0 HDi Allure | 1.95 | 0.11 | 0.22 |
| Toyota Hiace 3.0 Super Grandia 2-Tone (Fabric) | 1.95 | 0.11 | 0.22 |

The industry proposal may be protecting some brands due to its structure (1.6M breakpoint)

| Brand and model | Current suggested retail price (in million pesos) | Additional excise from the industry proposal schedule | Tax savings from the DOF amended proposal |
|---|---|---|---|
| Honda Odyssey EX | 1.95 | 0.11 | 0.22 |
| Hyundai Genesis Coupe FL 3.8L V6 8AT | 1.97 | 0.12 | 0.22 |
| Mazda MX-5 2.0 Skyactiv | 1.98 | 0.12 | 0.23 |
| Mazda 6 2.2 Skyactiv-D | 1.99 | 0.12 | 0.23 |
| Mazda CX-5 2.2 AWD Sport Skyactiv-D | 1.99 | 0.12 | 0.23 |
| Ford Everest Titanium 3.2 4x4 | 1.99 | 0.12 | 0.23 |
| Volkswagen Touran 2.0 TDI Comfortline+ | 1.99 | 0.12 | 0.23 |
| Jeep Wrangler Unlimited Sport V6 | 1.99 | 0.12 | 0.23 |
| Kia Grand Carnival 2.2 LX (11-Seater) | 2.00 | 0.12 | 0.23 |
| Mistubishi Montero Sport GT 2.4D 4WD | 2.00 | 0.12 | 0.23 |
| Peugeot 5008 2.0 HDi Allure | 2.05 | 0.13 | 0.24 |
| Peugeot 508 1.6 eHDi Allure | 2.05 | 0.13 | 0.24 |
| Toyota RAV4 2.5 Premium 4WD | 2.07 | 0.13 | 0.24 |
| Subaru Outback 2.5i-S | 2.07 | 0.13 | 0.24 |
| Toyota Hiace 3.0 Super Grandia (Leather) | 2.09 | 0.13 | 0.25 |
| Subaru Legacy 3.6R-S | 2.10 | 0.14 | 0.25 |
| Toyota Hiace 3.0 Super Grandia 2-Tone (Leather) | 2.11 | 0.14 | 0.25 |
| Ford Everest Titanium Premium 3.2 4x4 | 2.11 | 0.14 | 0.25 |
| Volkswagen Tiguan 2.0 TDI Sport & Style | 2.11 | 0.14 | 0.25 |

The industry proposal may be protecting some brands due to its structure (2.6M breakpoint)

Tax savings from the industry proposal



The industry proposal may be protecting some brands due to its structure (2.6M breakpoint)

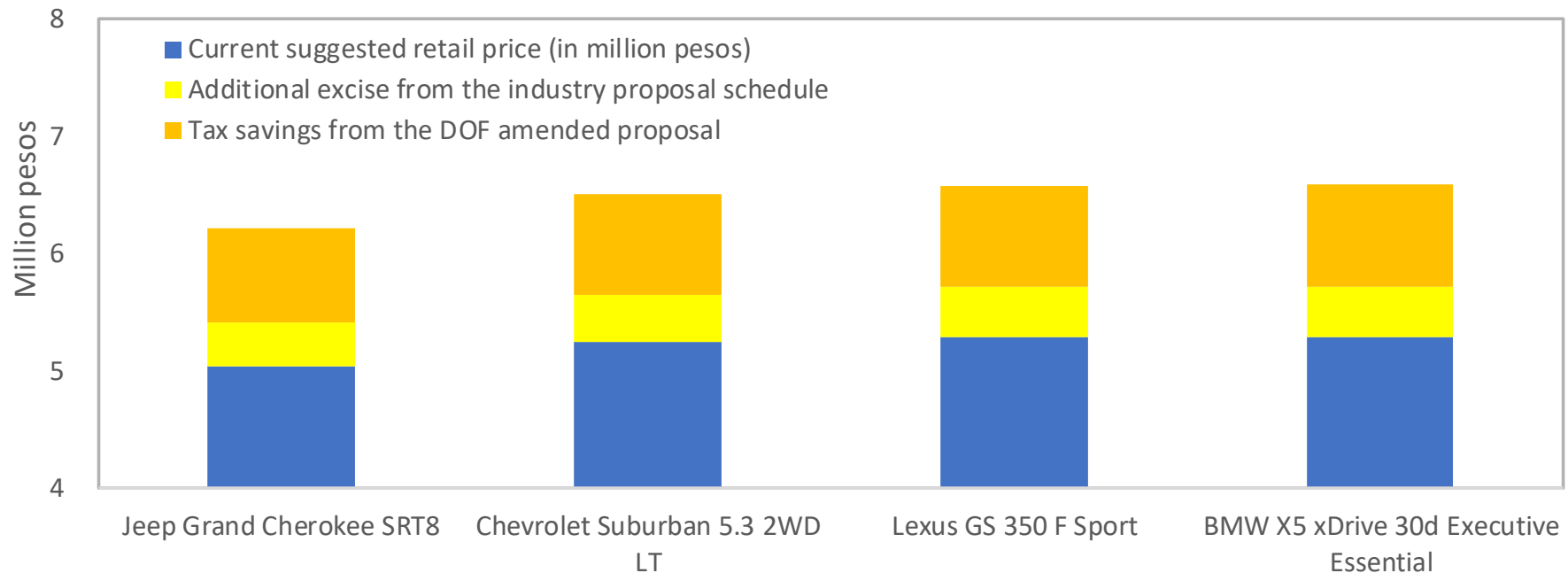
| Brand and model | Current suggested retail price (in million pesos) | Additional excise from the industry proposal schedule | Tax savings from the DOF amended proposal |
|---------------------------------|---|---|---|
| Mini Cooper S Convertible | 3.15 | 0.37 | 0.58 |
| Audi Q3 1.4 TFSI | 3.19 | 0.38 | 0.60 |
| BMW 420d Coupe Sport Essential | 3.19 | 0.38 | 0.60 |
| Volvo S60 D4 | 3.20 | 0.38 | 0.60 |
| Chevrolet Camaro 3.6 V6 2LT RS | 3.22 | 0.39 | 0.61 |
| Lexus CT200h F Sport | 3.27 | 0.41 | 0.63 |
| Toyota Alphard 3.5 V6 | 3.28 | 0.41 | 0.63 |
| Lexus NX 200t F Sport | 3.29 | 0.41 | 0.64 |
| BMW X1 xDrive 202 xLine Package | 3.29 | 0.41 | 0.64 |
| Morgan 3-Wheeler Gulf | 3.30 | 0.41 | 0.64 |
| Volvo V60 T5 | 3.30 | 0.41 | 0.64 |
| Mini Cooper Clubman S | 3.30 | 0.42 | 0.64 |
| Volvo V40 T5 R-Design | 3.35 | 0.43 | 0.66 |

The industry proposal may be protecting some brands due to its structure (2.6M breakpoint)

| Brand and model | Current suggested retail price (in million pesos) | Additional excise from the industry proposal schedule | Tax savings from the DOF amended proposal |
|--|---|---|---|
| Audi Q3 2.0 TDI | 3.36 | 0.44 | 0.66 |
| Ram 1500 Laramie Crew Cab | 3.36 | 0.44 | 0.66 |
| BMW 520d Business | 4.19 | 0.28 | 0.57 |
| BMW Z4 sDrive 20i Roadster Package | 4.19 | 0.28 | 0.57 |
| Volvo S90 T5 | 4.20 | 0.28 | 0.58 |
| Dodge Challenger SRT8 HEMI | 4.25 | 0.28 | 0.59 |
| Volkswagen Touareg 3.0 TDI Sport Edition | 4.29 | 0.28 | 0.61 |
| BMW 420d Gran Coupe Sport Luxury Package | 4.35 | 0.29 | 0.63 |
| BMW X3 xDrive 20d xLine Package | 4.35 | 0.29 | 0.63 |
| Honda Legend | 4.39 | 0.29 | 0.64 |
| Volvo XC60 D4 R-Design | 4.40 | 0.30 | 0.64 |
| Volvo XC70 D5 | 4.40 | 0.30 | 0.64 |
| Toyota Land Cruiser 4.5 V8 | 4.46 | 0.30 | 0.66 |

The industry proposal may be protecting some brands due to its structure (3.1M breakpoint)

Tax savings from the industry proposal



The industry proposal may be protecting some brands due to its structure (3.1M breakpoint)

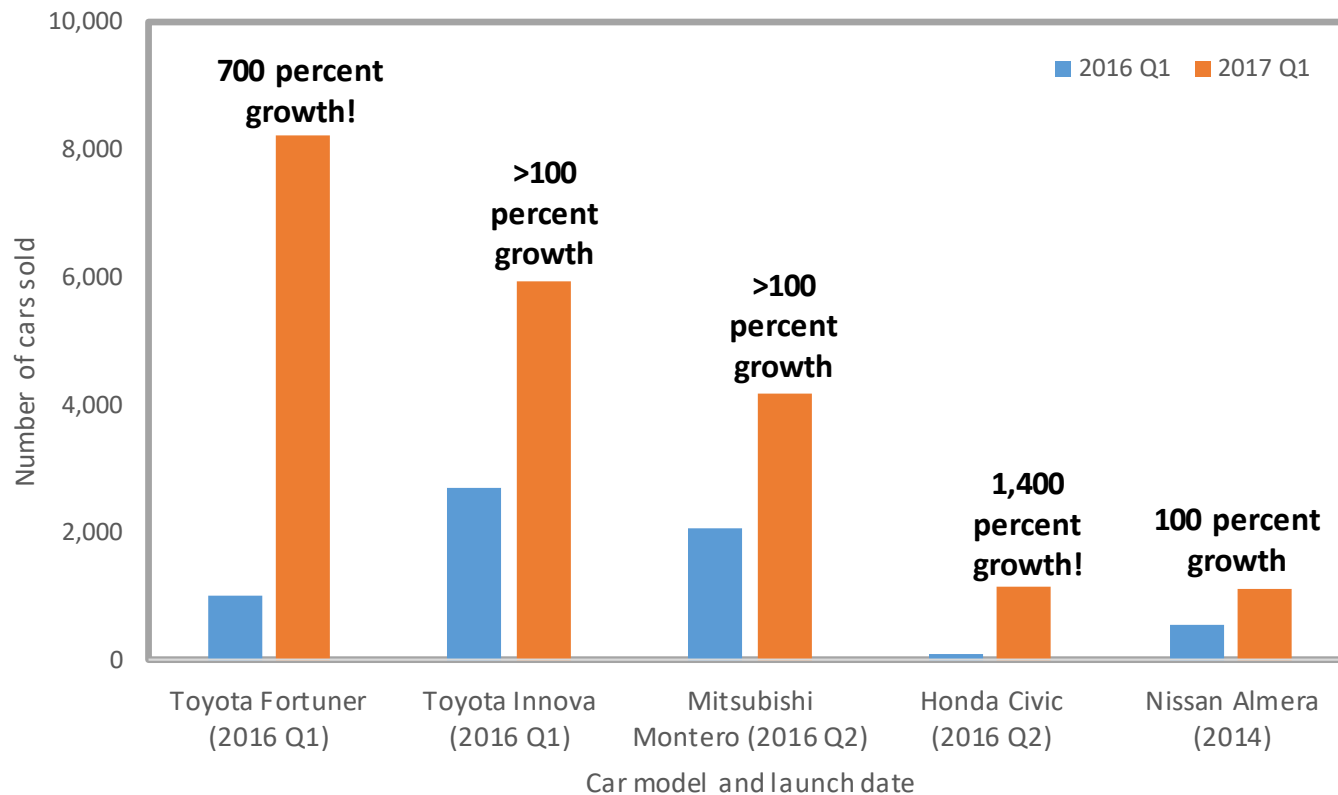
| Brand and model | Current suggested retail price (in million pesos) | Additional excise from the industry proposal schedule | Tax savings from the DOF amended proposal |
|---------------------------------------|--|--|--|
| Jeep Grand Cherokee SRT8 | 5.03 | 0.38 | 0.81 |
| Chevrolet Suburban 5.3 2WD LT | 5.24 | 0.41 | 0.86 |
| Lexus GS 350 F Sport | 5.29 | 0.42 | 0.87 |
| BMW X5 xDrive 30d Executive Essential | 5.29 | 0.42 | 0.87 |

Is a grace period needed?

- Some stakeholders ask for a grace period of a few years.
- There is little basis for this as the industry is already seeing advance purchases.
- Retailers have a wait period of several months.
- Some brands are out of stock already.

Car models with the highest growth and volume in 2017 Q1.

Car models with the highest growth

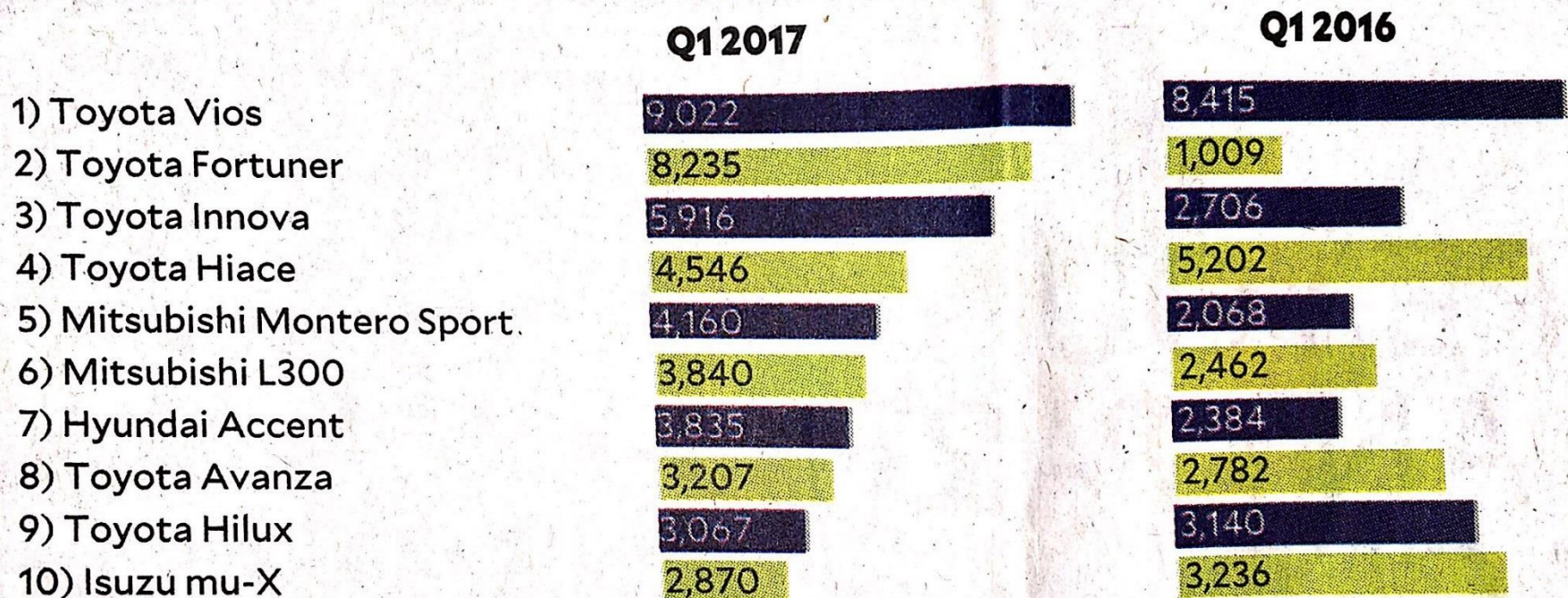


Source: CAMPI

Source: Philippine Daily Inquirer, Apr. 28, 2017

Car models with the highest growth and volume in 2017 Q1.

TOP 10 NAMEPLATES



Source: Philippine Daily Inquirer, Apr. 28, 2017

Q1 results chase auto industry's dream

FROM B3-1

They probably foresee an increasingly growing market for their products due to steady economic growth, a population boom in the absence of family planning, the government's massive new infrastructure program, and the attractive auto loan packages offered by many commercial banks.

Q1 CAMPI and AVID sales
The industry's bullsticker is based on varying rates of growth.
For the first quarter of 2017, CAMPI and TMA claimed total sales of 46,406 units, a record 23 percent increase over last year's sales of 37,473 units in the same period.

"The Philippine automotive industry has thus far confirmed the path of monetization," CAMPI president Ramon Gutierrez, who is set to visit the United States for the Philippines Corp. said.

"While the first quarter performance gives us reason to be optimistic, we are still cautious about our own target for the year," he added.

AVID announced that from January to March, AVID members sold 24,116 units in period more than the 20,166 units for the first quarter of 2017.

"Based on sustained demand in the automotive market, AVID's sales growth story continues to unfold and it is poised up to present for the three-month period in 2017," AVID president and chief executive officer (CEO) Mike Perez Aguirre said.

This encouraging response further drove AVID to deliver targeted products and services to our business customers," he added.

| BRAND | 2017 Q1 | 2016 Q1 | % VARIANCE VS. MAR. 2016 | MAR. 2017 | MAR. 2016 | % VARIANCE VS. MAR. 2016 |
|---------------|---------|---------|--------------------------|-----------|-----------|--------------------------|
| 1) Toyota | 40,689 | 32,498 | 124.6% | 18,832 | 16,054 | 117.2% |
| 2) Mitsubishi | 16,507 | 16,648 | 98.6% | 6,822 | 4,911 | 138.9% |
| 3) Hyundai | 8,881 | 7,619 | 116.6% | 3,971 | 3,893 | 101.7% |
| 4) Ford | 7,773 | 7,876 | 98.6% | 2,754 | 2,744 | 100.4% |
| 5) Honda | 7,356 | 6,348 | 115.9% | 3,479 | 2,663 | 129.9% |
| 6) Isuzu | 6,522 | 6,579 | 99.1% | 3,290 | 2,437 | 134.9% |
| 7) Nissan | 5,777 | 3,643 | 158.6% | 2,014 | 1,775 | 113.5% |
| 8) Suzuki | 4,051 | 3,048 | 132.9% | 1,605 | 1,077 | 149.0% |
| 9) Kia | 3,536 | 1,394 | 253.6% | 917 | 483 | 189.9% |
| 10) Chevrolet | 1,405 | 1,463 | 95.7% | 567 | 573 | 97.2% |

| Q1 2017 | Q1 2016 |
|---------------|---------|
| 1) Toyota | 18,832 |
| 2) Mitsubishi | 6,822 |
| 3) Hyundai | 3,971 |
| 4) Ford | 2,754 |
| 5) Honda | 3,479 |
| 6) Isuzu | 3,290 |
| 7) Nissan | 2,014 |
| 8) Suzuki | 1,605 |
| 9) Kia | 917 |
| 10) Chevrolet | 567 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-------------------------|---------|---------|
| 1) Toyota Wigo | 2,383 | 2,072 |
| 2) Mitsubishi Mirage G4 | 1,822 | 1,822 |
| 3) Hyundai Accent | 1,822 | 1,822 |
| 4) Mitsubishi Mirage | 1,822 | 1,822 |
| 5) Honda Brio Amaze | 1,822 | 1,822 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-------------------|---------|---------|
| 1) Toyota Vios | 2,383 | 2,383 |
| 2) Honda Accord | 1,822 | 1,822 |
| 3) Honda City | 1,822 | 1,822 |
| 4) Nissan Almera | 1,822 | 1,822 |
| 5) Chevrolet Sail | 1,822 | 1,822 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-------------------------|---------|---------|
| 1) Honda Civic | 914 | 914 |
| 2) Toyota Corolla Altis | 914 | 914 |
| 3) Hyundai Elantra | 914 | 914 |
| 4) VW Jetta | 914 | 914 |
| 5) Mitsubishi Lancer EX | 914 | 914 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|----------------------|---------|---------|
| 1) Toyota Camry | 328 | 318 |
| 2) Subaru WRX | 228 | 228 |
| 3) Volkswagen Passat | 19 | 22 |
| 4) Honda Accord | 19 | 22 |
| 5) Nissan Altima | 19 | 22 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-----------------------------|---------|---------|
| 1) Toyota Fortuner | 1,822 | 1,822 |
| 2) Mitsubishi Montero Sport | 1,822 | 1,822 |
| 3) Isuzu MU-X | 1,822 | 1,822 |
| 4) Ford Everest | 1,822 | 1,822 |
| 5) Chevrolet Trailblazer | 1,822 | 1,822 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|--------------------|---------|---------|
| 1) Hyundai Tucson | 1,822 | 1,822 |
| 2) Honda CR-V | 1,822 | 1,822 |
| 3) Subaru Forester | 1,822 | 1,822 |
| 4) Honda CR-V | 1,822 | 1,822 |
| 5) Toyota RAV4 | 1,822 | 1,822 |

Car models with the highest growth and volume in 2017 Q1.

Montero Sport bounce back
The return of the Montero Sport in this year's first quarter top 10 nameplates is a sign that it has bounced back from the '16 lull. Understated sales dropped by 21 percent to 2,754 units in the first quarter of 2017.

Ford's top 5 sellers
Ford Philippines' efforts to regain third spot in the top 5 performers list seem to have hampered by not having enough Everest units to meet market demand.

Hyundai widens lead
In our 2017 annual industry report listing the top 10 performers, Hyundai Motor installed the coveted third spot from Ford Motor Philippines by selling seven more units than the American vehicles than the American.

Honda overtake Isuzu
Honda Cars Philippines, Inc. (HCP) sold 3,479 units in Q1 2017, overtaking Isuzu's 3,290 units.

Higher sales cases
As quarterly sales continue at this pace, boosted by the annual shopping sprees of the Christmas season, Nissan 2016, or the end of the year, look double.

Top 10 nameplates
As evidence, the Toyota nameplate dominates the list of top 10 nameplates.

Higher sales cases
As quarterly sales continue at this pace, boosted by the annual shopping sprees of the Christmas season, Nissan 2016, or the end of the year, look double.

In Q1 this year, 1,835 units of the Accent were sold, more than a thousand units more than the Civic (1,093) and the Nissan Altima (1,094).
Toyota had 1,822 units and Nissan Altima (1,094).
Suzuki's figures for most of the year can't be known yet. Suzuki's sales are cut into the Accent's subcompact market share.

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As evidence, the Toyota nameplate dominates the list of top 10 nameplates.

Source: Philippine Daily Inquirer, Apr. 28, 2017

Implementing the excise only for additional cars is hard to administer.

- Tax avoidance can be significant (registration in other names, other address).
- Those with many cars today are not affected. The rich already have many cars.

Definition of electric vehicles

- **Electric road vehicles (EV)** imply all road vehicles, including plug in hybrid road vehicles (PHEV), that derive all or part of their energy from on-board batteries.
(Source: International Electrotechnical Commission)

Types of electric vehicles

- **BEV** – Battery Electric Vehicle. All-electric vehicle powered exclusively by a battery. 1
Example: Nissan Leaf, Mitsubishi I-MiEV, Tesla Model S, BYD e6, BEMAC 68 VM, electric tricycle
- **PHEV** – Plug-in Hybrid Electric Vehicle. A vehicle propelled by both an internal combustion engine (ICE) and an electric motor. 2 It uses batteries to power an electric motor, plug into the electric grid to charge, and use a petroleum-based or alternative fuel to power an ICE or other propulsion source. 3
Example: Mitsubishi Outlander PHEV, Chevy Volt PHEV

Source: Electric Vehicle Association of the Philippines, Philippine Utility Vehicle Incorporated

Types of electric vehicles

- **HEV** – Hybrid Electric Vehicle. A vehicle propelled by both an internal combustion engine (ICE) and an electric motor but do not need to be plugged in to charge the batteries. HEV batteries are charged by the ICE or other propulsion source and during regenerative braking. 4
Example: Toyota Prius, Honda Insight
- **FCEV** – Fuel Cell Electric Vehicle. A vehicle which uses a fuel cell, instead of a battery, or in combination with a battery or supercapacitor, to power its on-board electric motor. 5
Example: Toyota Mirai, Honda Clarity

Source: Electric Vehicle Association of the Philippines, Philippine Utility Vehicle Incorporated

Single cab chassis vehicles



Source: Ford Australia



Automobile industry

List of automobile companies in the Philippines

| Company | Brand | Owner | Position |
|--|-----------------------|--------------------------------|--------------------------------------|
| Chang'an Automobile Group | Chana | Gil Laureano | National Service Manager |
| Chery Automobile Co., Ltd. | Chery | Leon Herrera Si Chung Chang | CEO Chairman |
| Chevrolet Philippines - The Covenant Car Company (TCCCI) | Chevrolet | H.E. Jose L. Cuisia | Chairman |
| CATS Motors Inc. (CMI) | Chrysler | Rene Nuñez | President |
| | Dodge | | |
| | Jeep | | |
| | Mercedes-Benz | | |
| Ford | Ford | Lance Mosley Mark Kaufman | Managing Director ASEAN President |
| Beiqi Foton Motor Co., Ltd. | Foton | Rommel Sytin | President |
| Geely (Zhejiang Geely Holding Group) | Geely | | |
| Statemotor Corporation | Great Wall Motor | Allen Roxas | President |
| Haima Philippines | Haima Motors | Lu Guogang Levy P. Laus | Executive Chairman CEO |
| Honda Cars Philippines Company | Honda | Noriyuki Takakura | President and General Manager |
| Hyundai Philippines | Hyundai Motor Company | Ma. Fe Perez-Agudo | President and CEO |

List of automobile companies in the Philippines

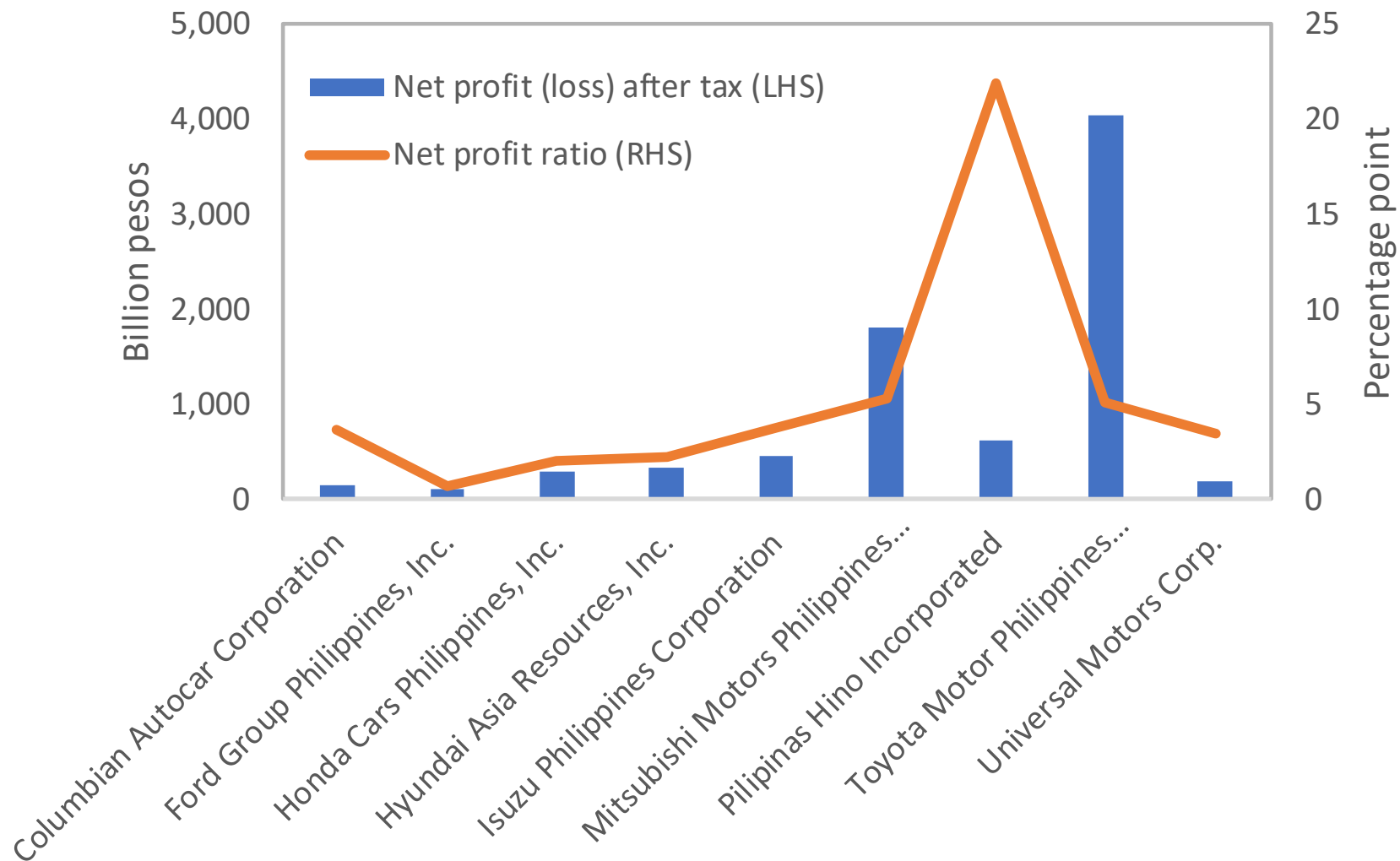
| Company | Cars | Owner | Position |
|---|-------------------------------|-------------------------------|---------------------------------------|
| Isuzu Philippines | Isuzu | Hajime Koso Takashi Tomita | President Executive Vice President |
| Columbian Autocar Corporation/ Kia Motors Philippines | Kia Motors | Genia R. Domingo | President |
| Lifan Philippines | Lifan Group | William Agcaoili | General Manager |
| Columbian Motors Philippines (for passenger cars)/ Berjaya Auto Philippines | Mazda Philippines | Steven Tan | President and CEO |
| Mitsubishi Motors Corporation | Mitsubishi Motors Corporation | Yoshiaki Kato | President and CEO |
| Nissan Philippines | Nissan Motor Corporation | Hiroto Saikawa | President and CEO |
| PSA Peugeot Citroen | Peugeot | Glen Dasig | President |
| Subaru Philippines/ Motor Image Pilipinas | Subaru | Nicky Mariano | General Manager |
| Suzuki Motor Corporation | Suzuki | Hiroshi Suzuki | President |
| Toyota Motors Philippines | Toyota | Satoru Suzuki | President |

List of automobile companies in the Philippines

| Company | Cars | Owner | Position |
|------------------------|-------------|---|--------------------|
| Autostrada Motore Inc. | Ferrari | Marc Louis Soong | Executive director |
| | Maserati | | |
| | Jaguar | | |
| PGA Cars Inc. | Audi | Benedicto Coyiuto, Roberto Coyiuto III | Directors |
| | Porsche | | |
| | Bentley | | |
| | Lamborghini | | |

Automobile manufacturers' profitability

Net profit (loss) after tax of automobile manufacturers



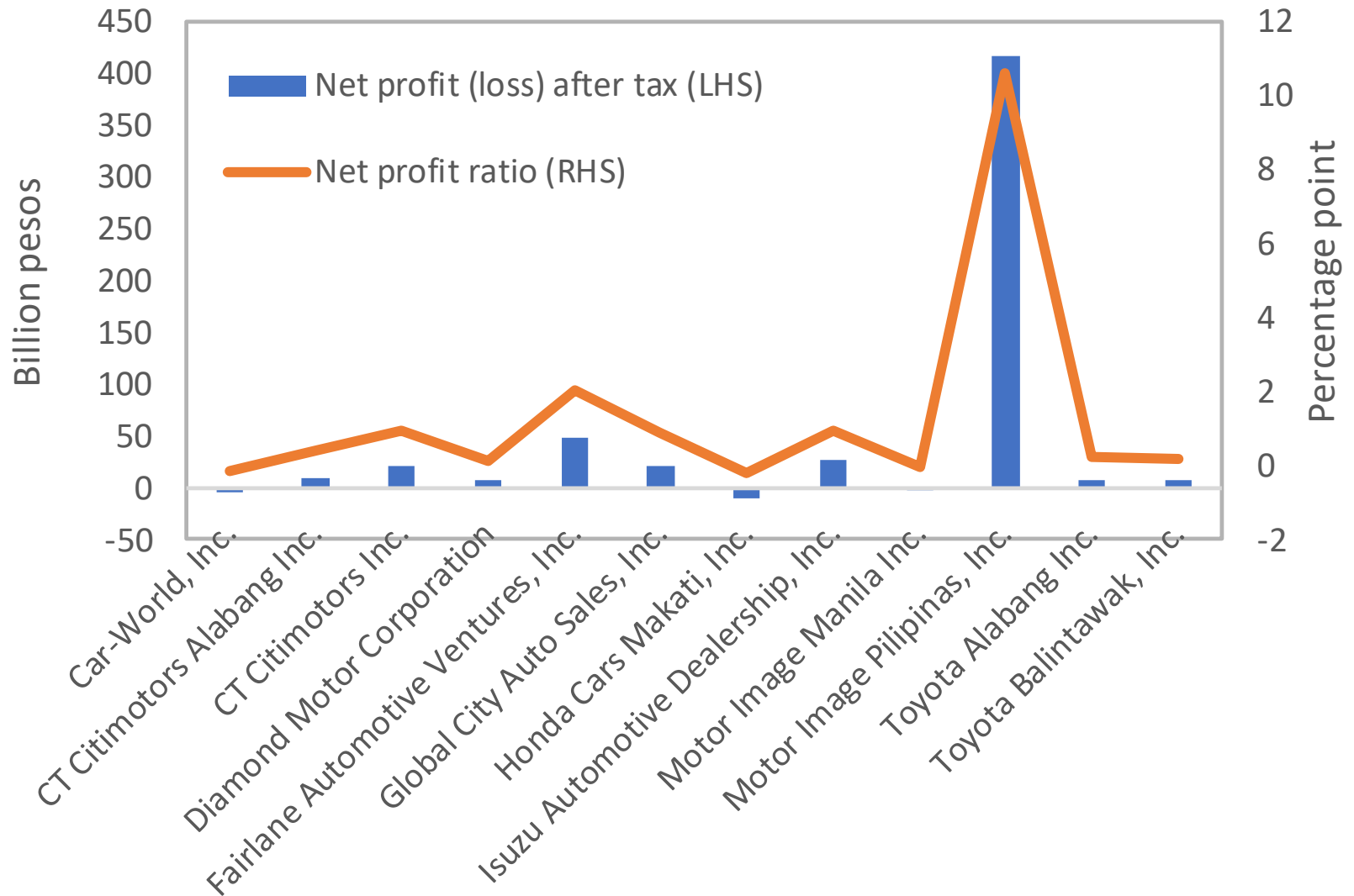
Automobile manufacturers' profitability

| Manufacturers | Net profit (loss) after tax (LHS) in billion pesos | Net profit ratio (RHS) in percentage point |
|---|---|---|
| Columbian Autocar Corporation | 146.4 | 3.7 |
| Ford Group Philippines, Inc. | 102.5 | 0.7 |
| Honda Cars Philippines, Inc. | 290.9 | 2.0 |
| Hyundai Asia Resources, Inc. | 324.7 | 2.2 |
| Isuzu Philippines Corporation | 441.4 | 3.7 |
| Mitsubishi Motors Philippines Corporation | 1,813.8 | 5.3 |
| Pilipinas Hino Incorporated | 620.8 | 21.9 |
| Toyota Motor Philippines Corporation | 4,034.6 | 5.1 |
| Universal Motors Corp. | 194.4 | 3.5 |

Source: SEC

Automobile retailers' profitability

Net profit (loss) of automobile manufacturers



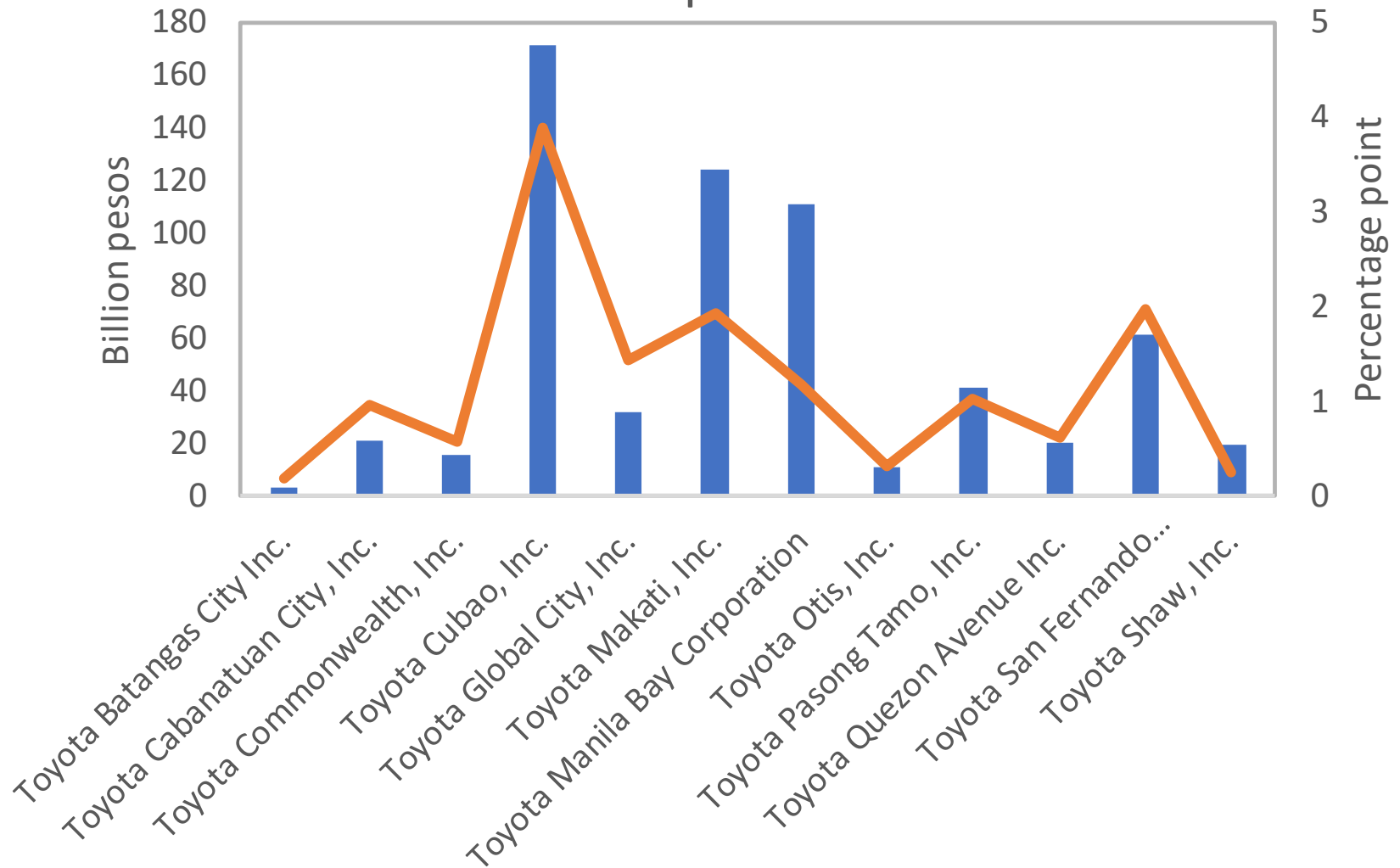
Automobile retailers' profitability

| Retailers | Net profit (loss) after tax (LHS) in billion pesos | Net profit ratio (RHS) in percentage point |
|------------------------------------|---|---|
| Car-World, Inc. | -3.8 | -0.2 |
| CT Citimotors Alabang Inc. | 9.0 | 0.4 |
| CT Citimotors Inc. | 21.9 | 0.9 |
| Diamond Motor Corporation | 6.5 | 0.1 |
| Fairlane Automotive Ventures, Inc. | 47.7 | 2.0 |
| Global City Auto Sales, Inc. | 20.8 | 0.9 |
| Honda Cars Makati, Inc. | -10.8 | -0.2 |
| Isuzu Automotive Dealership, Inc. | 26.5 | 0.9 |
| Motor Image Manila Inc. | -1.0 | 0.0 |
| Motor Image Pilipinas, Inc. | 417.5 | 10.6 |
| Toyota Alabang Inc. | 8.3 | 0.2 |
| Toyota Balintawak, Inc. | 6.8 | 0.2 |

Source: SEC

Automobile retailers' profitability

Net profit (loss) of automobile manufacturers, in billion pesos



Automobile retailers' profitability

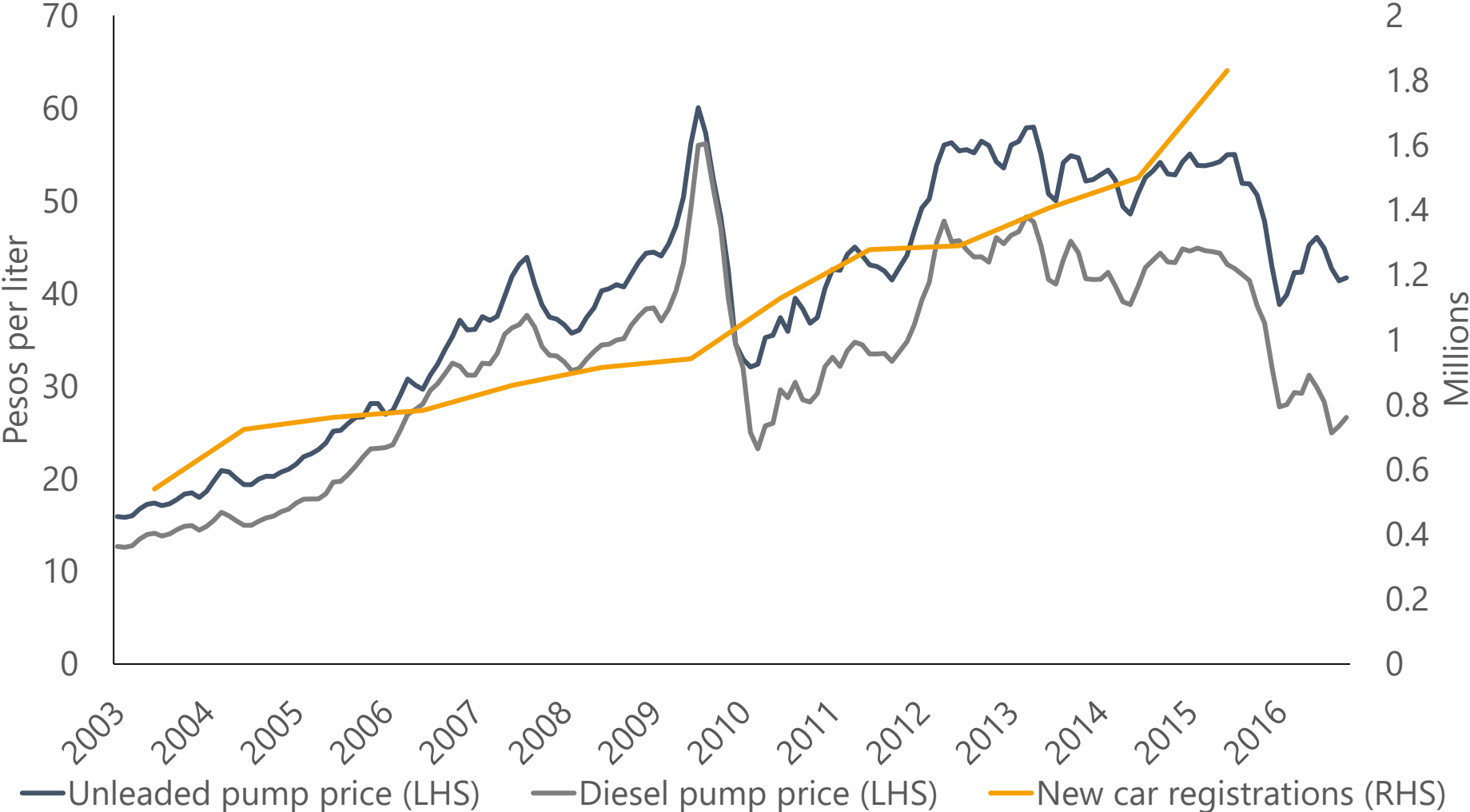
| Retailers | Net profit (loss) after tax (LHS) in billion pesos | Net profit ratio (RHS) in percentage point |
|------------------------------------|---|---|
| Toyota Batangas City Inc. | 3.2 | 0.2 |
| Toyota Cabanatuan City, Inc. | 21.0 | 1.0 |
| Toyota Commonwealth, Inc. | 15.3 | 0.6 |
| Toyota Cubao, Inc. | 170.9 | 3.9 |
| Toyota Global City, Inc. | 31.4 | 1.4 |
| Toyota Makati, Inc. | 124.2 | 1.9 |
| Toyota Manila Bay Corporation | 110.3 | 1.2 |
| Toyota Otis, Inc. | 10.6 | 0.3 |
| Toyota Pasong Tamo, Inc. | 40.6 | 1.0 |
| Toyota Quezon Avenue Inc. | 20.1 | 0.6 |
| Toyota San Fernando Pampanga, Inc. | 60.9 | 2.0 |
| Toyota Shaw, Inc. | 19.3 | 0.2 |

Source: SEC

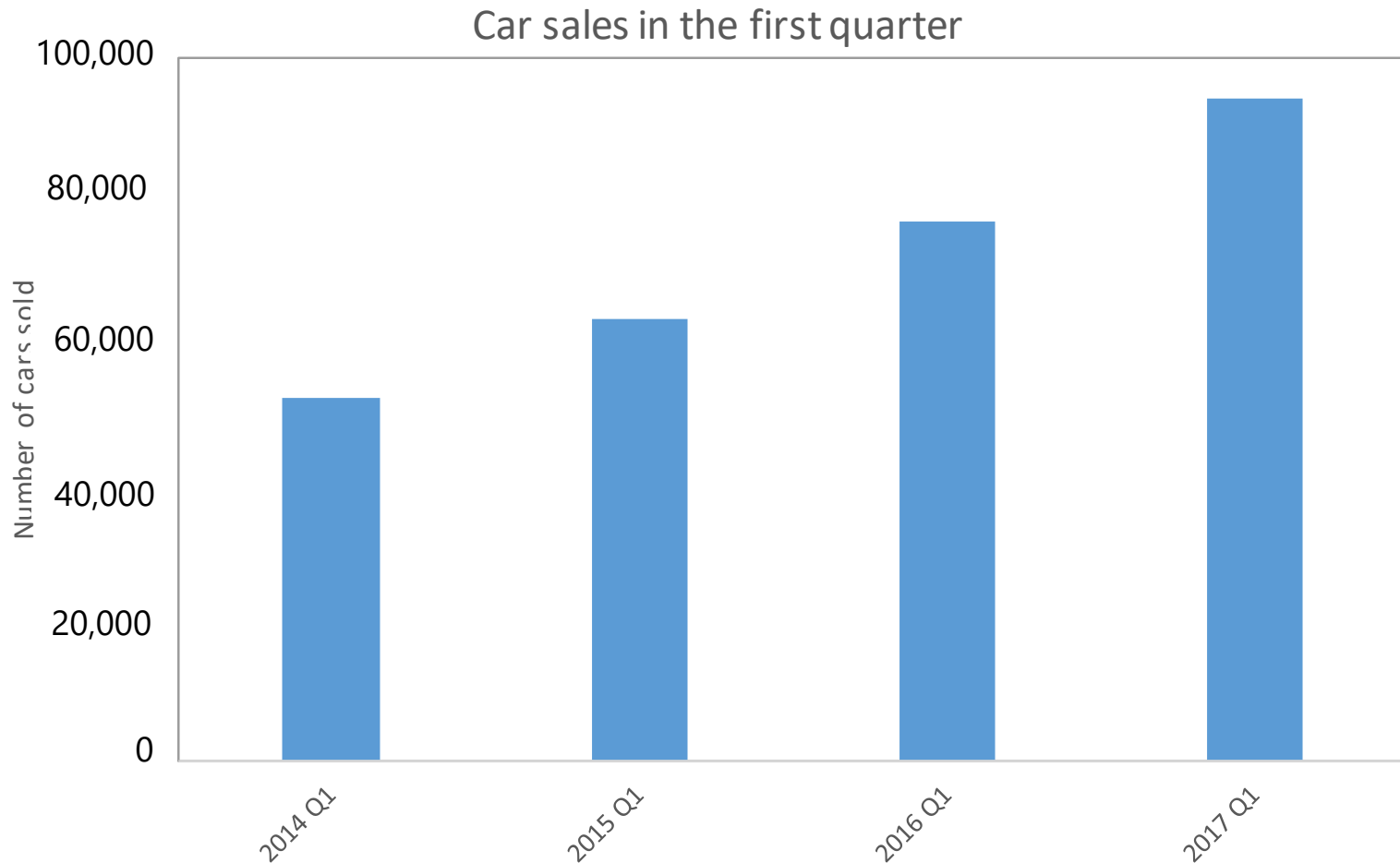


Automobile sales

Cars increase every year despite a more than doubling of oil prices



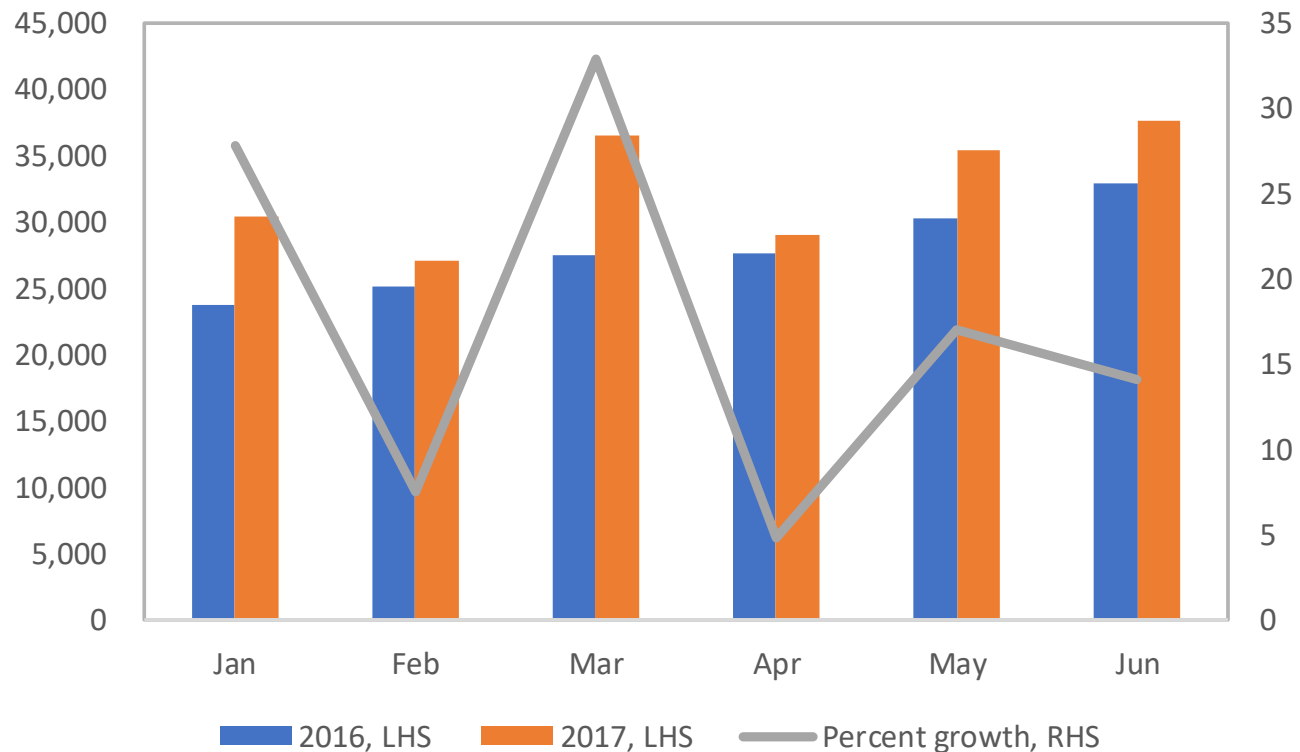
The auto industry sold almost double the number of cars in Q1 2017 compared to 2014 Q1.



Source: CAMPI

The auto industry sales volume steadily increased for the first half of 2017

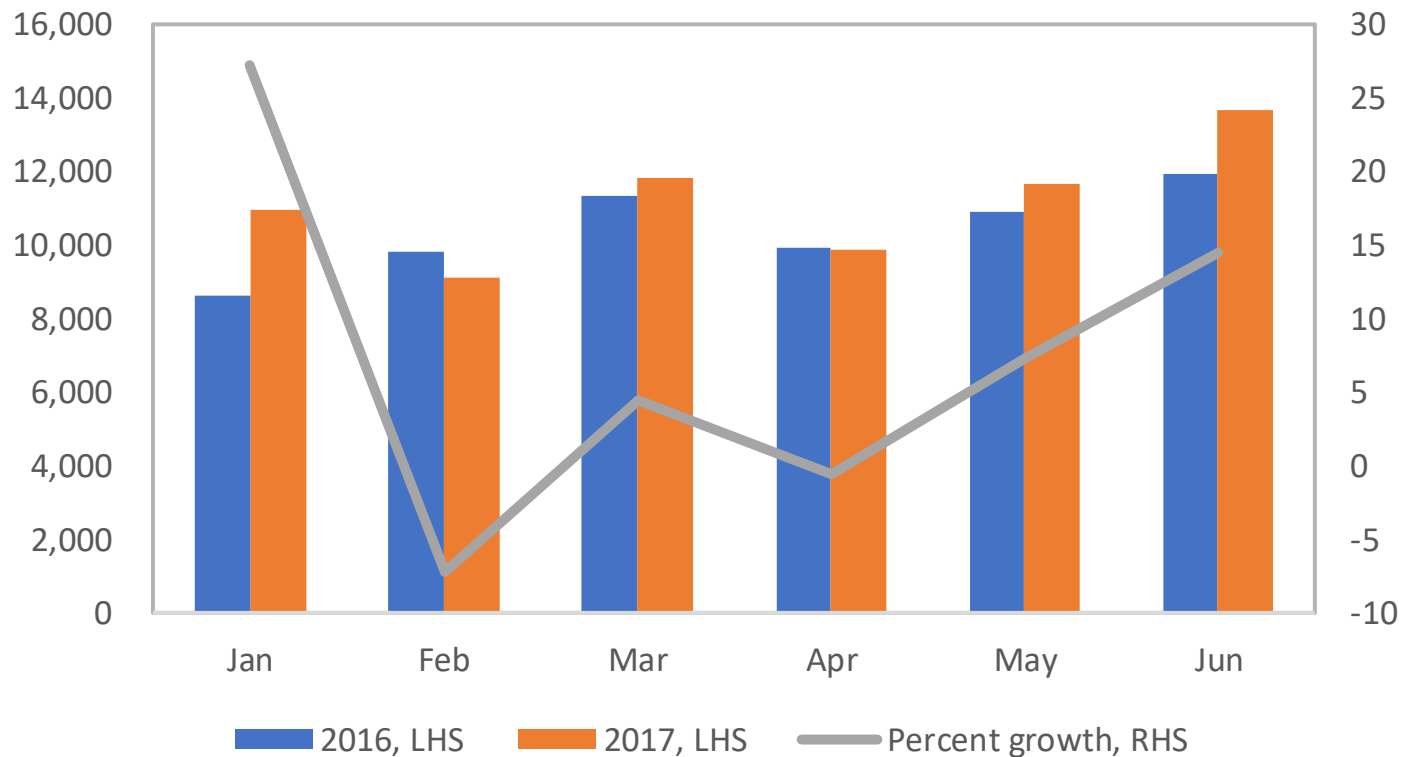
Sales volume of automobiles per month



Source: CAMPI

The auto industry sales volume steadily increased for the first half of 2017

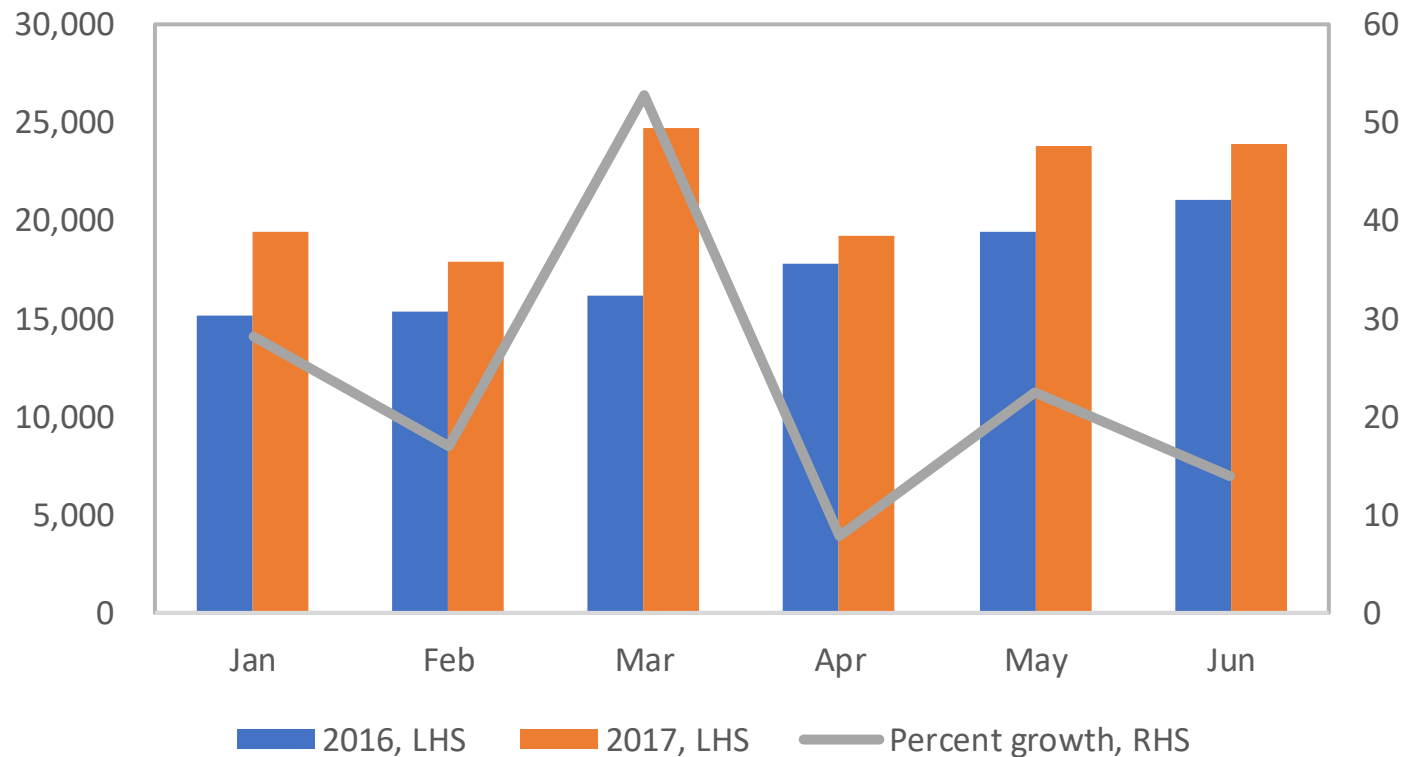
Passenger car sales volume



Source: CAMPI

The auto industry sales volume steadily increased for the first half of 2017

Commercial car sales volume



Source: CAMPI

The auto industry sales volume steadily increased for the first half of 2017

| | Total car sales volume | | | Passenger car sales volume | | | Commercial car sales volume | | |
|------------|------------------------|--------|----------------|----------------------------|--------|----------------|-----------------------------|--------|----------------|
| | 2016 | 2017 | Percent growth | 2016 | 2017 | Percent growth | 2016 | 2017 | Percent growth |
| Jan | 23,808 | 30,425 | 27.8 | 8,632 | 10,984 | 27.2 | 15,176 | 19,441 | 28.1 |
| Feb | 25,150 | 27,040 | 7.5 | 9,819 | 9,114 | -7.2 | 15,331 | 17,926 | 16.9 |
| Mar | 27,515 | 36,561 | 32.9 | 11,345 | 11,853 | 4.5 | 16,170 | 24,708 | 52.8 |
| Apr | 27,697 | 29,038 | 4.8 | 9,920 | 9,862 | -0.6 | 17,777 | 19,176 | 7.9 |
| May | 30,317 | 35,469 | 17.0 | 10,893 | 11,690 | 7.3 | 19,424 | 23,779 | 22.4 |
| Jun | 32,993 | 37,631 | 14.1 | 11,951 | 13,677 | 14.4 | 21,042 | 23,954 | 13.8 |

Annual vehicle sales

| Category | 2012 | 2013 | 2014 | 2015 | 2016* | 2017** |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|--------|
| Passenger Cars | 48,239 | 61,083 | 90,287 | 116,381 | 97,036 | 41,813 |
| Commercial Vehicle | 107,926 | 120,200 | 144,460 | 172,228 | 164,334 | 81,251 |
| Asian Utility Vehicle (AUV) | 40,231 | 40,732 | 44,196 | 50,977 | 47,410 | |
| Light Commercial Vehicle (LCV) | 63,866 | 74,398 | 93,589 | 112,545 | 106,697 | |
| Light Trucks (3001-6000 GVW) | 2,331 | 2,986 | 4,029 | 5,066 | 6,140 | |
| Trucks & Buses (6001-18000 GVW) | 1,498 | 1,802 | 2,137 | 2,394 | 2,520 | |
| Trucks & Buses (18001 GVW above) | | 282 | 509 | 1,246 | 1,567 | |
| Total | 264,091 | 301,483 | 379,207 | 460,837 | 425,704 | |

Source: CAMPI

*Denotes preliminary data

**Data from January – April 2017

TOP 10 Q1 PERFORMERS TOTAL VEHICLE SALES

| BRAND | 2017 Q1 | 2016 Q1 | % VARIANCE VS 2016 Q1 | MAR. 2017 | MAR. 2016 | % VARIANCE VS MAR.2016 |
|---------------|---------|---------|-----------------------|-----------|-----------|------------------------|
| 1) Toyota | 40,689 | 30,498 | 33.4 % | 13,532 | 11,024 | 22.8% |
| 2) Mitsubishi | 16,509 | 14,668 | 12.6 % | 6,822 | 4,931 | 38.3% |
| 3) Hyundai | 8,841 | 7,469 | 18.0% | 3,371 | 2,893 | 17.0% |
| 4) Ford | 7,773 | 7,876 | -1.3% | 3,754 | 2,746 | 36.7% |
| 5) Honda | 7,356 | 6,348 | 15.9% | 3,479 | 2,663 | 30.6% |
| 6) Isuzu | 6,522 | 6,579 | -0.9% | 3,290 | 2,437 | 35.0% |
| 7) Nissan | 5,277 | 3,645 | 44.8% | 2,094 | 1,375 | 52.3% |
| 8) Suzuki | 4,051 | 3,048 | 32.9% | 1,505 | 1,077 | 39.7% |
| 9) Kia | 1,536 | 1,536 | 0.0% | 517 | 452 | 14.4% |
| 10) Chevrolet | 1,405 | 1,463 | N.G.* | 567 | 575 | N.G.* |

Source: Philippine Daily Inquirer, Apr. 28, 2017

TOP 5 MINI SUBCOMPACT CARS

| Nameplate | Total Sales 2017 Q1 | Total Sales 2016 Q1 |
|-------------------------|---------------------|---------------------|
| 1) Toyota Wigo | 3,990 | 4,110 |
| 2) Mitsubishi Mirage G4 | 2,283 | 3,072 |
| 3) Hyundai Eon | 1,856 | 2,507 |
| 4) Mitsubishi Mirage | 1,832 | 1,439 |
| 5) Honda Brio Amaze | 183 | 104 |

Source: Philippine Daily Inquirer, Apr. 28, 2017

Q1 results chase auto industry's dream

FROM B3-1

They probably foresee an increasingly growing market for their products due to steady economic growth, a population boom in the absence of family planning, the government's massive new infrastructure program, and the attractive auto loan packages offered by many commercial banks.

Q1 CAMPI and AVID sales
The industry's bullishesness is based on rising sales figures overall.
For the first quarter of 2017, CAMPI and TMA claimed total sales of 46,406 units, a record 23 percent increase over last year's sales of 37,473 units in the same period.

"The Philippine automotive industry has thus far, continued the path of momentum," CAMPI president Ramon Gutierrez, who is vice president of Toyota Motor Philippines Corp., said.
"While the first quarter performance gives us great reason to be optimistic, we are still cautious about our own target for the year," he added.
AVID announced that from January to March 2017, AVID members sold 24,136 units in period more than the 23,616 units for the first quarter of 2017.

"Riding on sustained demand in the automotive market, AVID's sales growth story continues its upward trend as it pushed up to present for the three-month period in 2017," AVID president and executive Hyundai Aisa Reemovon, the CEO, Mr. Perez Aguirre said.
This encouraging response further drove AVID to deliver targeted products and services to our beloved customers," he added.
If you add up CAMPI/TMA's total units to AVID's, you will come up with 70,642 units sold in the first quarter alone.

Counted twice
But before celebrating, members that both CAMPI and AVID include in their sales count the units of Ford Motor Co., Philippines Suzuki Philippines, the VW and Audi divisions, Chrysler, Mercedes-Benz, Chrysler, Dodge, and Jeep.
Therefore, the 103,078 vehicles sold in Q1 are grand total including those the sales figures of both CAMPI and AVID's combined twice.
CAMPI claims Ford, VW and Audi are members, same as CAMPI except that the units of AVID, CAMPI includes only the Mercedes-Benz division's models.

Whatever the reason why there are three brands—Ford, Suzuki and Mercedes-Benz—in an effort to members of both CAMPI and AVID, figures of Ford (773 Suzuki (4,953) and Audi (Mercedes-Benz) sales are not included in an accurate grand total.
Levels the 103,078 grand total is 105,700 units sold.

Higher sector sales
It quarterly sales continue at this pace, boosted by the annual shopping sprees of the Christmas season, Nissan 2016, or the unit sales last 2016, million cars by the year 2016, look double.
However, Vision 2020 is threatened by the government's tax reform package, now pending in Congress, that includes raising the excise tax rates on new purchases.
The industry was optimistic that Vision 2020 would be achieved, mainly through the Comprehensive Automotive Rejuvenation Strategy (CARS) program.
Now, its implementation could be delayed by the Department of Finance's restructuring proposal.
CAMPI and AVID have

| BRAND | 2017 Q1 | 2016 Q1 | % VARIANCE VS 2016 Q1 | MAR. 2017 | MAR. 2016 | % VARIANCE VS MAR. 2016 |
|---------------|---------|---------|-----------------------|-----------|-----------|-------------------------|
| 1) Toyota | 40,689 | 32,478 | 124.3% | 18,812 | 16,054 | 117.2% |
| 2) Mitsubishi | 16,507 | 16,648 | 98.6% | 6,822 | 4,911 | 138.9% |
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| 7) Nissan | 5,777 | 3,643 | 158.6% | 2,014 | 1,275 | 158.2% |
| 8) Suzuki | 4,051 | 3,048 | 133.0% | 1,625 | 1,077 | 150.7% |
| 9) Kia | 3,336 | 1,336 | 249.8% | 917 | 483 | 189.9% |
| 10) Chevrolet | 1,405 | 1,463 | 95.7% | 567 | 573 | 97.2% |

| Q1 2017 | Q1 2016 |
|-----------------------------|---------|
| 1) Toyota Vista | 4,176 |
| 2) Toyota Fortuner | 3,745 |
| 3) Toyota Innova | 3,707 |
| 4) Toyota Kijang | 3,656 |
| 5) Mitsubishi Montero Sport | 2,442 |
| 6) Mitsubishi L300 | 2,311 |
| 7) Hyundai Accent | 2,072 |
| 8) Toyota Avanza | 1,827 |
| 9) Toyota Hilux | 1,711 |
| 10) Isuzu MU-X | 1,611 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-------------------------|---------|---------|
| 1) Toyota Wigo | 2,383 | 2,072 |
| 2) Mitsubishi Mirage G4 | 2,283 | 2,000 |
| 3) Honda Fit | 1,822 | 1,600 |
| 4) Mitsubishi Mirage | 822 | 800 |
| 5) Honda Brio Amaze | 822 | 800 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-------------------|---------|---------|
| 1) Toyota Vios | 2,385 | 2,284 |
| 2) Hyundai Accent | 2,000 | 1,850 |
| 3) Honda City | 1,800 | 1,550 |
| 4) Nissan Almera | 1,500 | 1,400 |
| 5) Chevrolet Sail | 1,000 | 900 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|-------------------------|---------|---------|
| 1) Honda Civic | 924 | 870 |
| 2) Toyota Corolla Altis | 870 | 800 |
| 3) Hyundai Elantra | 800 | 750 |
| 4) VW Jetta | 750 | 700 |
| 5) Mitsubishi Lancer EX | 700 | 650 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|----------------------|---------|---------|
| 1) Toyota Camry | 320 | 310 |
| 2) Subaru WRX | 280 | 270 |
| 3) Volkswagen Passat | 19 | 22 |
| 4) Honda Accord | 19 | 22 |
| 5) Nissan Altima | 19 | 22 |

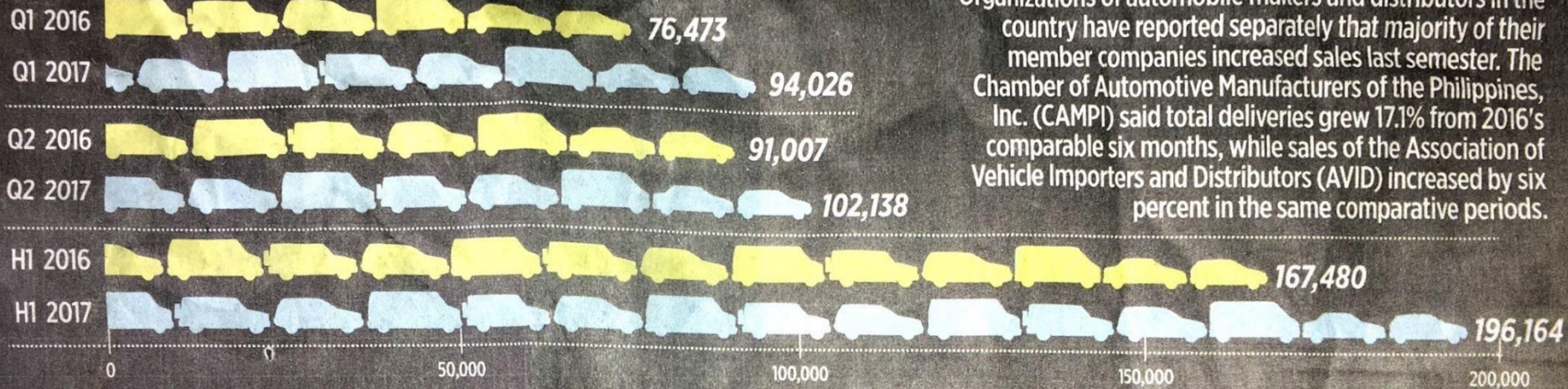
| Nameplate | 2017 Q1 | 2016 Q1 |
|-----------------------------|---------|---------|
| 1) Toyota Fortuner | 3,745 | 3,600 |
| 2) Mitsubishi Montero Sport | 2,442 | 2,300 |
| 3) Isuzu MU-X | 1,611 | 1,500 |
| 4) Ford Everest | 1,200 | 1,100 |
| 5) Chevrolet Trailblazer | 1,000 | 900 |

| Nameplate | 2017 Q1 | 2016 Q1 |
|--------------------|---------|---------|
| 1) Hyundai Tucson | 1,000 | 900 |
| 2) Honda CR-V | 900 | 800 |
| 3) Subaru Forester | 800 | 700 |
| 4) Honda CR-V | 700 | 600 |
| 5) Toyota RAV4 | 600 | 500 |

“Q1 results chase auto industry's dream”

Source: Philippine Daily Inquirer, Apr. 28, 2017

CAMPI



Organizations of automobile makers and distributors in the country have reported separately that majority of their member companies increased sales last semester. The Chamber of Automotive Manufacturers of the Philippines, Inc. (CAMPI) said total deliveries grew 17.1% from 2016's comparable six months, while sales of the Association of Vehicle Importers and Distributors (AVID) increased by six percent in the same comparative periods.

RIDING ON STRONG DEMAND

AVID



NOTES: Three companies, namely: Auto Nation Group, Ford Group Philippines and Suzuki Philippines, Inc. that represent six brands report their sales results to both CAMPI and AVID. CAMPI figures include sales from the Truck Manufacturers Association

SOURCES: CHAMBER OF AUTOMOTIVE MANUFACTURERS OF THE PHILIPPINES, INC. and ASSOCIATION OF VEHICLE IMPORTERS AND DISTRIBUTORS
BUSINESSWORLD GRAPHICS, DONG R. FORTIN

Source: Business World, Jul. 24, 2017

“Riding on strong demand”



BusinessWorld

MONDAY • JULY 24, 2017 • WWW.BWORLDONLINE.COM

PHILIPPINE STOCK MARKET: PSEI 10,178.15 (+10.15) | FTSE 2,345.12 (+12.34) | Nikkei 22,567.89 (+15.67) | Hang Seng 23,456.78 (+18.90) | Dow Jones 18,901.23 (+20.45) | S&P 500 2,123.45 (+22.10) | HSI 25,678.90 (+25.30) | ASX 6,789.01 (+28.50) | BSE 15,432.10 (+30.20) | SSE 30,123.45 (+35.00) | CSI 10,987.65 (+40.10) | Nikkei 22,567.89 (+15.67) | Hang Seng 23,456.78 (+18.90) | Dow Jones 18,901.23 (+20.45) | S&P 500 2,123.45 (+22.10) | HSI 25,678.90 (+25.30) | ASX 6,789.01 (+28.50) | BSE 15,432.10 (+30.20) | SSE 30,123.45 (+35.00) | CSI 10,987.65 (+40.10)

Business watches SONA for reform tack

By Ian Nicolas P. Dignat

As the first week of the year ends, Mr. Duterte's administration has been widely expected to make several moves, including a shift to a federal type of government and a new economic strategy to improve the country's growth rate. The business community is watching the administration's moves closely, particularly the proposed changes to the labor code and the proposed changes to the tax code. The business community is also watching the administration's moves closely, particularly the proposed changes to the labor code and the proposed changes to the tax code.

Economists' inflation views ease

By Ian Nicolas P. Dignat

Philippine economists' views on inflation have eased in the second half of the year, according to a survey by the Philippine Chamber of Commerce and Industry (PCCI). The survey shows that the inflation rate is expected to remain low in the second half of the year. The survey also shows that the inflation rate is expected to remain low in the second half of the year.



Chelsea Logistics kicks off IPO on strong note

By Krista Angela M. Montenegro

Chelsea Logistics, Inc. (CL) has kicked off its initial public offering (IPO) on a strong note, with the company's shares trading at a premium to the offering price. The company's shares are trading at a premium to the offering price, indicating strong investor interest in the company's IPO.

BEYOND Robot finds possible melted fuel inside Fukushima reactor

FRANCE Childhood dreams come true

EVENTS CALENDAR State of the Nation Address

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Source: Business World, Jul. 24, 2017



Impact on automobile industry

Investigations on the marginal rate show that NMP/SRP ratio of top-tier cars is on average equal to 60 percent

Marginal tax rate on the fourth bracket: 200 percent

| 4th bracket assumption on NMP = alpha * SRP | 80 percent | | 70 percent | |
|--|--|---|--|---|
| Change in SRP percentage point threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th breaching the threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th breaching the threshold |
| 20 | - | 100 | - | 100 |
| 25 | - | 100 | - | 100 |
| 30 | - | 100 | 3,109,000 | 81 |
| 35 | 2,759,000 | 98 | 3,300,000 | 74 |
| 40 | 2,918,512 | 89 | 3,570,000 | 67 |
| 45 | 3,090,000 | 82 | 3,850,000 | 62 |
| 50 | 3,300,000 | 74 | 4,080,000 | 53 |
| 55 | 3,490,000 | 69 | 4,455,000 | 47 |
| 60 | 3,795,000 | 63 | 4,995,000 | 39 |

*Note: This assumes that the first 3 brackets use the formula NMP = 80%*SRP*

Investigations on the marginal rate show that NMP/SRP ratio of top-tier cars is on average equal to 60 percent

Marginal tax rate on the fourth bracket: 200 percent

| 4th bracket assumption on NMP = alpha * SRP | 60 percent | | 50 percent | | 40 percent | |
|---|---|---|---|---|---|---|
| Change in SRP percentage point threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold |
| 20 | - | 100 | 4,250,000 | 51 | 5,778,000 | 31 |
| 25 | 3,595,000 | 66 | 4,650,000 | 45 | 6,600,000 | 26 |
| 30 | 3,860,000 | 61 | 5,030,000 | 38 | 7,600,000 | 19 |
| 35 | 4,195,000 | 51 | 5,700,000 | 33 | 8,995,000 | 10 |
| 40 | 4,580,000 | 46 | 6,495,000 | 27 | 10,800,000 | 3 |
| 45 | 5,030,000 | 38 | 7,418,000 | 21 | 12,995,000 | 1 |
| 50 | 5,650,000 | 33 | 8,750,000 | 13 | 17,800,000 | 0 |
| 55 | 6,350,000 | 27 | 10,638,000 | 4 | 17,800,000 | 0 |
| 60 | 7,300,000 | 23 | 12,995,000 | 1 | 17,800,000 | 0 |

Note: This assumes that the first 3 brackets use the formula $NMP = 80\% * SRP$

Investigations on the marginal rate show that NMP/SRP ratio of top-tier cars is on average equal to 60 percent

Marginal tax rate on the fourth bracket: 120 percent

| 4th bracket assumption on NMP = alpha * SRP | 80 percent | | 70 percent | |
|---|---|---|---|---|
| | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold |
| 20 | - | 100 | - | 100 |
| 25 | - | 100 | - | 100 |
| 30 | - | 100 | 3,595,000 | 66 |
| 35 | 3,268,000 | 78 | 5,030,000 | 38 |
| 40 | 4,455,000 | 47 | 8,408,000 | 15 |
| 45 | 6,895,000 | 24 | 17,800,000 | 0 |
| 50 | 12,995,000 | 1 | 17,800,000 | 0 |
| 55 | 17,800,000 | 0 | 17,800,000 | 0 |
| 60 | 17,800,000 | 0 | 17,800,000 | 0 |

*Note: This assumes that the first 3 brackets use the formula NMP = 80%*SRP*

Investigations on the marginal rate show that NMP/SRP ratio of top-tier cars is on average equal to 60 percent

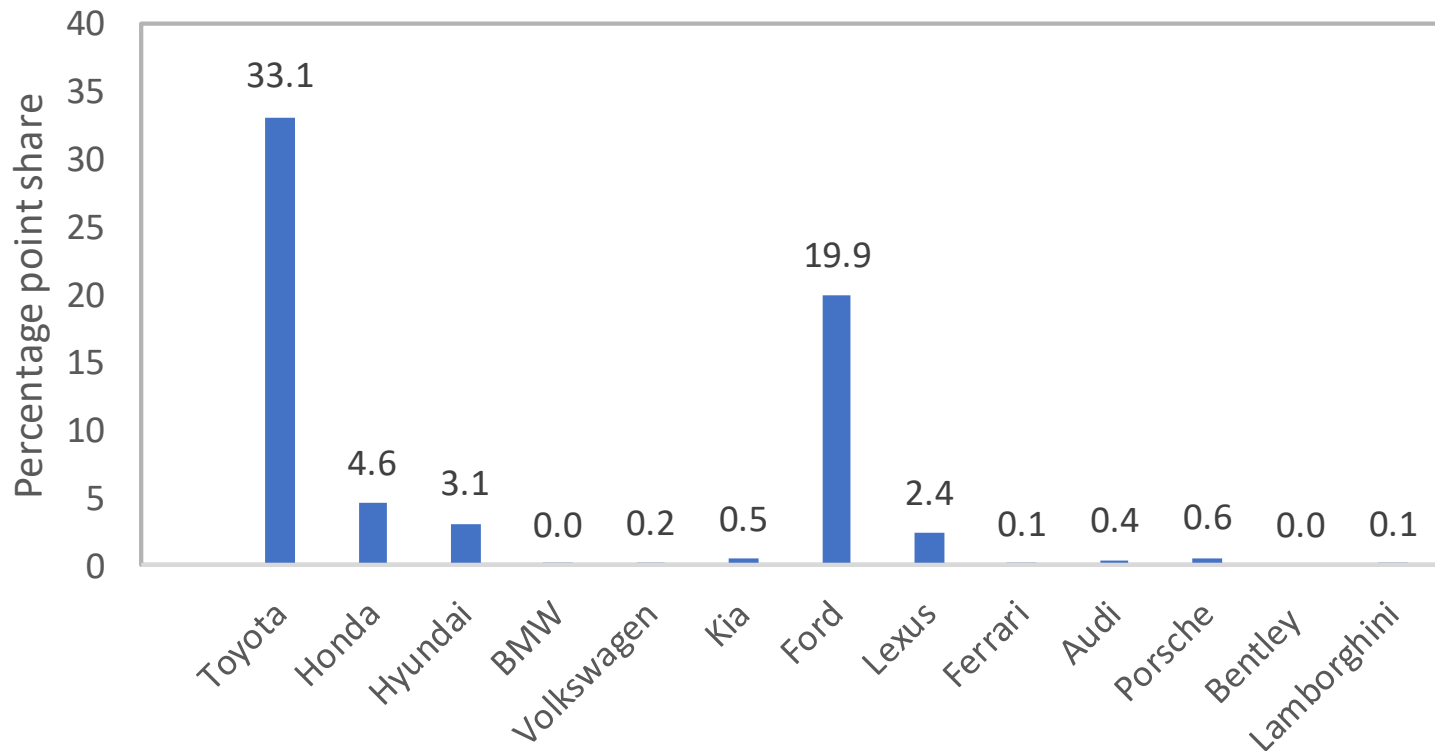
Marginal tax rate on the fourth bracket: 120 percent

| 4th bracket assumption on NMP = alpha * SRP | 60 percent | | 50 percent | | 40 percent | |
|---|---|---|---|---|---|---|
| Change in SRP percentage point threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold | SRP lower bound for car to breach threshold | Percentage point of models in 4th bracket breaching the threshold |
| 20 | - | 100 | 4,455,000 | 47 | 8,890,000 | 12 |
| 25 | 3,995,000 | 54 | 6,895,000 | 24 | 17,800,000 | 0 |
| 30 | 5,868,000 | 31 | 12,995,000 | 1 | 17,800,000 | 0 |
| 35 | 11,200,000 | 2 | 17,800,000 | 0 | 17,800,000 | 0 |
| 40 | 17,800,000 | 0 | 17,800,000 | 0 | 17,800,000 | 0 |
| 45 | 17,800,000 | 0 | 17,800,000 | 0 | 17,800,000 | 0 |
| 50 | 17,800,000 | 0 | 17,800,000 | 0 | 17,800,000 | 0 |
| 55 | 17,800,000 | 0 | 17,800,000 | 0 | 17,800,000 | 0 |
| 60 | 17,800,000 | 0 | 17,800,000 | 0 | 17,800,000 | 0 |

Note: This assumes that the first 3 brackets use the formula $NMP = 80\% * SRP$

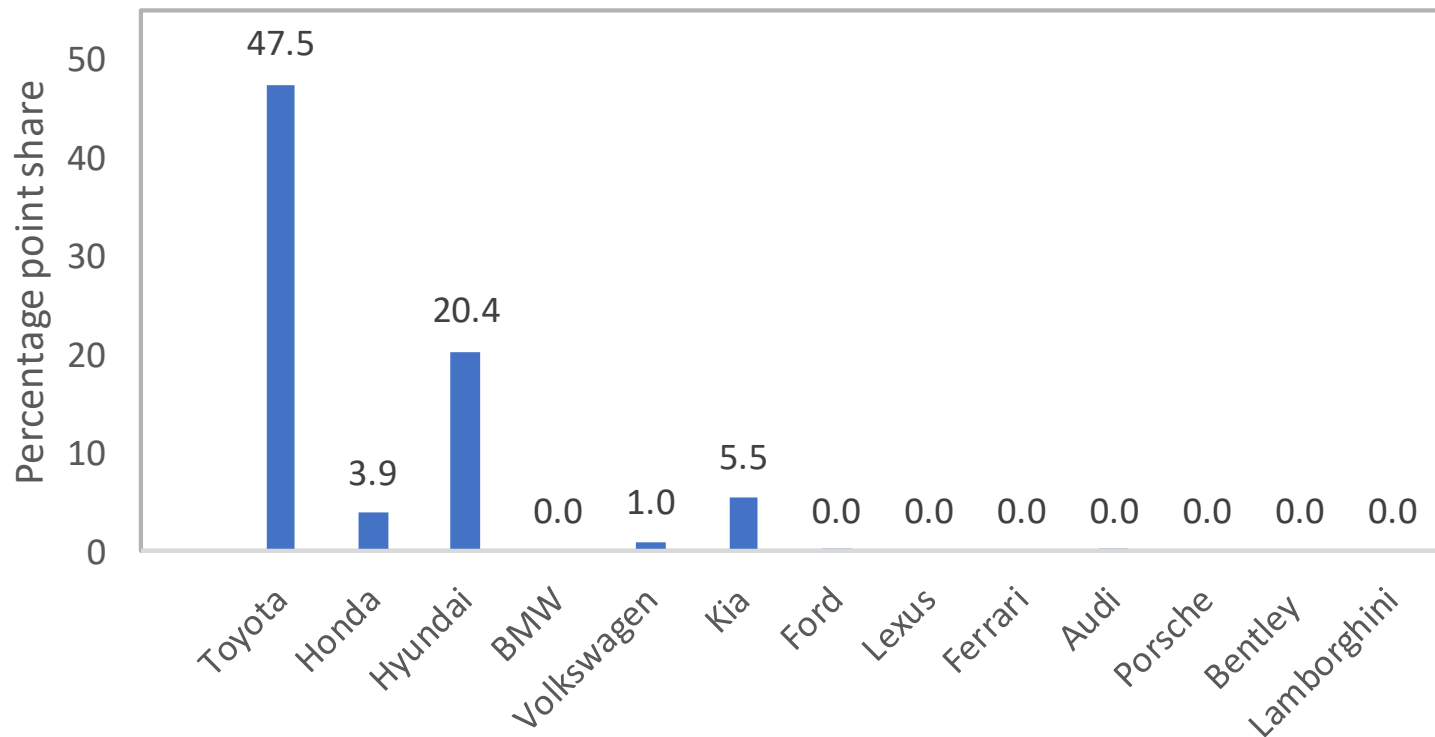
Toyota, Ford, Hyundai, and Honda are the top brands that will incur the biggest savings from the substitute bill versus the revised DOF proposal

Share on total savings



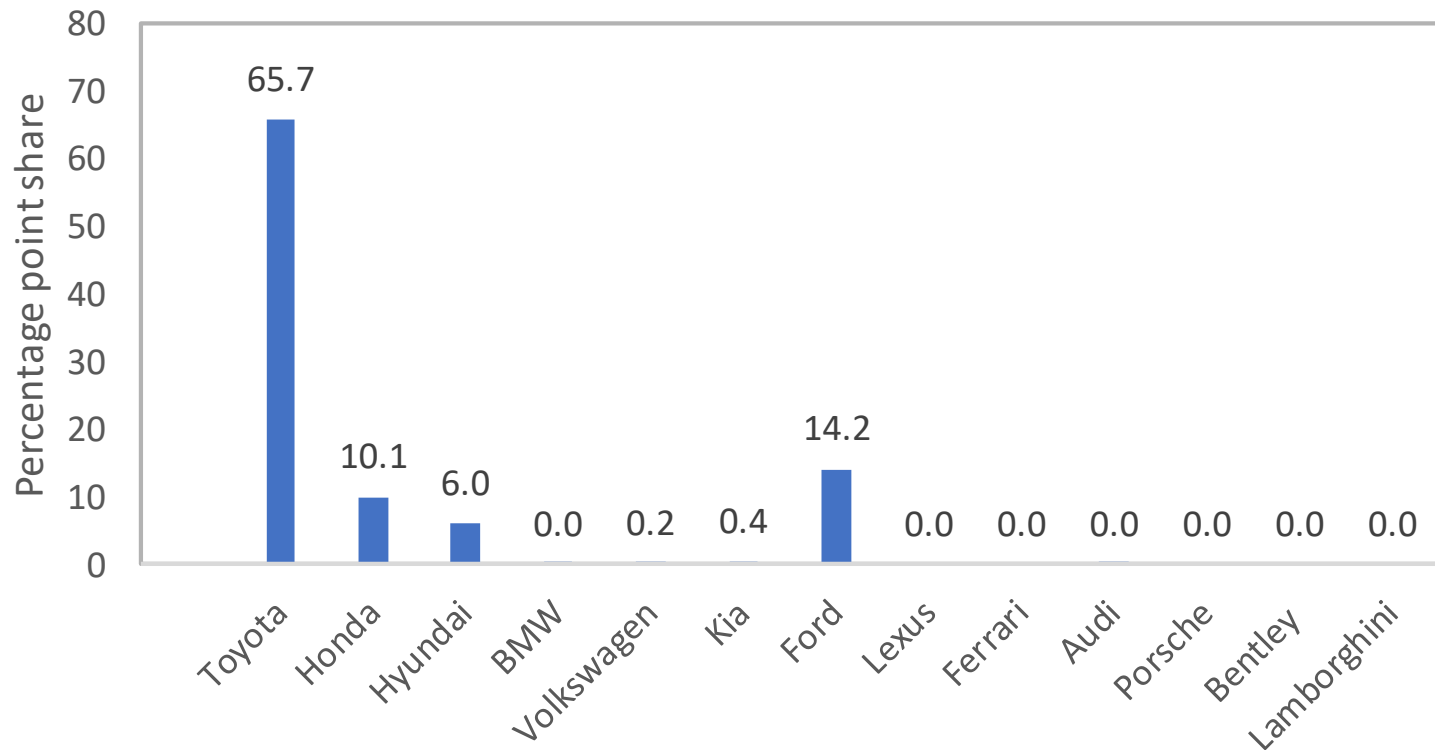
Toyota, Ford, Hyundai, and Honda are the top brands that will incur the biggest savings from the substitute bill versus the revised DOF proposal

Share on total bracket 1 savings



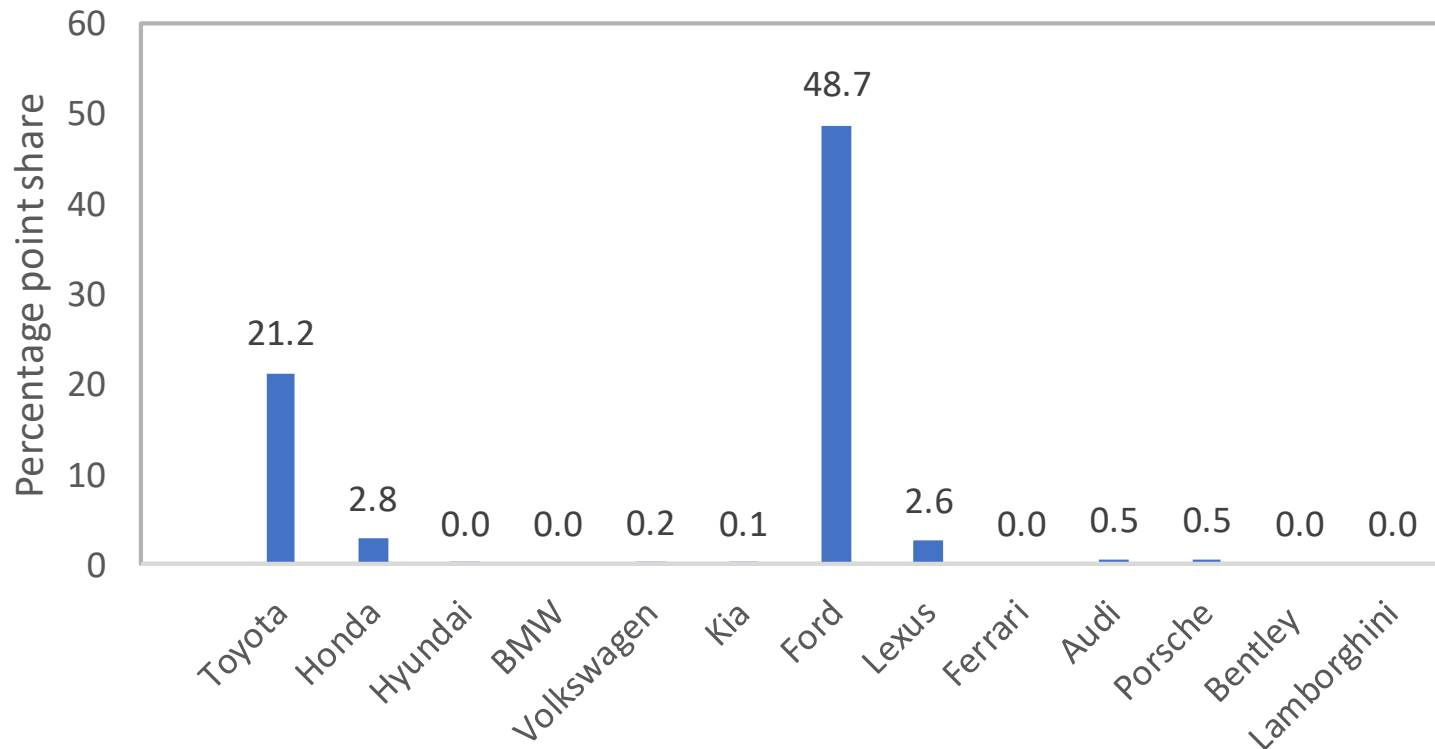
Toyota, Ford, Hyundai, and Honda are the top brands that will incur the biggest savings from the substitute bill versus the revised DOF proposal

Share on total bracket 2 savings



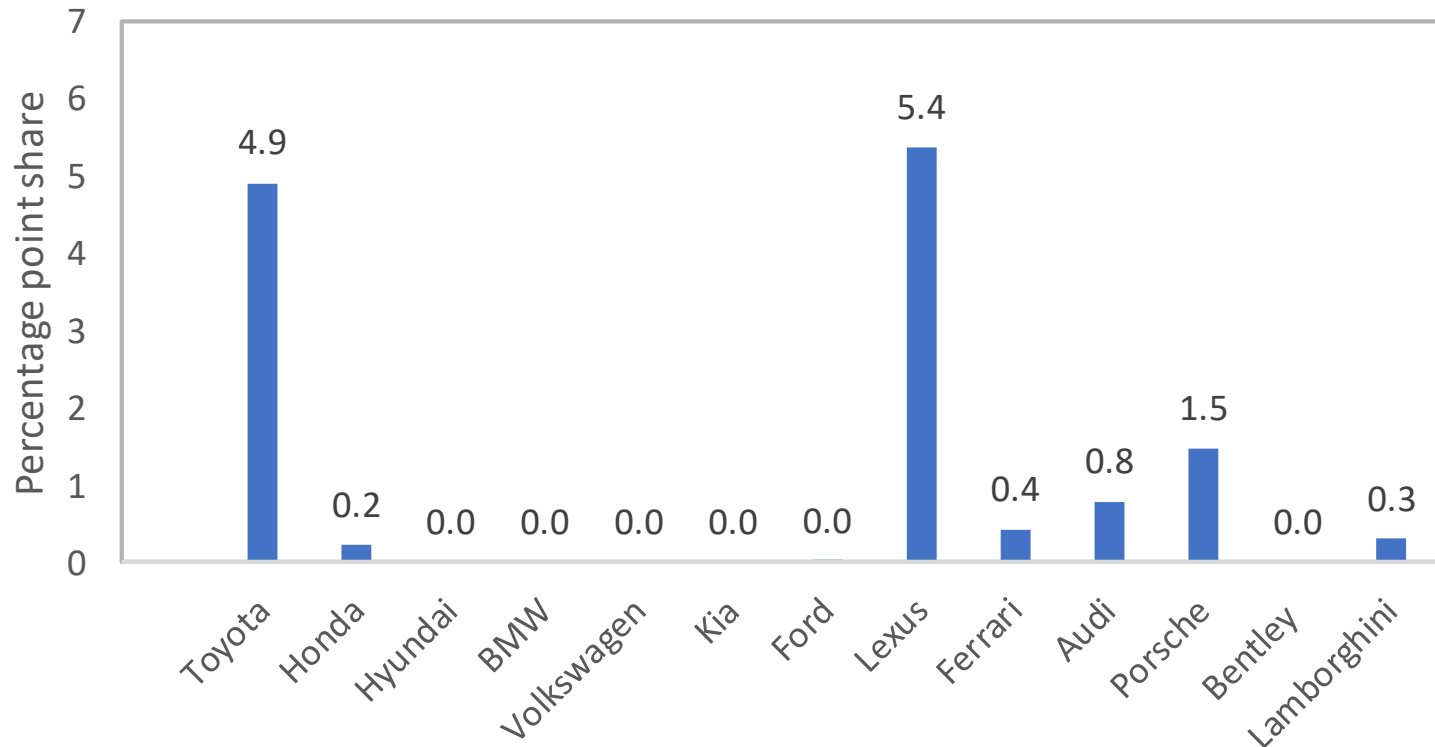
Toyota, Ford, Hyundai, and Honda are the top brands that will incur the biggest savings from the substitute bill versus the revised DOF proposal

Share on total bracket 3 savings

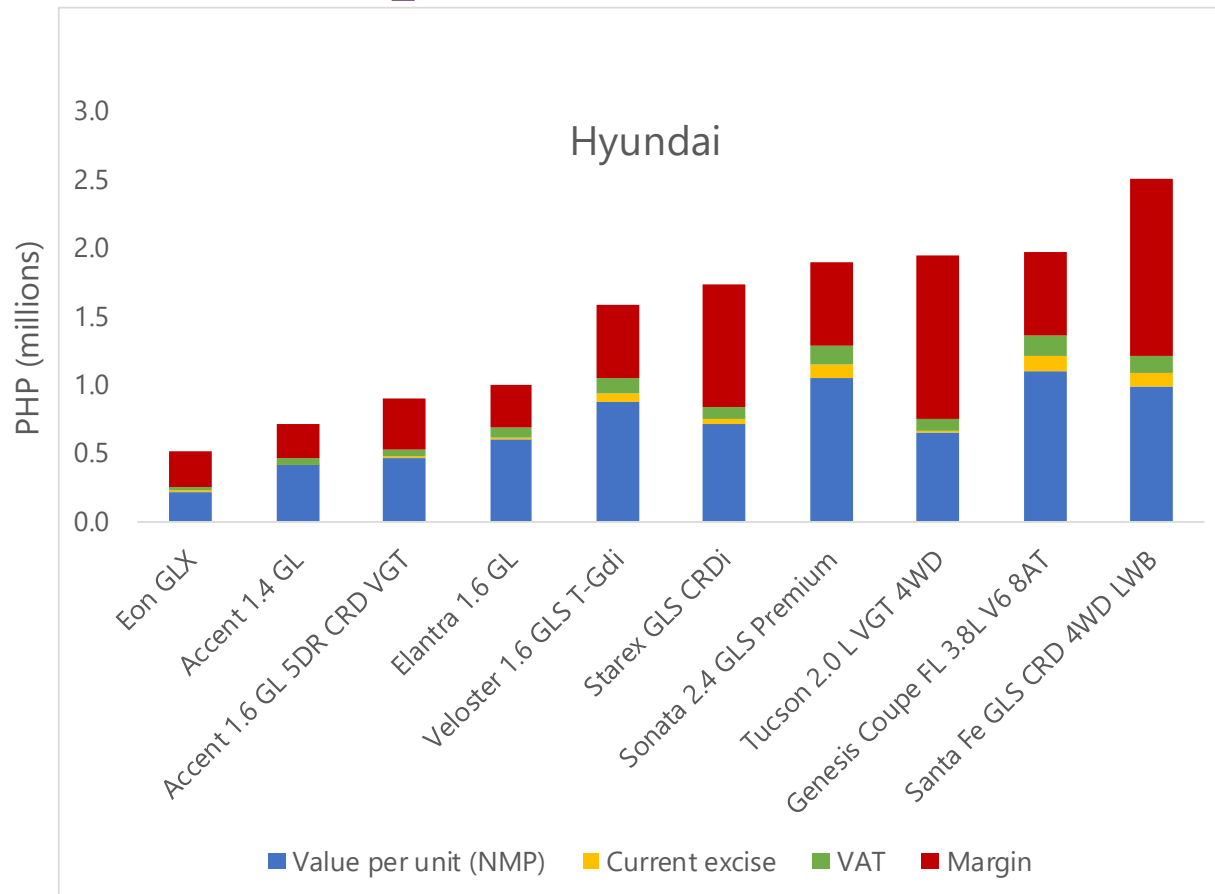


Toyota, Ford, Hyundai, and Honda are the top brands that will incur the biggest savings from the substitute bill versus the revised DOF proposal

Share on total bracket 4 savings



The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

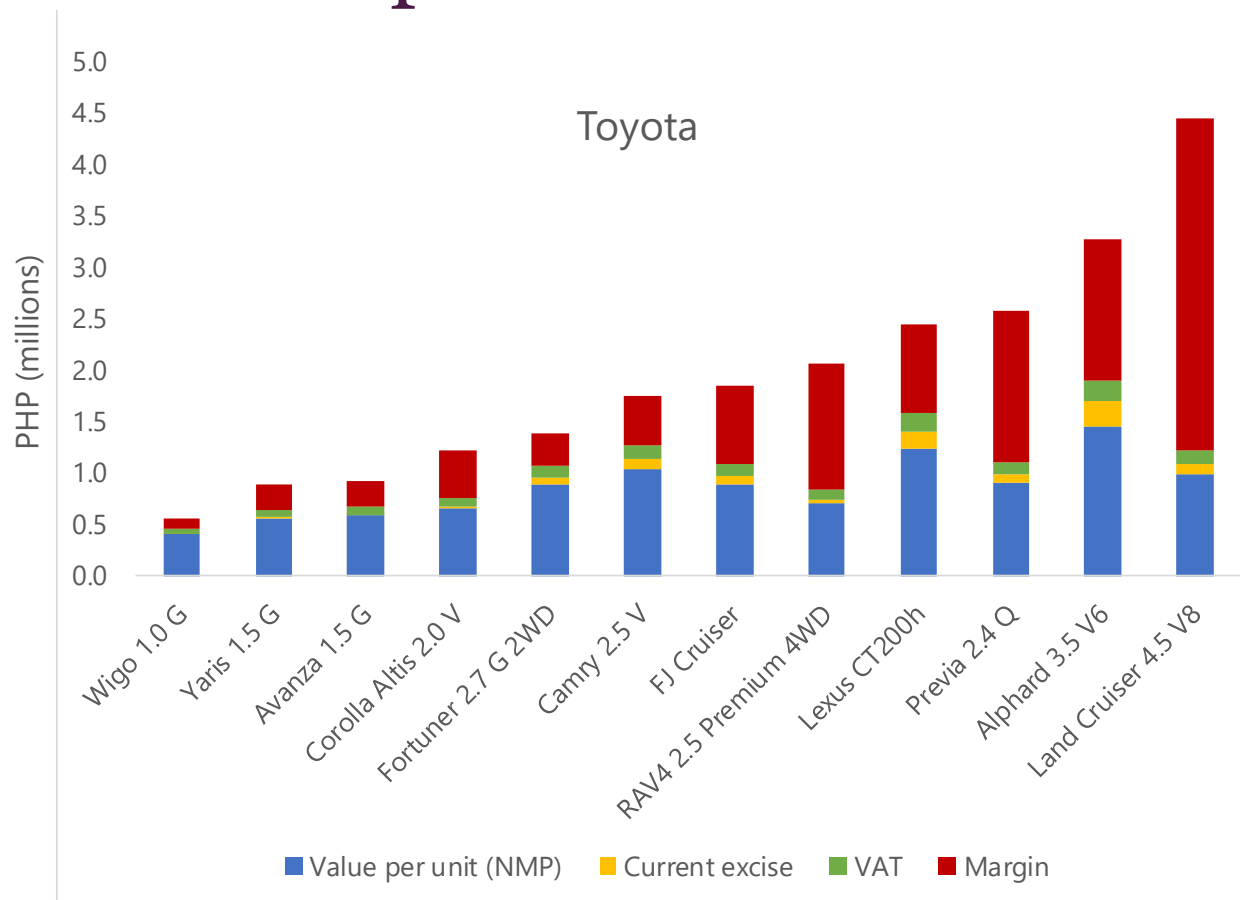
The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

| Brand and model | Value per unit (NMP) | Current excise | VAT | Margin | Current SRP | Value per unit + current excise + VAT |
|---------------------------------------|----------------------|----------------|-----|--------|-------------|---|
| Eon GLX | 0.2 | 0.0 | 0.0 | 0.3 | 0.5 | 0.3 |
| Accent 1.4 GL | 0.4 | 0.0 | 0.0 | 0.3 | 0.7 | 0.5 |
| Accent 1.6 GL 5DR CRD VGT | 0.5 | 0.0 | 0.1 | 0.4 | 0.9 | 0.5 |
| Elantra 1.6 GL | 0.6 | 0.0 | 0.1 | 0.3 | 1.0 | 0.7 |
| HYUNDAI Veloster 1.6 GLS T-Gdi | 0.9 | 0.1 | 0.1 | 0.5 | 1.6 | 1.0 |
| Starex GLS CRDi | 0.7 | 0.0 | 0.1 | 0.9 | 1.7 | 0.8 |
| Sonata 2.4 GLS Premium | 1.0 | 0.1 | 0.1 | 0.6 | 1.9 | 1.3 |
| Tucson 2.0 L VGT 4WD | 0.6 | 0.0 | 0.1 | 1.2 | 1.9 | 0.7 |
| Genesis Coupe FL 3.8L V6 8AT | 1.1 | 0.1 | 0.1 | 0.6 | 2.0 | 1.4 |
| Santa Fe GLS CRD 4WD LWB | 1.0 | 0.1 | 0.1 | 1.3 | 2.5 | 1.2 |

In million pesos

Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

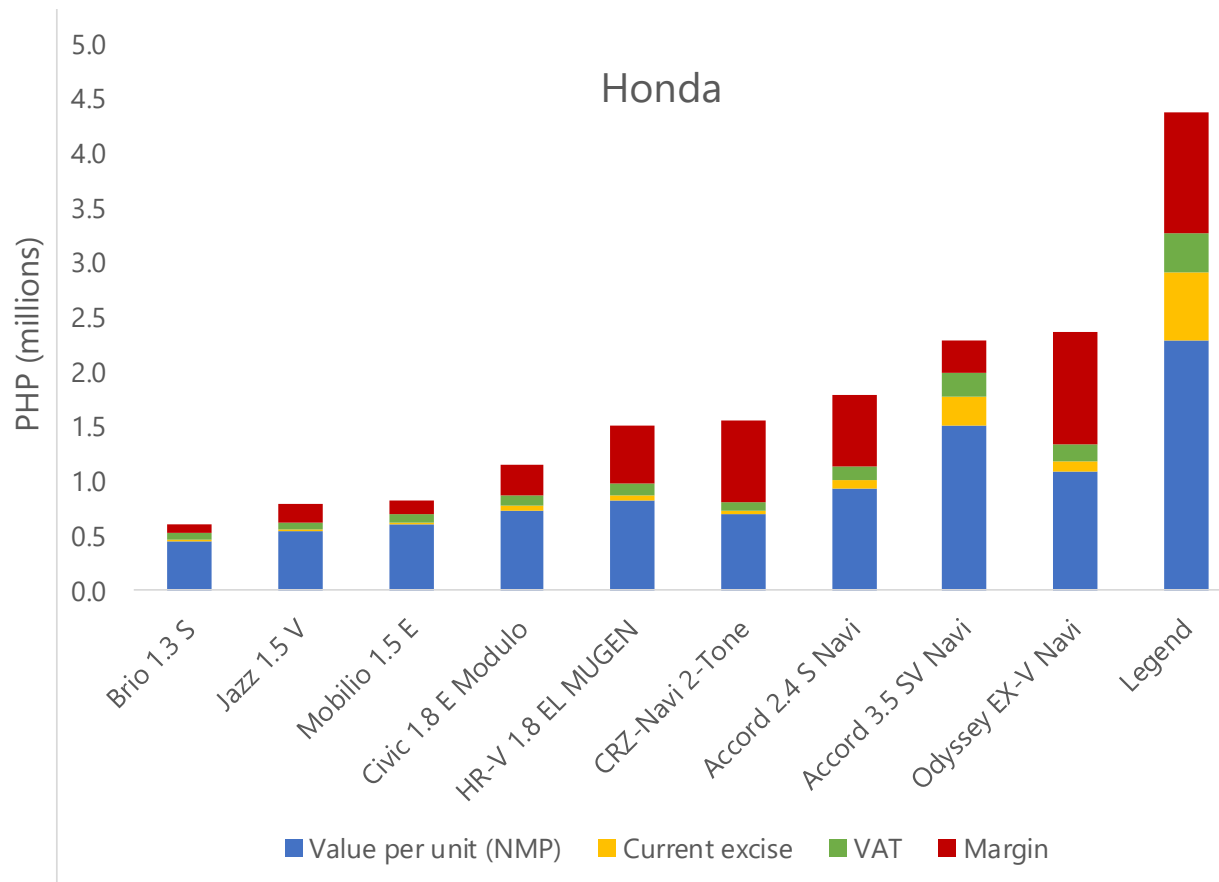
The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

| | Brand and model | Value per unit (NMP) | Current excise | VAT | Margin | Current SRP | Value per unit + current excise + VAT |
|--------|----------------------|----------------------|----------------|-----|--------|-------------|---|
| TOYOTA | Wigo 1.0 G | 0.4 | 0.0 | 0.0 | 0.1 | 0.6 | 0.5 |
| | Yaris 1.5 G | 0.6 | 0.0 | 0.1 | 0.2 | 0.9 | 0.6 |
| | Avanza 1.5 G | 0.6 | 0.0 | 0.1 | 0.3 | 0.9 | 0.7 |
| | Corolla Altis 2.0 V | 0.6 | 0.0 | 0.1 | 0.5 | 1.2 | 0.8 |
| | Fortuner 2.7 G 2WD | 0.9 | 0.1 | 0.1 | 0.3 | 1.4 | 1.1 |
| | Camry 2.5 V | 1.0 | 0.1 | 0.1 | 0.5 | 1.8 | 1.3 |
| | FJ Cruiser | 0.9 | 0.1 | 0.1 | 0.8 | 1.8 | 1.1 |
| | RAV4 2.5 Premium 4WD | 0.7 | 0.0 | 0.1 | 1.2 | 2.1 | 0.8 |
| | Lexus CT200h | 1.2 | 0.2 | 0.2 | 0.9 | 2.4 | 1.6 |
| | Previa 2.4 Q | 0.9 | 0.1 | 0.1 | 1.5 | 2.6 | 1.1 |
| | Alphard 3.5 V6 | 1.4 | 0.2 | 0.2 | 1.4 | 3.3 | 1.9 |
| | Land Cruiser 4.5 V8 | 1.0 | 0.1 | 0.1 | 3.2 | 4.5 | 1.2 |

In million pesos

Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

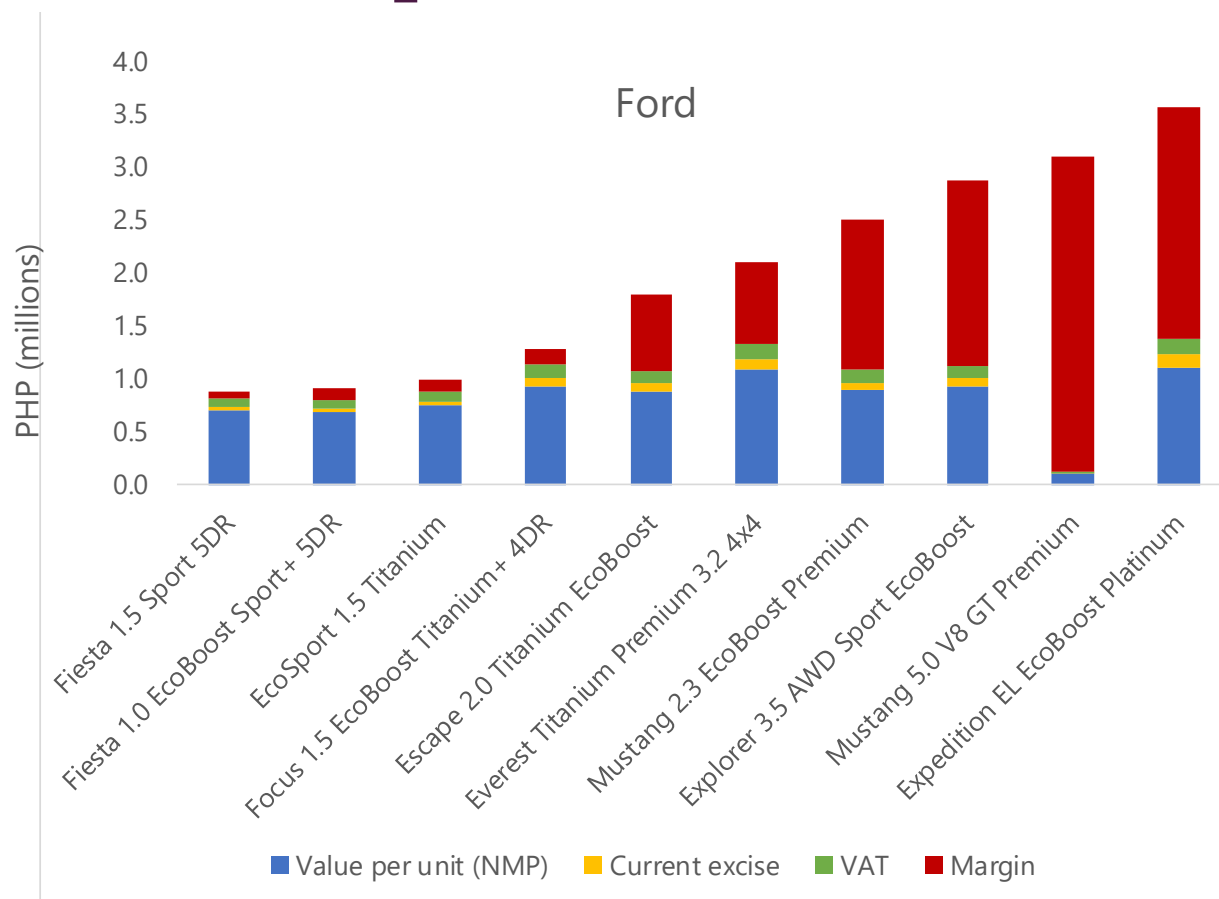
The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

| | Brand and model | Value per unit (NMP) | Current excise | VAT | Margin | Current SRP | Value per unit + current excise + VAT |
|--------------|--------------------|----------------------|----------------|-----|--------|-------------|---|
| | Brio 1.3 S | 0.5 | 0.0 | 0.1 | 0.1 | 0.6 | 0.5 |
| | Jazz 1.5 V | 0.5 | 0.0 | 0.1 | 0.2 | 0.8 | 0.6 |
| | Mobilio 1.5 E | 0.6 | 0.0 | 0.1 | 0.1 | 0.8 | 0.7 |
| | Civic 1.8 E Modulo | 0.7 | 0.0 | 0.1 | 0.3 | 1.1 | 0.9 |
| HONDA | HR-V 1.8 EL MUGEN | 0.8 | 0.1 | 0.1 | 0.5 | 1.5 | 1.0 |
| | CRZ-Navi 2-Tone | 0.7 | 0.0 | 0.1 | 0.7 | 1.6 | 0.8 |
| | Accord 2.4 S Navi | 0.9 | 0.1 | 0.1 | 0.6 | 1.8 | 1.1 |
| | Accord 3.5 SV Navi | 1.5 | 0.3 | 0.2 | 0.3 | 2.3 | 2.0 |
| | Odyssey EX-V Navi | 1.1 | 0.1 | 0.1 | 1.0 | 2.4 | 1.3 |
| | Legend | 2.3 | 0.6 | 0.4 | 1.1 | 4.4 | 3.3 |

In million pesos

Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

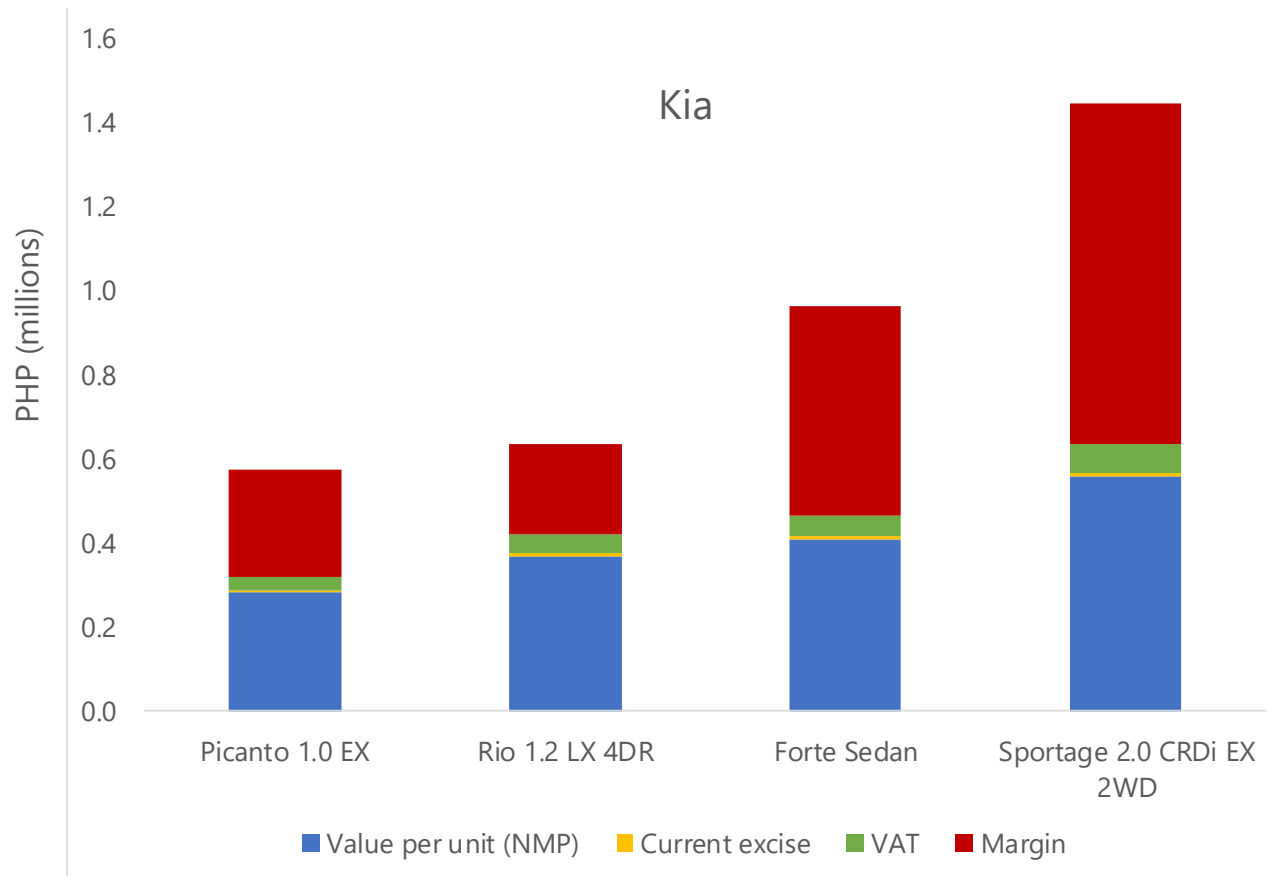
The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

| | Brand and model | Value per unit (NMP) | Current excise | VAT | Margin | Current SRP | Value per unit + current excise + VAT |
|---------------------------------|----------------------------------|----------------------|----------------|-----|--------|-------------|---|
| FORD | Fiesta 1.5 Sport 5DR | 0.7 | 0.0 | 0.1 | 0.1 | 0.9 | 0.8 |
| | Fiesta 1.0 EcoBoost Sport+ 5DR | 0.7 | 0.0 | 0.1 | 0.1 | 0.9 | 0.8 |
| | EcoSport 1.5 Titanium | 0.7 | 0.0 | 0.1 | 0.1 | 1.0 | 0.9 |
| | Focus 1.5 EcoBoost Titanium+ 4DR | 0.9 | 0.1 | 0.1 | 0.1 | 1.3 | 1.1 |
| | Escape 2.0 Titanium EcoBoost | 0.9 | 0.1 | 0.1 | 0.7 | 1.8 | 1.1 |
| | Everest Titanium Premium 3.2 4x4 | 1.1 | 0.1 | 0.1 | 0.8 | 2.1 | 1.3 |
| | Mustang 2.3 EcoBoost Premium | 0.9 | 0.1 | 0.1 | 1.4 | 2.5 | 1.1 |
| | Explorer 3.5 AWD Sport EcoBoost | 0.9 | 0.1 | 0.1 | 1.7 | 2.9 | 1.1 |
| | Mustang 5.0 V8 GT Premium | 0.1 | 0.0 | 0.0 | 3.0 | 3.1 | 0.1 |
| Expedition EL EcoBoost Platinum | 1.1 | 0.1 | 0.1 | 2.2 | 3.6 | 1.4 | |

In million pesos

Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

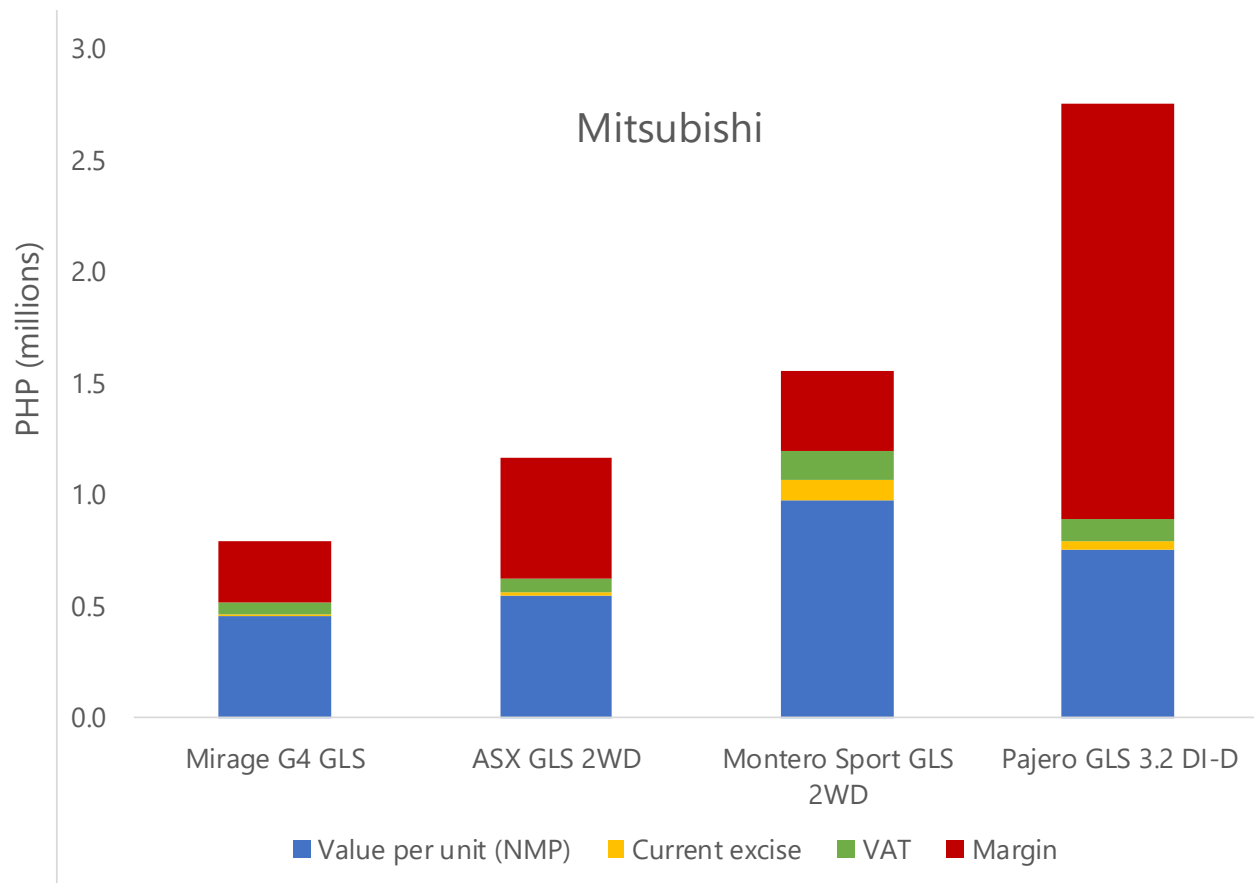
The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

| | Brand and model | Value per unit (NMP) | Current excise | VAT | Margin | Current SRP | Value per unit + current excise + VAT |
|-----|--------------------------|----------------------|----------------|-----|--------|-------------|---------------------------------------|
| KIA | Picanto 1.0 EX | 0.3 | 0.0 | 0.0 | 0.3 | 0.6 | 0.3 |
| | Rio 1.2 LX 4DR | 0.4 | 0.0 | 0.0 | 0.2 | 0.6 | 0.4 |
| | Forte Sedan | 0.4 | 0.0 | 0.0 | 0.5 | 1.0 | 0.5 |
| | Sportage 2.0 CRDi EX 2WD | 0.6 | 0.0 | 0.1 | 0.8 | 1.4 | 0.6 |

In million pesos

Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

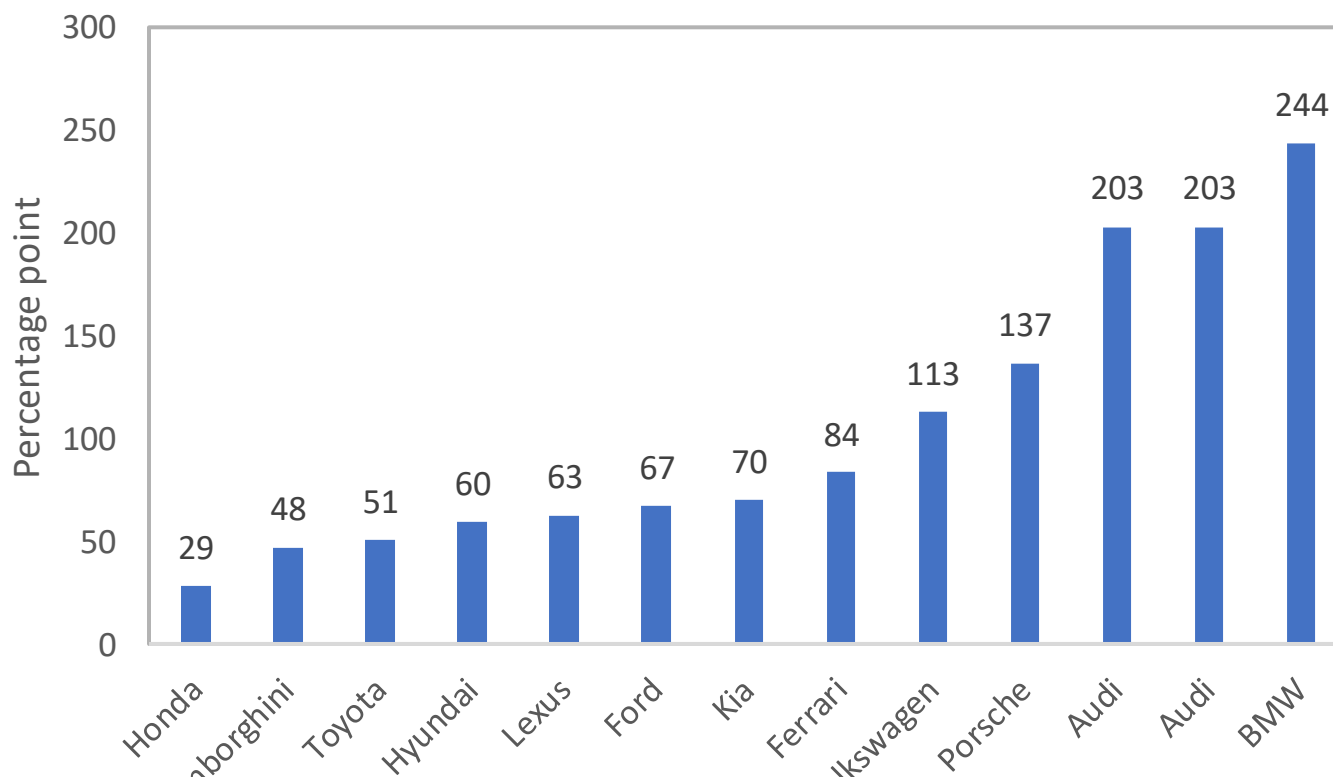
| | Brand and model | Value per unit (NMP) | Current excise | VAT | Margin | Current SRP | Value per unit + current excise + VAT |
|-------------------|-----------------------|----------------------|----------------|-----|--------|-------------|---|
| MITSUBISHI | Mirage G4 GLS | 0.5 | 0.0 | 0.1 | 0.3 | 0.8 | 0.5 |
| | ASX GLS 2WD | 0.5 | 0.0 | 0.1 | 0.5 | 1.2 | 0.6 |
| | Montero Sport GLS 2WD | 1.0 | 0.1 | 0.1 | 0.4 | 1.6 | 1.2 |
| | Pajero GLS 3.2 DI-D | 0.8 | 0.0 | 0.1 | 1.9 | 2.8 | 0.9 |

In million pesos

Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

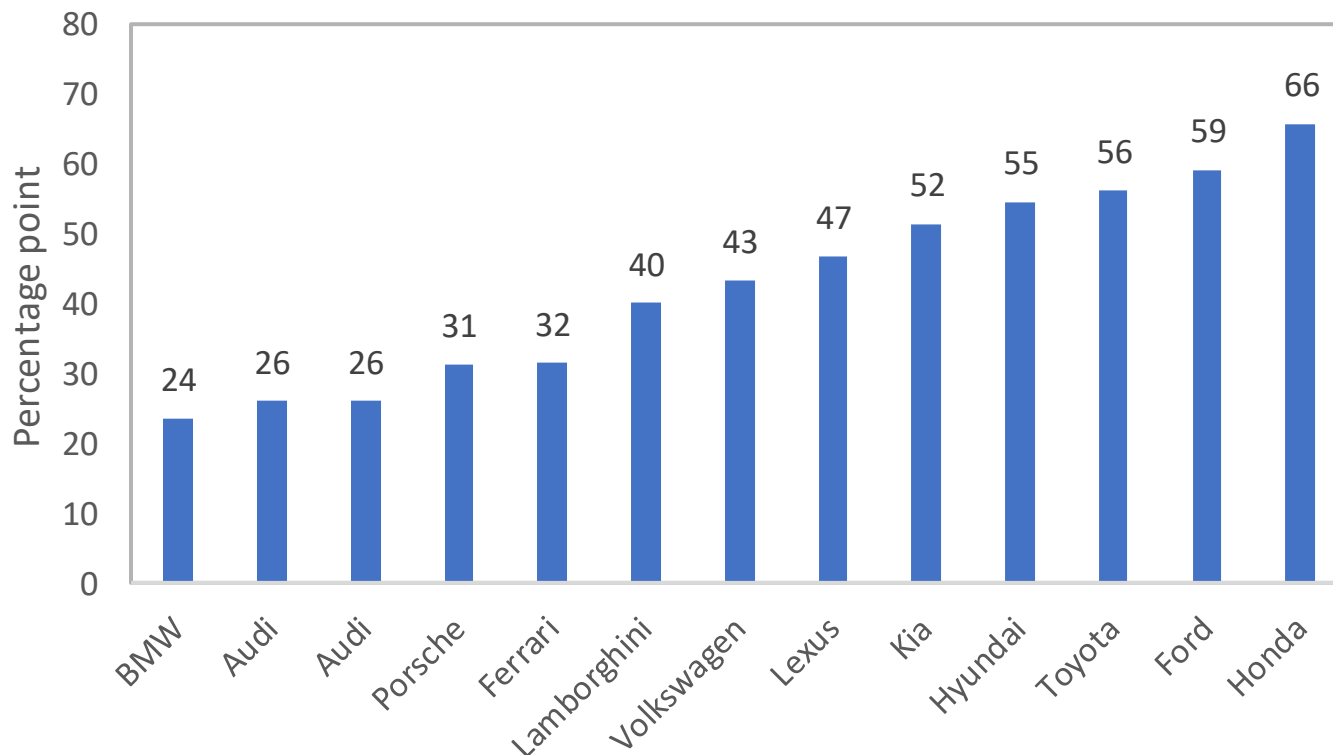
Average margin, in percentage points



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates

The high margins of the auto industry presents enough cushion for the increase in excise taxes since the tax base (value per unit) is small compared to the SRP.

Average landed cost/SRP, in percentage points



Source: BOC Motor Vehicle, (CBU) Importations per Tax Bracket, DOF staff estimates



Vehicle registrations 2015

2015 data

| Summary, by vehicle type | | Percentage point share on total |
|---------------------------------|-----------|---------------------------------|
| Private vehicles | 7,710,949 | 89 |
| Public vehicles (for-hire) | 916,303 | 11 |
| Government | 76,101 | 1 |
| Diplomatic | 2,757 | 0 |
| Exempt | 497 | 0 |
| Total registrations | 8,706,607 | 100 |

2015 data

| Summary, by fuel type** | | Percentage point share on total |
|--------------------------------|-----------|---------------------------------|
| Gas | 6,574,177 | 76 |
| Diesel | 2,086,974 | 24 |
| Others* | 510 | 0 |
| Total registrations | 8,661,661 | 100 |

***These numbers exclude 44,946 trailer-type cars that are not classified by fuel type.*

Source: LTO

2015 data

| Summary, by private vehicle type | | Percentage point share on total |
|---|------------------|--|
| <i>Passenger cars</i> | | |
| Light car | 797,919 | 10 |
| Medium car | 119,195 | 2 |
| Heavy car | 4,278 | 0 |
| Sports Utility Vehicle (SUV) | 425,120 | 6 |
| <i>Mass transportation</i> | | |
| Utility Vehicle (UV) | 1,736,616 | 23 |
| Bus | 11,928 | 0 |
| <i>Freight vehicles</i> | | |
| Truck | 333,947 | 4 |
| Trailer, light | 4,203 | 0 |
| Trailer, medium | 652 | 0 |
| Trailer, heavy | 33,543 | 0 |
| <i>Motorcycles</i> | | |
| Motorcycle without sidecar | 3,429,941 | 44 |
| Motorcycle with sidecar | 810,561 | 11 |
| Non-conventional motorcycle | 3,046 | 0 |
| Total registrations | 7,710,949 | 100 |

Source: LTO

2015 data

| Summary, by public vehicle type | | Percentage point share on total |
|--|----------------|--|
| <i>Passenger cars</i> | | |
| Light car | 3,055 | 0 |
| Medium car | 656 | 0 |
| Heavy car | 25 | 0 |
| Sports Utility Vehicle (SUV) | 265 | 0 |
| Taxi | 31,790 | 3 |
| <i>Mass transportation</i> | | |
| Utility Vehicles (UV) | | |
| UV's granted franchise as taxis | 22,632 | 2 |
| Public Utility Jeepneys (PUJ) | 176,361 | 19 |
| School Jeepneys (SJ) | 1,728 | 0 |
| Bus | 19,379 | 2 |
| <i>Freight vehicles</i> | | |
| Trailer, light | 1,128 | 0 |
| Trailer, medium | 99 | 0 |
| Trailer, heavy | 5,188 | 1 |
| Trucks | 41,246 | 5 |
| <i>Motorcycles</i> | | |
| Tricycles | 610,851 | 67 |
| Non-conventional motorcycle | 1,900 | 0 |
| Total registrations | 916,303 | 100 |

Source: LTO

2015 data

Breakdown of total registrations, by region:

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total | Percentage point share on total |
|----------------|------------------|---------------------------------|------------------|---------------------------------|------------|---------------------------------|------------------|---------------------------------|
| III, IV-A, NCR | 1,213,875 | 58 | 3,234,011 | 49 | 298 | 58 | 4,448,184 | 51 |
| Others | 873,099 | 42 | 3,340,166 | 51 | 212 | 42 | 4,213,477 | 49 |
| Total | 2,086,974 | 100 | 6,574,177 | 100 | 510 | 100 | 8,661,661 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

Breakdown of private vehicle registrations by region:**

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total | Percentage point share on total |
|----------------|------------------|---------------------------------|------------------|---------------------------------|------------|---------------------------------|------------------|---------------------------------|
| III, IV-A, NCR | 1,039,526 | 58 | 2,911,020 | 50 | 228 | 88 | 3,950,774 | 51 |
| Others | 763,147 | 42 | 2,958,598 | 50 | 32 | 12 | 3,721,777 | 49 |
| Total | 1,802,673 | 100 | 5,869,618 | 100 | 260 | 100 | 7,672,551 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

Breakdown of public vehicles registrations by region:***

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total | Percentage point share on total |
|----------------|----------------|---------------------------------|----------------|---------------------------------|------------|---------------------------------|----------------|---------------------------------|
| III, IV-A, NCR | 156,608 | 65 | 307,938 | 46 | 48 | 35 | 464,594 | 51 |
| Others | 85,086 | 35 | 360,117 | 54 | 91 | 65 | 445,294 | 49 |
| Total | 241,694 | 100 | 668,055 | 100 | 139 | 100 | 909,888 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

**These numbers exclude 44,946 trailer-type cars that are not classified by fuel type.

***These numbers exclude 6,415 public trailer-type cars that are not classified by fuel type.

2015 data

Breakdown of UV registrations by region:

Private

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total - private | Percentage point share on total |
|----------------|------------------|---------------------------------|----------------|---------------------------------|-----------|---------------------------------|------------------|---------------------------------|
| III, IV-A, NCR | 711,929 | 60 | 284,805 | 52 | 80 | 87 | 996,814 | 57 |
| Others | 475,374 | 40 | 264,416 | 48 | 12 | 13 | 739,802 | 43 |
| Total | 1,187,303 | 100 | 549,221 | 100 | 92 | 100 | 1,736,616 | 100 |

Public**

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total - public | Percentage point share on total |
|----------------|----------------|---------------------------------|---------------|---------------------------------|-----------|---------------------------------|----------------|---------------------------------|
| III, IV-A, NCR | 98,406 | 62 | 1,219 | 6 | 0 | 0 | 99,625 | 56 |
| Others | 59,137 | 38 | 19,314 | 94 | 13 | 100 | 78,464 | 44 |
| Total | 157,543 | 100 | 20,533 | 100 | 13 | 100 | 178,089 | 100 |

| Region | Total - private | Percentage point share on total | Total - public | Percentage point share on total | Total | Percentage point share on total |
|----------------|------------------|---------------------------------|----------------|---------------------------------|------------------|---------------------------------|
| III, IV-A, NCR | 996,814 | 57 | 99,625 | 56 | 1,096,496 | 57 |
| Others | 739,802 | 43 | 78,464 | 44 | 818,309 | 43 |
| Total | 1,736,616 | 100 | 178,089 | 100 | 1,914,805 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

**22,632 UV's granted franchise as taxis were recorded as Taxis instead of UV's.

2015 data

Breakdown of SUV registrations by region:

Private

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total - private | Percentage point share on total |
|----------------|----------------|---------------------------------|----------------|---------------------------------|----------|---------------------------------|-----------------|---------------------------------|
| III, IV-A, NCR | 170,189 | 65 | 130,528 | 79 | 4 | 80 | 300,721 | 71 |
| Others | 90,214 | 35 | 34,184 | 21 | 1 | 20 | 124,399 | 29 |
| Total | 260,403 | 100 | 164,712 | 100 | 5 | 100 | 425,120 | 100 |

Public

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total - public | Percentage point share on total |
|----------------|-----------|---------------------------------|------------|---------------------------------|----------|---------------------------------|----------------|---------------------------------|
| III, IV-A, NCR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Others | 86 | 100 | 179 | 100 | 0 | 0 | 265 | 100 |
| Total | 86 | 100 | 179 | 100 | 0 | 0 | 265 | 100 |

| Region | Total - private | Percentage point share on total | Total - public | Percentage point share on total | Total | Percentage point share on total |
|----------------|-----------------|---------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| III, IV-A, NCR | 300,721 | 71 | 0 | 0 | 300,721 | 71 |
| Others | 124,399 | 29 | 265 | 100 | 124,664 | 29 |
| Total | 425,120 | 100 | 265 | 100 | 425,385 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

2015 data

Breakdown of total registrations, by region:**

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total | Percentage point share on total |
|--------------|------------------|---------------------------------|------------------|---------------------------------|------------|---------------------------------|------------------|---------------------------------|
| I | 92,360 | 4 | 388,261 | 6 | 0 | 0 | 480,621 | 6 |
| II | 75,737 | 4 | 368,580 | 6 | 11 | 2 | 444,328 | 5 |
| III | 281,525 | 13 | 756,921 | 12 | 0 | 0 | 1,038,446 | 12 |
| IV-A | 236,165 | 11 | 877,513 | 13 | 120 | 24 | 1,113,798 | 13 |
| IV-B | 19,783 | 1 | 76,683 | 1 | 9 | 2 | 96,475 | 1 |
| V | 48,045 | 2 | 258,482 | 4 | 0 | 0 | 306,527 | 4 |
| VI | 119,056 | 6 | 345,298 | 5 | 85 | 17 | 464,439 | 5 |
| VII | 117,411 | 6 | 591,786 | 9 | 7 | 1 | 709,204 | 8 |
| VIII | 34,921 | 2 | 155,844 | 2 | 6 | 1 | 190,771 | 2 |
| IX | 57,471 | 3 | 222,294 | 3 | 3 | 1 | 279,768 | 3 |
| X | 69,755 | 3 | 207,793 | 3 | 0 | 0 | 277,548 | 3 |
| XI | 75,206 | 4 | 316,842 | 5 | 13 | 3 | 392,061 | 5 |
| XII | 84,807 | 4 | 246,672 | 4 | 0 | 0 | 331,479 | 4 |
| NCR | 696,185 | 33 | 1,599,577 | 24 | 178 | 35 | 2,295,940 | 27 |
| CAR | 50,193 | 2 | 55,776 | 1 | 0 | 0 | 105,969 | 1 |
| CARAGA | 28,354 | 1 | 105,855 | 2 | 78 | 15 | 134,287 | 2 |
| Total | 2,086,974 | 100 | 6,574,177 | 100 | 510 | 100 | 8,661,661 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

**These numbers exclude 44,946 trailer-type cars that are not classified by fuel type.

2015 data

Breakdown of private vehicle registrations by region:**

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total | Percentage point share on total |
|--------------|------------------|---------------------------------|------------------|---------------------------------|------------|---------------------------------|------------------|---------------------------------|
| I | 81,675 | 5 | 317,552 | 5 | 0 | 0 | 399,227 | 5 |
| II | 66,144 | 4 | 313,108 | 5 | 0 | 0 | 379,252 | 5 |
| III | 242,275 | 13 | 654,419 | 11 | 0 | 0 | 896,694 | 12 |
| IV-A | 206,808 | 11 | 749,264 | 13 | 120 | 46 | 956,192 | 12 |
| IV-B | 16,953 | 1 | 58,827 | 1 | 0 | 0 | 75,780 | 1 |
| V | 38,447 | 2 | 225,222 | 4 | 0 | 0 | 263,669 | 3 |
| VI | 102,256 | 6 | 295,557 | 5 | 10 | 4 | 397,823 | 5 |
| VII | 104,833 | 6 | 552,464 | 9 | 2 | 1 | 657,299 | 9 |
| VIII | 30,412 | 2 | 139,874 | 2 | 6 | 2 | 170,292 | 2 |
| IX | 51,627 | 3 | 205,493 | 4 | 3 | 1 | 257,123 | 3 |
| X | 60,233 | 3 | 194,253 | 3 | 0 | 0 | 254,486 | 3 |
| XI | 66,148 | 4 | 297,953 | 5 | 8 | 3 | 364,109 | 5 |
| XII | 76,990 | 4 | 222,452 | 4 | 0 | 0 | 299,442 | 4 |
| NCR | 590,443 | 33 | 1,507,337 | 26 | 108 | 42 | 2,097,888 | 27 |
| CAR | 41,557 | 2 | 42,194 | 1 | 0 | 0 | 83,751 | 1 |
| CARAGA | 25,872 | 1 | 93,649 | 2 | 3 | 1 | 119,524 | 2 |
| Total | 1,802,673 | 100 | 5,869,618 | 100 | 260 | 100 | 7,672,551 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

**These numbers exclude 38,398 private trailer-type cars that are not classified by fuel type.

2015 data

Breakdown of public vehicles registrations by region:**

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total | Percentage point share on total |
|--------------|----------------|---------------------------------|----------------|---------------------------------|------------|---------------------------------|----------------|---------------------------------|
| I | 8,567 | 4 | 69,511 | 10 | 0 | 0 | 78,078 | 9 |
| II | 7,571 | 3 | 54,162 | 8 | 11 | 8 | 61,744 | 7 |
| III | 34,788 | 14 | 99,127 | 15 | 0 | 0 | 133,915 | 15 |
| IV-A | 25,800 | 11 | 125,788 | 19 | 0 | 0 | 151,588 | 17 |
| IV-B | 2,305 | 1 | 17,488 | 3 | 0 | 0 | 19,793 | 2 |
| V | 8,280 | 3 | 32,408 | 5 | 0 | 0 | 40,688 | 4 |
| VI | 14,022 | 6 | 48,267 | 7 | 74 | 53 | 62,363 | 7 |
| VII | 10,054 | 4 | 36,003 | 5 | 3 | 2 | 46,060 | 5 |
| VIII | 3,111 | 1 | 14,971 | 2 | 0 | 0 | 18,082 | 2 |
| IX | 3,327 | 1 | 14,228 | 2 | 0 | 0 | 17,555 | 2 |
| X | 7,363 | 3 | 11,717 | 2 | 0 | 0 | 19,080 | 2 |
| XI | 6,379 | 3 | 15,566 | 2 | 1 | 1 | 21,946 | 2 |
| XII | 5,531 | 2 | 21,523 | 3 | 0 | 0 | 27,054 | 3 |
| NCR | 96,020 | 40 | 83,023 | 12 | 48 | 35 | 179,091 | 20 |
| CAR | 7,373 | 3 | 13,087 | 2 | 0 | 0 | 20,460 | 2 |
| CARAGA | 1,203 | 0 | 11,186 | 2 | 2 | 1 | 12,391 | 1 |
| Total | 241,694 | 100 | 668,055 | 100 | 139 | 100 | 909,888 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

**These numbers exclude 6,415 public trailer-type cars that are not classified by fuel type.

2015 data

Breakdown of SUV registrations by region:

| Region | Total - private | Percentage point share on total | Total - public | Percentage point share on total | Total | Percentage point share on total |
|------------|-----------------|---------------------------------|----------------|---------------------------------|----------------|---------------------------------|
| I | 13,708 | 3 | 0 | 0 | 13,708 | 3 |
| II | 8,123 | 2 | 8 | 3 | 8,131 | 2 |
| III | 45,557 | 11 | 0 | 0 | 45,557 | 11 |
| IV-A | 41,684 | 10 | 0 | 0 | 41,684 | 10 |
| IV-B | 2,418 | 1 | 0 | 0 | 2,418 | 1 |
| V | 5,441 | 1 | 0 | 0 | 5,441 | 1 |
| VI | 17,726 | 4 | 11 | 4 | 17,737 | 4 |
| VII | 25,484 | 6 | 3 | 1 | 25,487 | 6 |
| VIII | 4,586 | 1 | 55 | 21 | 4,641 | 1 |
| IX | 6,504 | 2 | 0 | 0 | 6,504 | 2 |
| X | 10,802 | 3 | 1 | 0 | 10,803 | 3 |
| XI | 12,114 | 3 | 6 | 2 | 12,120 | 3 |
| XII | 7,916 | 2 | 0 | 0 | 7,916 | 2 |
| NCR | 213,480 | 50 | 0 | 0 | 213,480 | 50 |
| CAR | 6,394 | 2 | 13 | 5 | 6,407 | 2 |
| CARAGA | 3,183 | 1 | 168 | 63 | 3,351 | 1 |
| Total | 425,120 | 100 | 265 | 100 | 425,385 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

2015 data

Breakdown of SUV registrations by region:

| Region | Private | | | | | | Total - private | Percentage point share on total |
|--------------|----------------|---------------------------------|----------------|---------------------------------|----------|---------------------------------|-----------------|---------------------------------|
| | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | | |
| I | 9,526 | 4 | 4,182 | 3 | 0 | 0 | 13,708 | 3 |
| II | 6,828 | 3 | 1,295 | 1 | 0 | 0 | 8,123 | 2 |
| III | 28,678 | 11 | 16,879 | 10 | 0 | 0 | 45,557 | 11 |
| IV-A | 26,450 | 10 | 15,234 | 9 | 0 | 0 | 41,684 | 10 |
| IV-B | 1,653 | 1 | 765 | 0 | 0 | 0 | 2,418 | 1 |
| V | 3,802 | 1 | 1,639 | 1 | 0 | 0 | 5,441 | 1 |
| VI | 10,415 | 4 | 7,310 | 4 | 1 | 20 | 17,726 | 4 |
| VII | 17,505 | 7 | 7,979 | 5 | 0 | 0 | 25,484 | 6 |
| VIII | 3,682 | 1 | 904 | 1 | 0 | 0 | 4,586 | 1 |
| IX | 5,637 | 2 | 867 | 1 | 0 | 0 | 6,504 | 2 |
| X | 8,165 | 3 | 2,637 | 2 | 0 | 0 | 10,802 | 3 |
| XI | 9,307 | 4 | 2,807 | 2 | 0 | 0 | 12,114 | 3 |
| XII | 6,611 | 3 | 1,305 | 1 | 0 | 0 | 7,916 | 2 |
| NCR | 115,061 | 44 | 98,415 | 60 | 4 | 80 | 213,480 | 50 |
| CAR | 4,387 | 2 | 2,007 | 1 | 0 | 0 | 6,394 | 2 |
| CARAGA | 2,696 | 1 | 487 | 0 | 0 | 0 | 3,183 | 1 |
| Total | 260,403 | 100 | 164,712 | 100 | 5 | 100 | 425,120 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)

2015 data

Breakdown of SUV registrations by region:

Public

| Region | Diesel | Percentage point share on total | Gas | Percentage point share on total | Others* | Percentage point share on total | Total - public | Percentage point share on total |
|-------------|----------|---------------------------------|----------|---------------------------------|----------|---------------------------------|----------------|---------------------------------|
| I | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| II | 6 | 7 | 2 | 1 | 0 | 0 | 8 | 3 |
| III | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IV-A | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| IV-B | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| V | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| VI | 0 | 0 | 11 | 6 | 0 | 0 | 11 | 4 |
| VII | 3 | 3 | 0 | 0 | 0 | 0 | 3 | 1 |
| VIII | 40 | 47 | 15 | 8 | 0 | 0 | 55 | 21 |
| IX | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| X | 1 | 1 | 0 | 0 | 0 | 0 | 1 | 0 |
| XI | 6 | 7 | 0 | 0 | 0 | 0 | 6 | 2 |
| XII | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| NCR | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| CAR | 6 | 7 | 7 | 4 | 0 | 0 | 13 | 5 |
| CARAGA | 24 | 28 | 144 | 80 | 0 | 0 | 168 | 63 |
| Total | 86 | 100 | 179 | 100 | 0 | 0 | 265 | 100 |

Source: LTO

*Other fuel types include liquefied petroleum gas (LPG), and compressed natural gas (CNG)



Comparison of automobile excise schemes across Asian economies

Brief comparison of tax rates in Asian countries

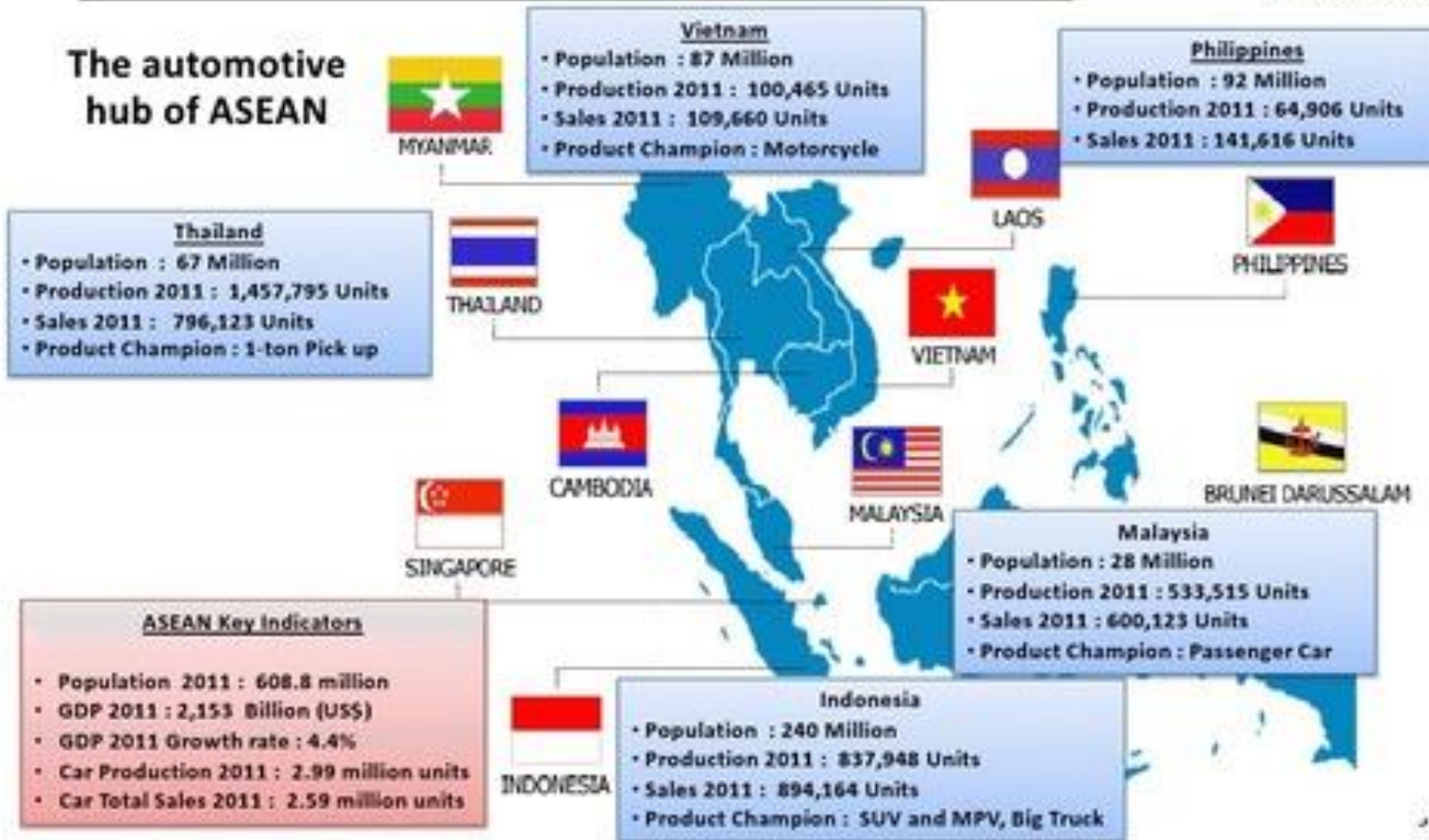
| Tax rates | Philippines | Indonesia | Thailand | Vietnam | Malaysia | Singapore | China | Japan | Korea |
|------------------------------|------------------------|-----------|-----------------------|---------|----------|---------------------------|----------------|----------------------------|-----------------------|
| Value added tax | 12.0 | 10.0 | 7.0 | 10.0 | 6.0 | 7.0 | 17.0 | 8.0 | 10.0 |
| Corporate income tax | 30.0 | 25.0 | 20.0 | 20.0 | 24.0 | 17.0 | 25.0 | 30.9 | 24.2 |
| Personal income tax | 32.0 | 30.0 | 35.0 | 35.0 | 28.0 | 22.0 | 45.0 | 55.9 | 38.0 |
| Auto excise | 2-60 | 10-125 | 10-60 | 10-60 | 65-105 | 12-20 | 10 | 3-5 | 5-12 |
| Oil excise (gasoline) | PHP 4.35/liter ~10% | 0 | THB 6/liter ~20% | 7-10% | 0 | SGD 0.6 per liter ~30% | RMB 0.2 ~5% | JPY 48.6 per liter ~30% | KRW 529/liter ~30% |
| Oil excise (diesel) | PHP 0/liter ~0% | 0 | THB 5.3/liter ~15% | 0 | 0 | 0 | RMB 0.1 ~2% | 0 | KRW 375/liter ~30% |

Sources: USAID, KPMG, IMF World Revenue Longitudinal data, PWC, Japan Ministry of Finance, China State Administration of Taxation, Malaysian Automotive Association, NTRC

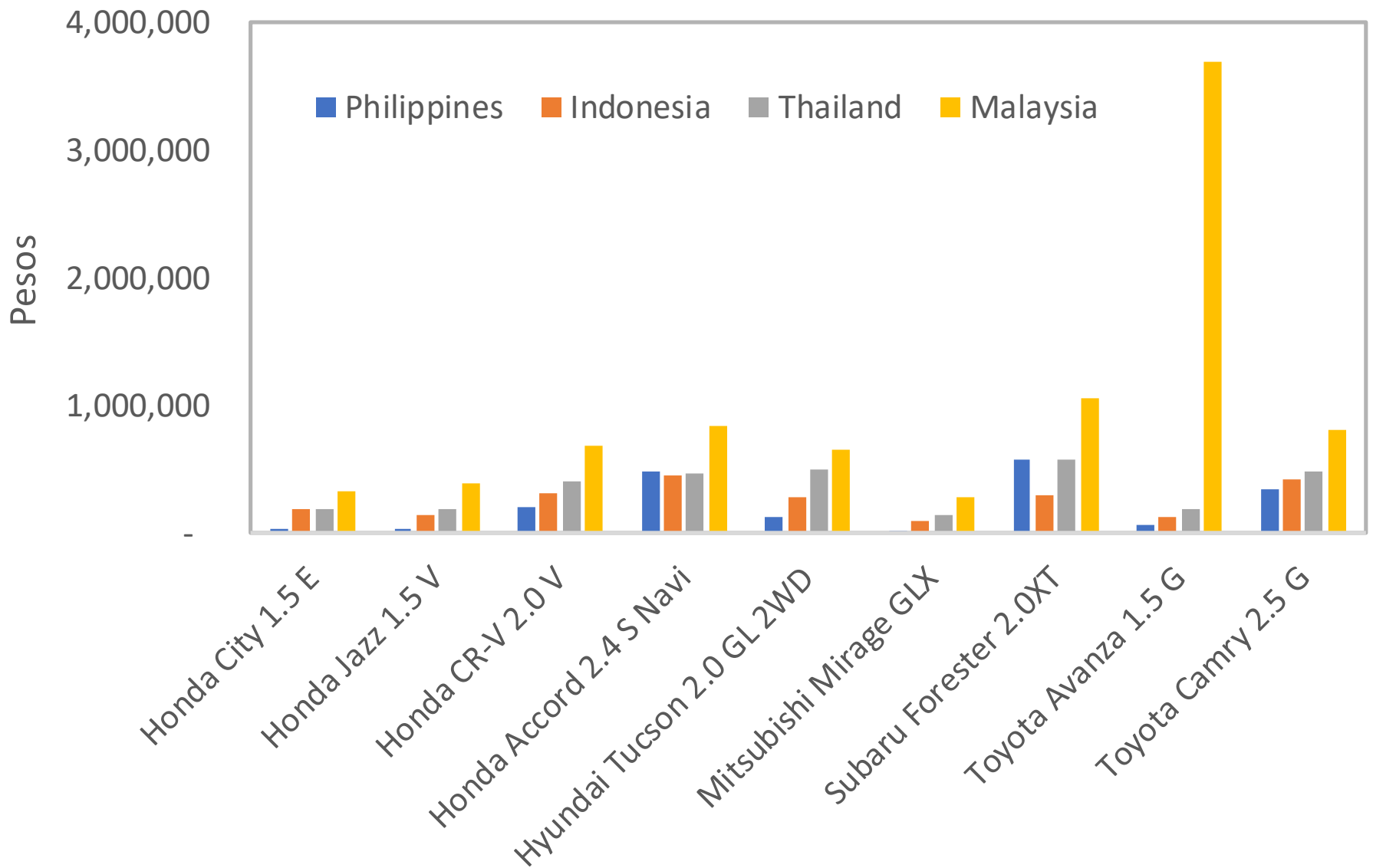
Note: Auto excise rates are not fully comparable as the bases are different across countries.

I. Overview of ASEAN Automotive industries (cont.)

The automotive hub of ASEAN



Automobile excise per country, in pesos

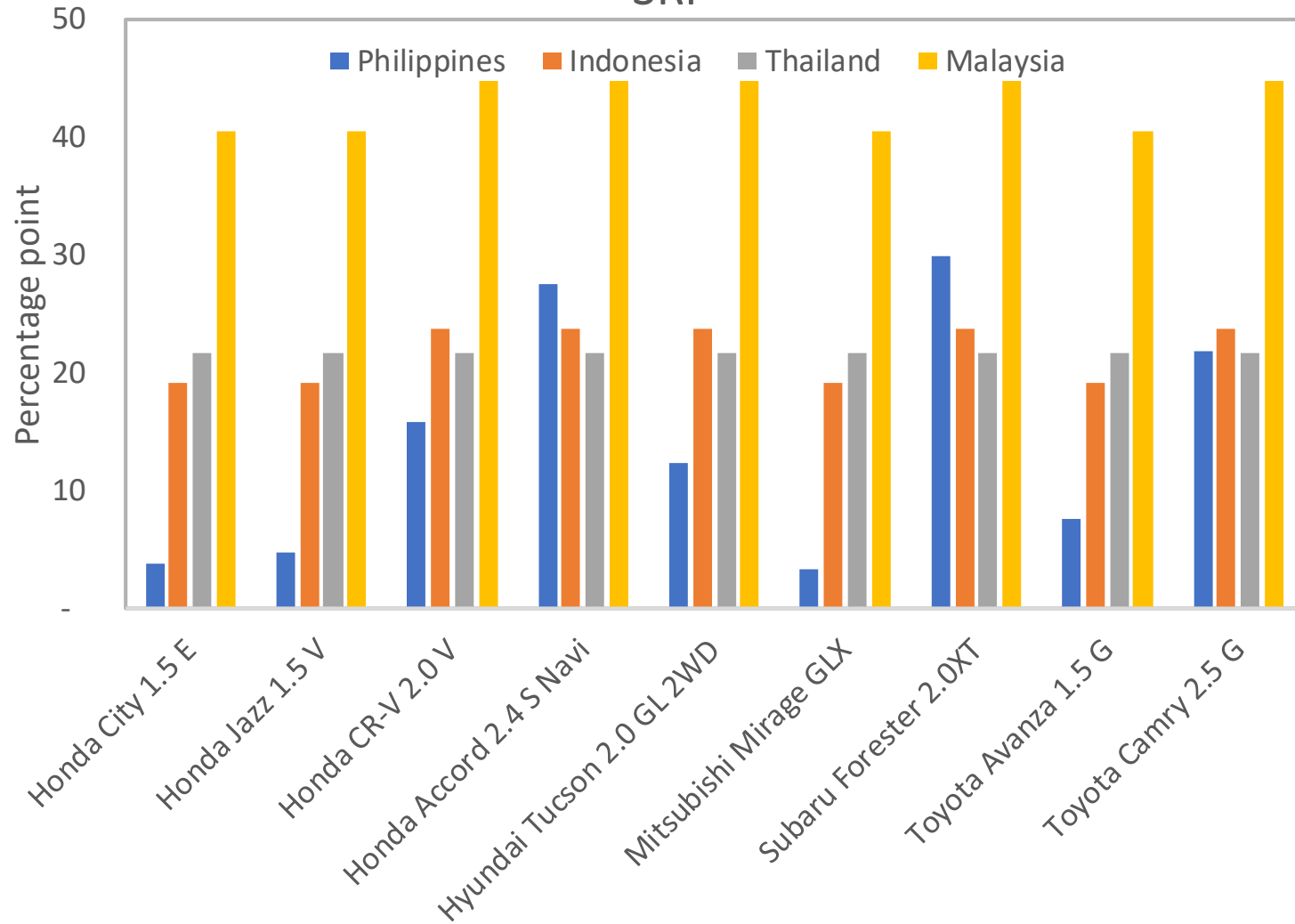


Source: NTRC

Automobile excise per country, in pesos

| Brand and model | Philippines | Indonesia | Thailand | Malaysia |
|---------------------------|--------------------|------------------|-----------------|-----------------|
| Honda City 1.5 E | 28,480 | 184,882 | 193,185 | 334,555 |
| Honda Jazz 1.5 V | 37,760 | 143,601 | 197,420 | 393,238 |
| Honda CR-V 2.0 V | 210,560 | 313,648 | 406,641 | 690,518 |
| Honda Accord 2.4 S Navi | 491,520 | 454,309 | 468,665 | 841,058 |
| Hyundai Tucson 2.0 GL 2WD | 135,360 | 288,312 | 497,030 | 651,472 |
| Mitsubishi Mirage GLX | 17,760 | 96,675 | 140,085 | 289,025 |
| Subaru Forester 2.0XT | 571,520 | 304,038 | 571,838 | 1,061,116 |
| Toyota Avanza 1.5 G | 66,560 | 127,865 | 191,823 | 3,692,838 |
| Toyota Camry 2.5 G | 337,920 | 421,721 | 480,768 | 802,574 |

Automobile excise per country, as percentage of SRP

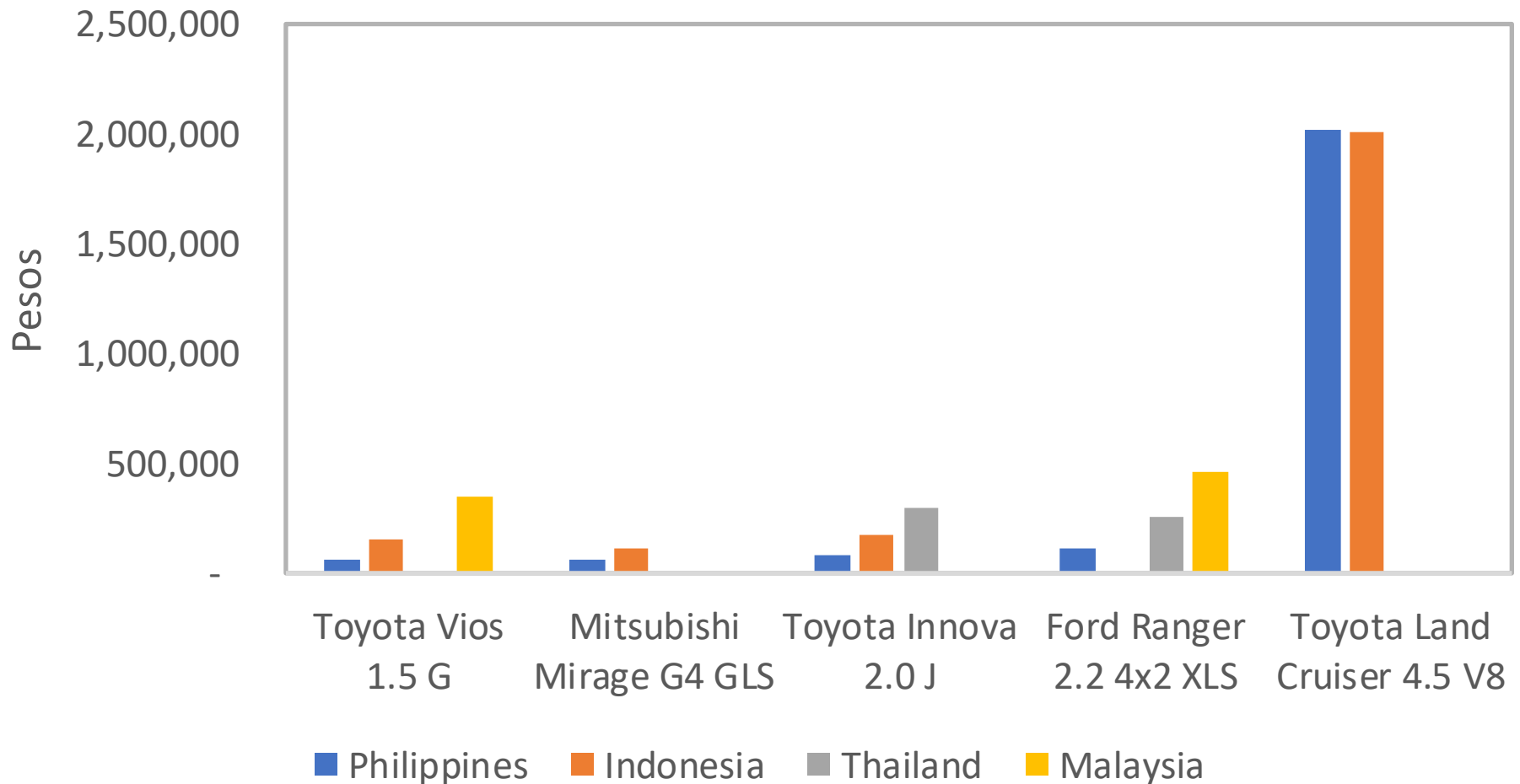


Source: NTRC

Automobile excise per country, as percentage point of SRP

| Brand and model | Philippines | Indonesia | Thailand | Malaysia |
|---------------------------|--------------------|------------------|-----------------|-----------------|
| Honda City 1.5 E | 4 | 19 | 22 | 40 |
| Honda Jazz 1.5 V | 5 | 19 | 22 | 40 |
| Honda CR-V 2.0 V | 16 | 24 | 22 | 45 |
| Honda Accord 2.4 S Navi | 27 | 24 | 22 | 45 |
| Hyundai Tucson 2.0 GL 2WD | 12 | 24 | 22 | 45 |
| Mitsubishi Mirage GLX | 3 | 19 | 22 | 40 |
| Subaru Forester 2.0XT | 30 | 24 | 22 | 45 |
| Toyota Avanza 1.5 G | 8 | 19 | 22 | 40 |
| Toyota Camry 2.5 G | 22 | 24 | 22 | 45 |

Automobile excise per country, in pesos



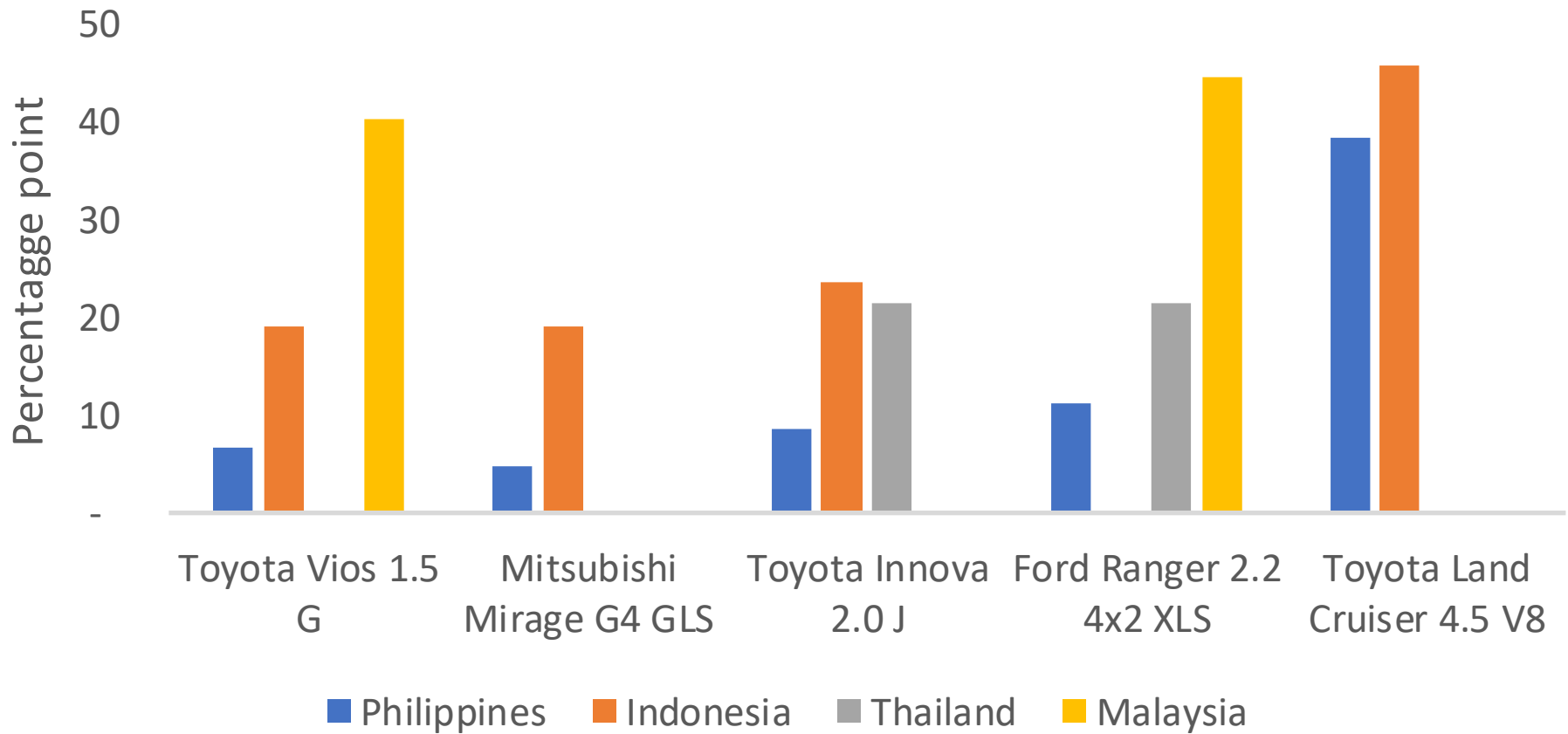
Source: NTRC

Note: A value indicated as zero corresponds to missing data.

Automobile excise per country, in pesos

| Brand and model | Philippines | Indonesia | Thailand | Malaysia |
|----------------------------|--------------------|------------------|-----------------|-----------------|
| Toyota Vios 1.5 G | 56,640 | 151,752 | 0 | 346,879 |
| Mitsubishi Mirage G4 GLS | 36,800 | 108,671 | 0 | 0 |
| Toyota Innova 2.0 J | 78,080 | 176,263 | 296,963 | 0 |
| Ford Ranger 2.2 4x2 XLS | 116,480 | 0 | 250,822 | 459,009 |
| Toyota Land Cruiser 4.5 V8 | 2,016,160 | 2,013,085 | | |

Automobile excise per country, as percentage of SRP



Source: NTRC

Note: A value indicated as zero corresponds to missing data.

Automobile excise per country, as percentage point of SRP

| Brand and model | Philippines | Indonesia | Thailand | Malaysia |
|----------------------------|--------------------|------------------|-----------------|-----------------|
| Toyota Vios 1.5 G | 7 | 19 | | 40 |
| Mitsubishi Mirage G4 GLS | 5 | 19 | | |
| Toyota Innova 2.0 J | 8 | 24 | 22 | |
| Ford Ranger 2.2 4x2 XLS | 11 | | 22 | 45 |
| Toyota Land Cruiser 4.5 V8 | 38 | 46 | | |

Detailed comparative tax rates in Asian countries

| Country | Philippines – excise tax | Cambodia – specific tax on certain merchandise and services |
|--------------------|---|--|
| Particulars | Automobiles: <ul style="list-style-type: none"> • Any four more wheeled motor vehicle regardless of seating capacity, which is propelled by gasoline, diesel, electricity or any other motive power • Exemptions: buses, trucks, cargo vans, jeeps, single cab, chassis, and special purpose vehicles | <ol style="list-style-type: none"> 1. Automobiles classified under the harmonized tariff heading 8703 and spare parts of these automobiles 2. All motor vehicles and spare parts classified under the harmonized tariff headings 8702, 8704.21 through 8704.90, 8706, 8708, 8714, and 8711 with engine displacement of 125 cc and more |
| Tax base | Net manufacturing price | Domestic – ex-factory selling price, which is 90 percent of the invoice price excluding VAT and specific tax Imported – tax is calculated inclusive of customs duty and CIF value |
| Brackets | In millions: 0 – 0.6 0.6 – 1.1 1.1 – 2.1 2.1 above | <ol style="list-style-type: none"> 1. In thousand cc: up to 2, more than 2 |
| Tax rates | In percent: 2, 20, 40, 60 | In percent: <ol style="list-style-type: none"> 1. 20, 30 2. 10 |

Detailed comparative tax rates in Asian countries

| Country | Indonesia – excise tariff: luxury sales tax |
|--------------------|--|
| Particulars | <ol style="list-style-type: none"> 1. Motor vehicles for less than 10 pax: <ol style="list-style-type: none"> a. Spark-ignition internal combustion engine <ol style="list-style-type: none"> i. Sedan or station wagon ii. Single drive axle (4x2) iii. Double drive axle b. Compression ignition engine (diesel or mini-diesel) <ol style="list-style-type: none"> i. Sedan or station wagon ii. Single drive axle (4x2) iii. Double drive axle 2. Motor vehicles for 10 to 15 pax – spark ignition or compression ignition 3. Double cabin vehicles (4-6 pax) that has a bed for transport goods, using either spark or combustion ignition, single drive or double drive, with weight not more than 5 tons 4. Special purpose vehicles <ol style="list-style-type: none"> a. Produced for golf b. For travelling on snow, beach, on mountains, and other similar terrain c. Trailer or semi-trailer, caravan, for housing or camping 5. Two-wheeled motor vehicles. 6. Exemptions: Motor vehicles (10-15 pax) used for the Indonesian Armed Forces (TNI) or the Indonesia National Police Patrol Vehicle (Polri); motor vehicles 16 pax and above; SPVs used as ambulances, hearse, firefighters, detaining, public transportation, state protocol vehicles or by the TNI and Polri; motorcycles or motorbikes with cc up to 250 cylinder capacity (cc); completely knocked down (CKD) motor vehicles; car chassis; and goods transporter vehicle |
| Tax base | Sales price, replacement, import value, export value, among others |
| Brackets | <ol style="list-style-type: none"> 1ai. In thousand cc: 0-1.5, 1.5 – 3, 3 above 1aii. In thousand cc: 0-1.5, 1.5 – 2.5, 2.5-3, 3 above 1aiii. In thousand cc: 0-1.5, 1.5 – 3, 3 above 2. In thousand cc: 0-1.5, 1.5-2.5, 2.5 above 6. In hundred cc: 2.5-5, 5 above |
| Tax rates | <ol style="list-style-type: none"> 1aj, 1aiii, 1bi, and 1biii. In percent: 30, 40, 125 1aii. In percent: 10, 20, 40, 125 1bii. In percent: 10, 20, 125 2a, 2b: 10 percent 3: 20 percent 4a, 4b, 4c. In percent: 50, 60 125 respectively 6b, 6c. In percent: 60, 125 respectively |

Detailed comparative tax rates in Asian countries

| Country | Brunei – excise duty | Malaysia – excise duty |
|--------------------|---|--|
| Particulars | <ol style="list-style-type: none"> 1. Tractors, other than those with heading 87.09 2. Motor vehicles for the transport of 10 or more pax 3. Motor vehicles for the transport of people, except with heading 87.02 4. Motor vehicles for the transport of goods 5. SPVs, other than for the transport of people or goods 6. Chassis and bodies fitted with engines for vehicles of headings 87.01 to 87.05 7. Motorcycles and cycles fitted with an auxiliary motor, and sidecars 8. Trailers and semi-trailers, vehicles not mechanically propelled, parts of these cars | <ol style="list-style-type: none"> 1. Motor cars 2. Four wheel drive vehicles 3. Others (MPVs, vans, among others) 4. Motorcycles <p>Exemptions: commercial vehicles</p> |
| Tax base | Value of goods | Import value |
| Brackets | None | <ol style="list-style-type: none"> 1, 2. In cc: 0 – 1799, 1800 – 1999, 2000- 2499, 2500 and above 3. In cc: 0 – 1499, 1500 – 1799, 1800 – 1999, 2000 – 2499, 2500 above 5. 0 – 150 cc, above 150 cc |
| Tax rates | <ol style="list-style-type: none"> 1. 15 percent 2-8. 20 percent | <p>In percent:</p> <ol style="list-style-type: none"> 1. 75, 80, 90, 105 2. 65, 75, 90, 105 3. 60, 65, 75, 90, 105 4. 20, 30 |

Detailed comparative tax rates in Asian countries

| Country | Viet Nam – excise tax | Myanmar – commercial tax |
|--------------------|--|--|
| Particulars | <ol style="list-style-type: none"> 1. Cars under 24 seats <ol style="list-style-type: none"> a. 0 - 9 seats b. 10 – 15 seats c. 16 – 24 seats d. For passenger and cargo transportation e. Running on gasoline In combination with electricity or bio-fuel, with gasoline accounting for not more than 70 percent of the used fuel f. Running on bio-fuel g. Electric cars 2. Two-wheeled and three-wheeled motorcycles more than 125 cc | <ol style="list-style-type: none"> 1. Bicycles 2. Tractors, industrial motor trucks, parts and accessories 3. Train engines, train locomotives, coaches, spare parts, and accessories 4. Sea-going ships, other ships, motor boards, schooners, spare parts, and accessories 5. Electric motors 6. Lorries, trucks, and trailers above 0.25 ton 7. Vans and buses 8. Bowsers 9. Cranes and winches cars 10. Motor-car parts and accessories including frames and parts of chassis 11. Motorcycle parts and accessories 12. Motorcycles, scooters and the like 13. Light vans, saloons, sedans, light wagons, estate wagons and coupe <p>Exemptions: commercial vehicles</p> |
| Tax base | Domestic – selling price by producer Imported – import price plus import duty | Domestic – proceeds of the sale Imported – landed cost |
| Brackets | 1a. 0 – 2000 cc, 2000 - 3000 cc , 3000 cc above 1g. 0 – 9 seats, 10 – 15 seats, 16 – 25 seats, for both passenger and cargo presentation | - |
| Tax rates | In percent: 1a. 45, 50, 60 1b. 30 1c, 1d. 15 1e. 70 1f. 50 1g. 25, 15, 10 2. 20 | 1 – 12. 5 percent 13. 25 percent |

Detailed comparative tax rates in Asian countries

| Country | Laos PDR – excise tax |
|--------------------|--|
| Particulars | <ol style="list-style-type: none"> 1. Motor bikes 2. Large vehicles: categories of vans, buses, trucks, soft and hard roof jeeps, sedan cars, and pickups 3. Vehicle spare parts 4. Vehicle accessories 5. Speed boats, yachts, motorized sport boats, components, and spare parts <p>Exemptions: large vehicles that are imported cars of international orgs, cars of foreign aid projects; temporarily imported large cars for the use of the project according to the investment agreement which is approved by the National Assembly; large cars that are imported, produced and assembled domestically for professional use of State organizations; other types of large vehicles not in (2); spare parts imported by manufacturing plants to domestically produce complete vehicles in the country;</p> |
| Tax base | <ol style="list-style-type: none"> 1, 3. Domestic – wholesale or retail value net of VAT; imported – declared value plus import tax and other fees 2. Purchase price |
| Brackets | <ol style="list-style-type: none"> 1. In cc: 0-110, 111 – 150, 151 – 250, 251 above, run by electricity 2. Purchase price |
| Tax rates | <ol style="list-style-type: none"> 1. In percent: 10, 15, 20, 25, reduced by 20 percent of each item 2. 25 to 150 percent 3. 10 percent 4, 5: 15 percent |

Detailed comparative tax rates in Asian countries

| Country | Thailand – excise tax |
|--------------------|---|
| Particulars | <ol style="list-style-type: none"> 1. Passenger car 2. Passenger car using E85 or compressed natural gas (CNG) 3. Hybrid vehicles 4. Eco cars <ol style="list-style-type: none"> a. Engine capacity of 1300 cc – 1400 cc b. Using E85 fuel 5. Pick-up trucks <ol style="list-style-type: none"> a. Single cab b. Space cab c. Double cab 6. Passenger pick-up trucks <ol style="list-style-type: none"> a. Engine capacity less than 3250 cc b. Engine capacity more than 3250 cc |
| Tax base | Selling price |
| Brackets | <ol style="list-style-type: none"> 1, 2, 3. Engine capacity less than 3000 cc, more than 3000 cc 1, 2. CO2 emission rate in g/km: 0-149, 150-199, 200 and above 3. Less than 3000 cc: CO2 emission rate in g/km: 0-99, 100-149, 150-199, 200 and above 4a, 4b. CO2 emission rate in g/km: 0-99, 100 and above 5, 6a. CO2 emission rate in g/km: 0-199, 200 and above |
| Tax rates | <p>In percent:</p> <ol style="list-style-type: none"> 1. Less than 3000 cc: 30, 35, 40. 3000cc above: 50. 2. Less than 3000 cc: 25, 30, 35. 3000cc above: 50. 3. Less than 3000 cc: 10, 20, 25, 30. 3000cc above: 50. 4. a: 14, 17; b: 12, 17 5. a: 3, 5; b: 5, 7; 5c: 12, 15 6. a: 25, 30; b: 50 |

Detailed comparative tax rates in Asian countries

| Country | Singapore – excise duty |
|--------------------|--|
| Particulars | <ol style="list-style-type: none"> 1. Motor vehicles for the transport of 10 and above pax, includes limousines but excludes coaches, uses, minibuses or vans 2. SPVs for snow travel, golf cars 3. Motor cars including CKD and non-CKD, but excluding vans: compression ignition internal combustion piston engine diesel or semi-diesel not over 1500 cc to over 3000 cc; spark ignition internal combustion reciprocating piston engine not over 1000 cc to over 3000 cc; other than spark and compression ignition internal combustion piston engine 4. Other motor vehicles (CKD and non-CKD): compression ignition internal combustion piston engine diesel or semi-diesel not over 1500 cc to over 3000 cc; spark ignition internal combustion reciprocating piston engine not over 1000 cc to over 3000 cc; other than spark and compression ignition internal combustion piston engine 5. Ambulances: compression ignition internal combustion piston engine diesel or semi-diesel with engine displacement not over 1500 cc to over 2500 cc; spark ignition internal combustion reciprocating piston engine not over 1000 cc to over 3000 cc; electrically powered 6. Hearse: CKD and non-CKD, compression ignition internal combustion piston engine diesel or semi-diesel of over 1500 cc to over 2500 cc; spark ignition internal combustion reciprocating piston engine of over 1500 cc to over 3000 cc 7. Prison vans: compression ignition internal combustion piston engine diesel or semi-diesel over 1500 cc to over 2500 cc; spark ignition internal combustion reciprocating piston engine over 1500 cc to over 2500 cc 8. Motor homes: compression ignition internal combustion piston engine diesel or semi-diesel of 0-1500 cc to over 2500 cc; spark ignition internal combustion reciprocating piston engine of 0-1000 cc to over 3000 cc 9. Motorcycles: CKD and non-CKD electrically powered motorcycles; other cycles excluding reciprocating internal combustion piston engine and electrically powered (CKD cycles not over 200 cc to over 500 cc, and other non-CKD cycles); motorcycles with reciprocating internal combustion piston engines (CKD and non-CKD mopeds not over 50 cc but not over 250 cc, CKD and non-CKD motocross over 50 cc to over 800 cc, CKD and non-CKD motorcycles and motor scooters over 50 cc but not over 250 cc, other CKD and non-CKD cycles not over 50 cc but not over 800 cc, other CKD and non-CKD motorcycles and motor scooters not over 50 cc) 10. Chassis and bodies fitted with engines: for ambulances, motor cars, other cars and vehicles for the transport of people, motor vehicles for the transport of 10 and above pax, includes limousines but excludes coaches, uses, minibuses or vans |
| Tax base | Import value |
| Brackets | - |
| Tax rates | <p>1, 2, 3, 4, 5, 6, 7, 8, 10, 11: 20 percent</p> <p>9: 12 percent</p> |

Detailed comparative tax rates in Asian countries

| Country | Japan – excise tax | | | |
|--------------------|---|---|---|-------------------------------|
| Particulars | <ol style="list-style-type: none"> 1. Motor vehicles with a three-year inspection certificate <ol style="list-style-type: none"> a. Private passenger vehicles b. Light motor vehicles c. Motorcycles 2. Motor vehicles with a two-year inspection certificate <ol style="list-style-type: none"> a. Private passenger vehicles, excluding motorcycles and light motor vehicles b. Vehicles other than private passenger motor vehicles c. Trucks weighing no more than 2.5 tons d. Motorcycles e. Light motor vehicles 3. Motor vehicles with a one-year inspection certificate <ol style="list-style-type: none"> a. Taxis and hired cars b. Trucks and buses <ol style="list-style-type: none"> i. Private use ii. Trucks with gross vehicle weight of no more than 2.5 tons iii. Business use c. Motorcycles d. Light motor vehicle that needs a vehicle inspection certificate 4. Light motor vehicle that needs no vehicle inspection certificate <ol style="list-style-type: none"> a. Two-wheeled b. Others | | | |
| Tax base | Weight for each ton or fraction thereof | | | |
| Brackets | 1a, 2a, 3a, . weight of no more than half a ton 1c, 2b, 2c, 2d, 2e, 3c, 3d, 4a, 4b. Private use or business use 2b, 2c, 3bi, 3bii, 3biii. weight of no more than 1 ton | | | |
| Tax rates | Amounts in thousand yen, first for private use then for business use: | | | |
| | 1a. 15 1b. 11.4 1c. 6.6, 4.8 | 2a. 10 2b. 10, 5.4 2c. 7.6, 5.4 2d. 4.4, 3.2 2e. 7.6, 5.4 | 3a. 2.7 3bi. 5 3bii. 3.8 3biii 3c. 2.2, 1.6 3d. 3.8, 2.7 | 4a. 5.5, 4.3 4b. 11.3, 8.1 |

Tariff rates and countries of origin of major brands and models

| Brand and/or model | Major country of origin | Duty rate (in percent) |
|------------------------------|---|---------------------------|
| Audi | Germany | 30 |
| BMW | Germany | 30 |
| Ferrari | Italy | 30 |
| Ford Everest, Fiesta | Thailand | 0 |
| Ford Explorer, Mustang | United States | 30 |
| Honda City, Civic | Japan, Indonesia, Thailand, Malaysia | 0 |
| Hyundai Accent, Tucson | South Korea | 5 |
| Kia Picanto | South Korea | 5 |
| Lamborghini | Italy | 30 |
| Maserati | Italy | 30 |
| Mitsubishi Adventure (parts) | Japan | 0 |
| Porsche | Germany | 30 |
| Toyota Fortuner | Indonesia | 0 |
| Toyota Innova (parts) | Japan, Indonesia, Thailand, Malaysia, Vietnam | 0 |

Source: BOC

Tariff rates for ASEAN members

“Except as otherwise provided, **ASEAN Member States (AMS)** shall eliminate import duties on all products traded between the AMSs by (a) 2010 for ASEAN-6 (Brunei, Indonesia, Malaysia, Philippines, Singapore, and Thailand) and (b) 2015, with flexibility to 2018, for CLMV (Cambodia, Laos, Myanmar, and Vietnam).”

Tariff rates for Most Favored Nations, and under Free Trade Agreements (FTAs)

| HS Code | Tariff Description | MFN Rate of Duty | | | |
|------------|--|------------------|------|------|------|
| | | 2017 | 2018 | 2019 | 2020 |
| 8701 20 10 | Road Tractors (CKD) | 3 | 3 | 3 | 3 |
| 8701 90 10 | Agricultural Tractors | 3 | 3 | 3 | 3 |
| 8702 10 10 | Motor Cars (incl. Stretch limousine but not including coaches, buses, minibuses) | 20 | 20 | 20 | 20 |
| 8702 10 41 | Motor coaches, buses or minibuses | 15 | 15 | 15 | 15 |
| 8702 10 71 | For the transport of 30 -persons or more | 15 | 15 | 15 | 15 |
| 8701 10 10 | Golf cars | 30 | 30 | 30 | 30 |
| 8703 21 10 | Go-Karts | 30 | 30 | 30 | 30 |
| 8703 21 22 | Four Wheel drive (including wagons, SUVs, sports cars, not including vans | 30 | 30 | 30 | 30 |
| 8703 21 91 | Ambulances | 30 | 30 | 30 | 30 |
| 8703 23 29 | Prison Vans (CKD) | 30 | 30 | 30 | 30 |
| 8704 10. | Motor Vehicles for transport of goods(CKD) | 3 | 3 | 3 | 3 |
| 8704 21 22 | Refuse/garbage collection vehicles | 30 | 30 | 30 | 30 |
| 8704 21 23 | Tanker vehicles, bulk cement lorries | 20 | 20 | 20 | 20 |
| 8704 22 24 | Armoured cargo vehicles for transporting of valuables | 30 | 30 | 30 | 30 |
| 8705 | Special Purpose motor vehicles , other than those principally designed for transport of persons or goods | | | | |
| 8705 30 00 | Fire fighting vehicles | 1 | 1 | 1 | 1 |
| 8705 90 50 | Street cleaning vehicles | 3 | 3 | 3 | 3 |

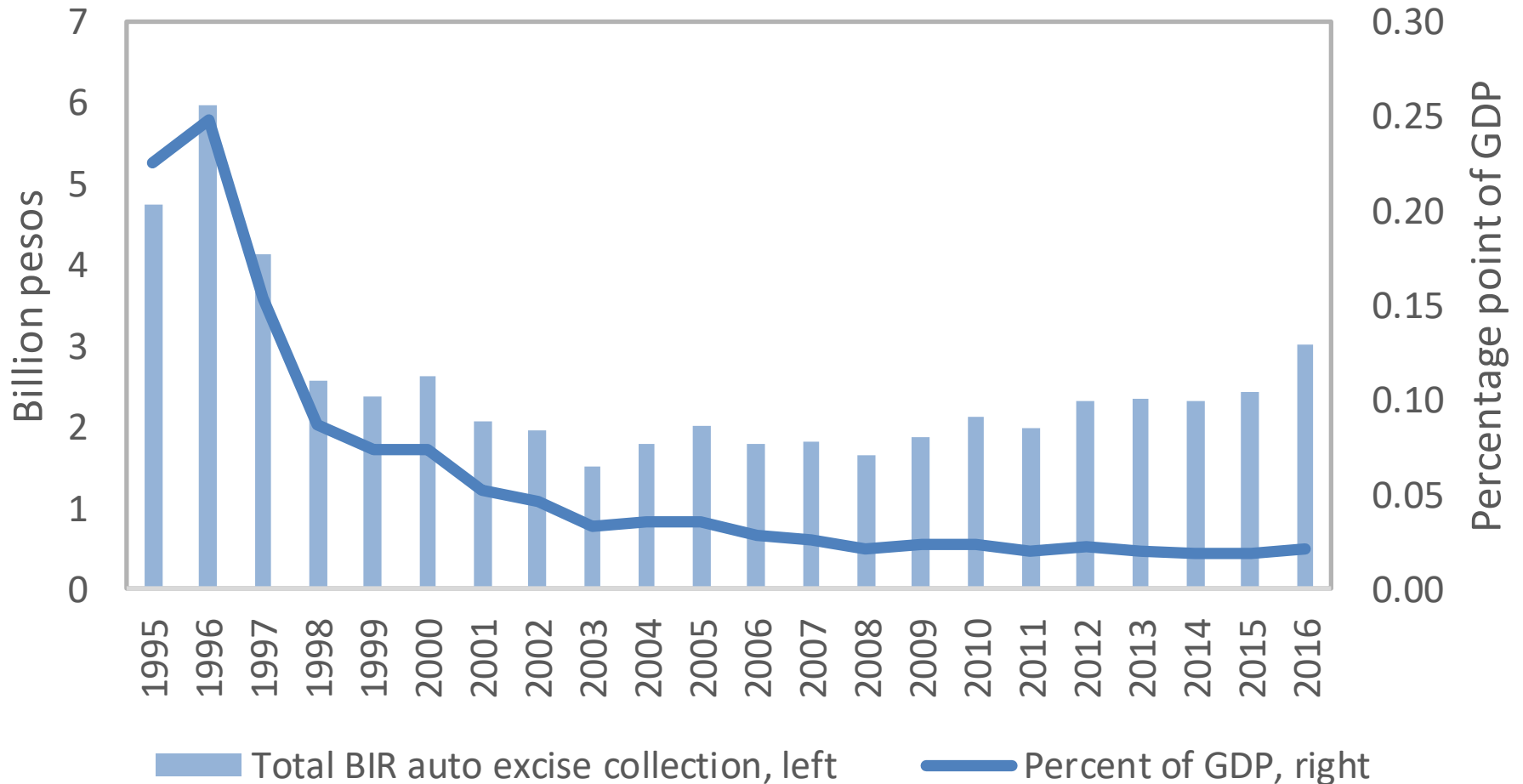
Notes:

1. No type of vehicles are in MFN zero duty under EO 20 -Tariff and Customs Code of the Phils.
2. Rate Of Duty under the Asean Free Trade Agreements FTAs
 - a. ATIGA - 0%
 - b. ASEAN China FTA = 0% 2017 onwards
 - c. ASEAN India = 12% 2018, 10% 2019, 5% 2020 onwards
 - d. ASEAN Korea = 5% 2017 onwards
 - e. PJEPA = 0% onwards
 - f. AJCEP = 0% 2017 onwards
 - g. AUNZFTA = 0% 2017 onwards



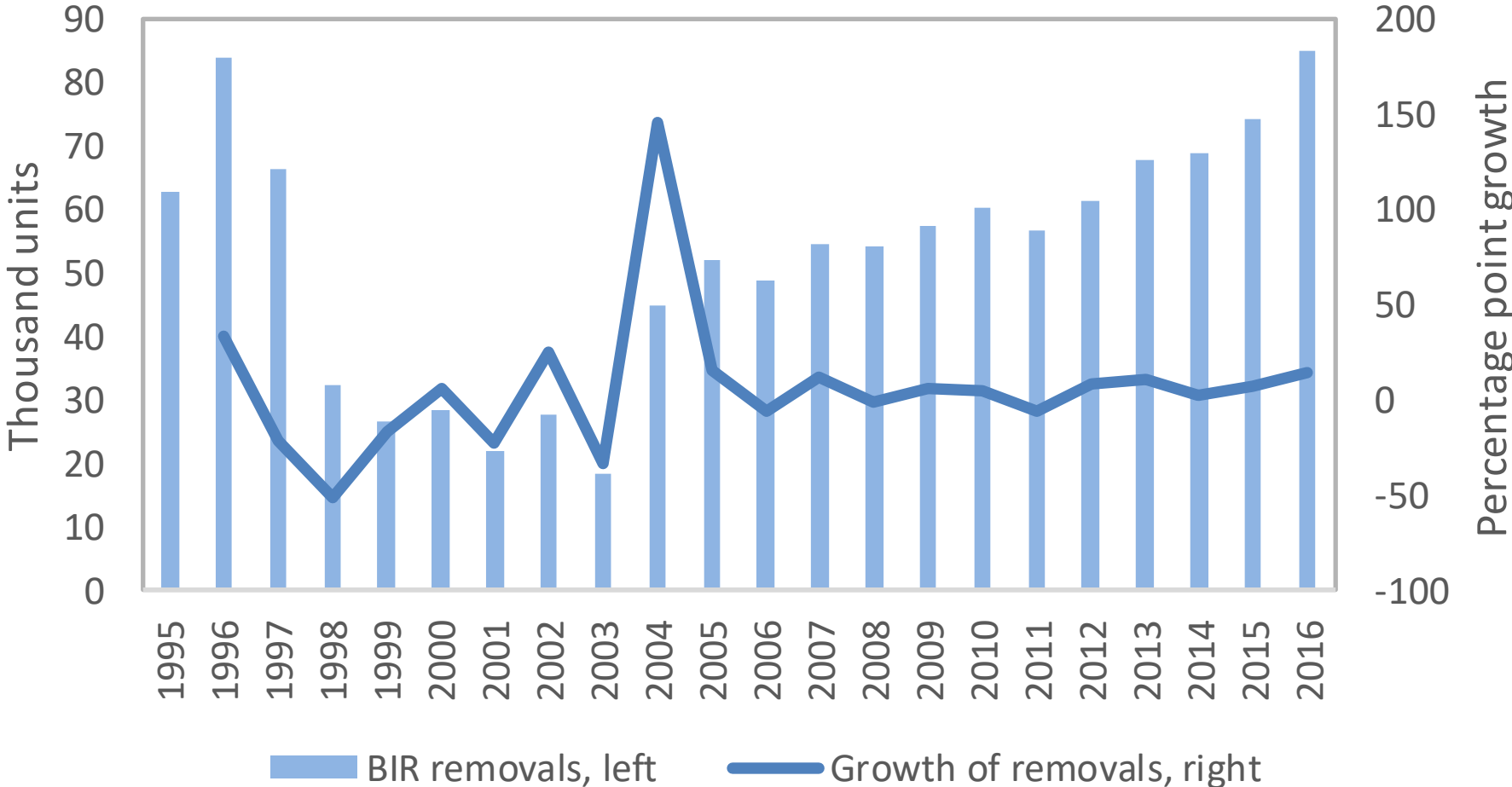
Revenue data from BIR and BOC

BIR collections from the auto excise



Source of basic data: BIR

BIR removals on the automobile excise



Source of basic data: BIR

BIR revenue collection and removals, 2006 - 2016

Total BIR collections from the automobile excise

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Billion pesos | 1.79 | 1.82 | 1.66 | 1.88 | 2.14 | 2.00 | 2.33 | 2.35 | 2.33 | 2.45 | 3.03 |
| Percentage point of GDP | 0.03 | 0.03 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 | 0.02 |

Source: BIR

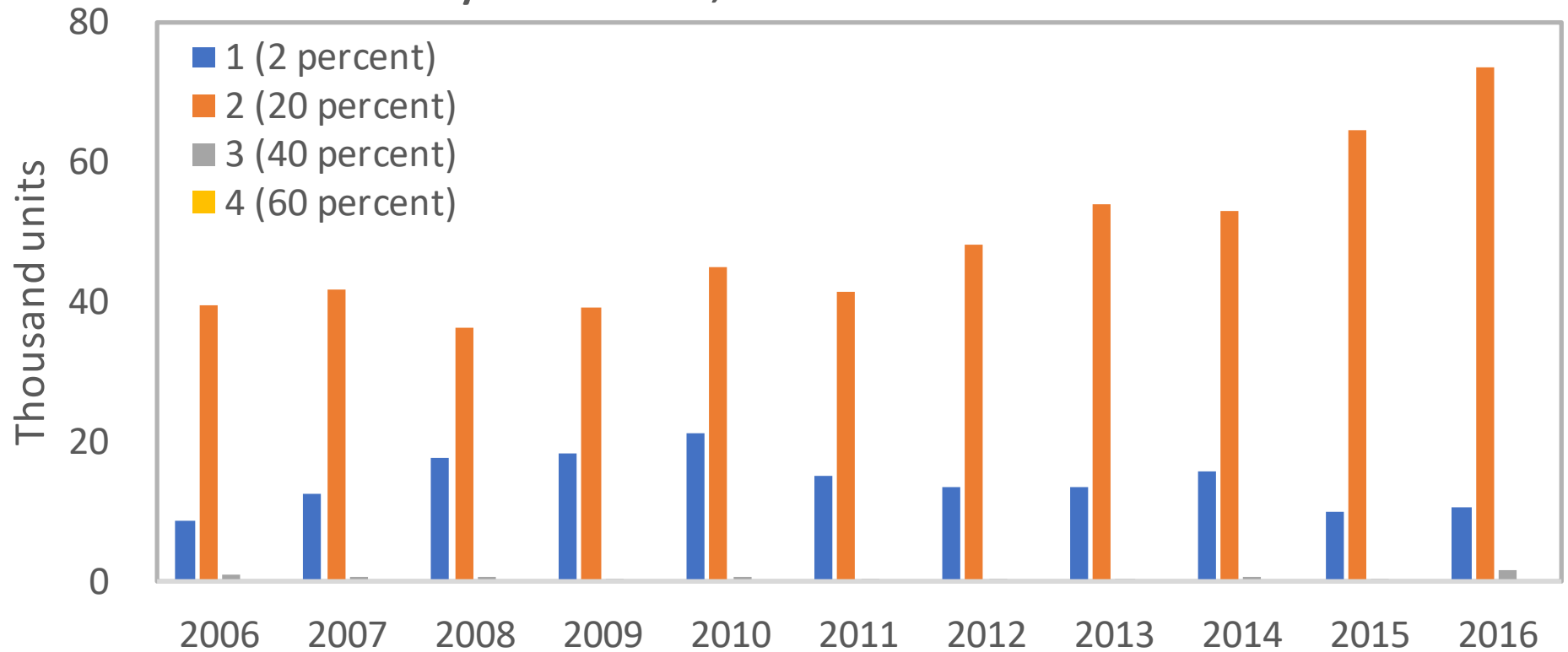
Total BIR removals on the automobile excise

| | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-------------------------|------|------|------|------|------|------|------|------|------|------|------|
| Thousand units | 48.9 | 54.6 | 54.1 | 57.4 | 60.2 | 56.6 | 61.4 | 67.7 | 69.1 | 74.3 | 85.2 |
| Percentage point growth | -6.3 | 11.6 | -1.0 | 6.2 | 4.8 | -5.9 | 8.5 | 10.3 | 2.0 | 7.6 | 14.6 |

Source: BIR

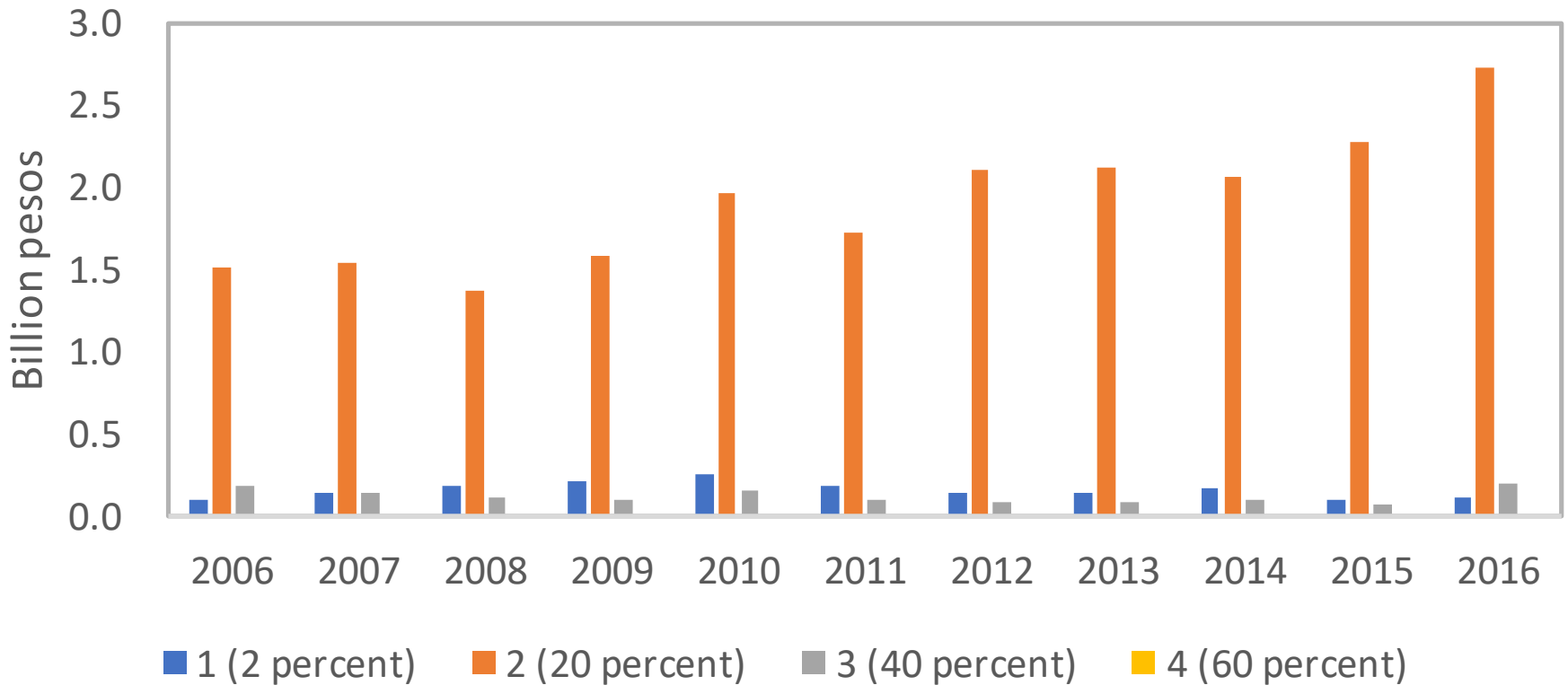
Source of basic data: BIR

BIR volume of removals, by brackets, in thousand units



Source of basic data: BIR

BIR auto excise collection, by brackets, in billion pesos



Source of basic data: BIR

BIR revenue and removals by bracket, 2006 - 2016

Volume in thousand units

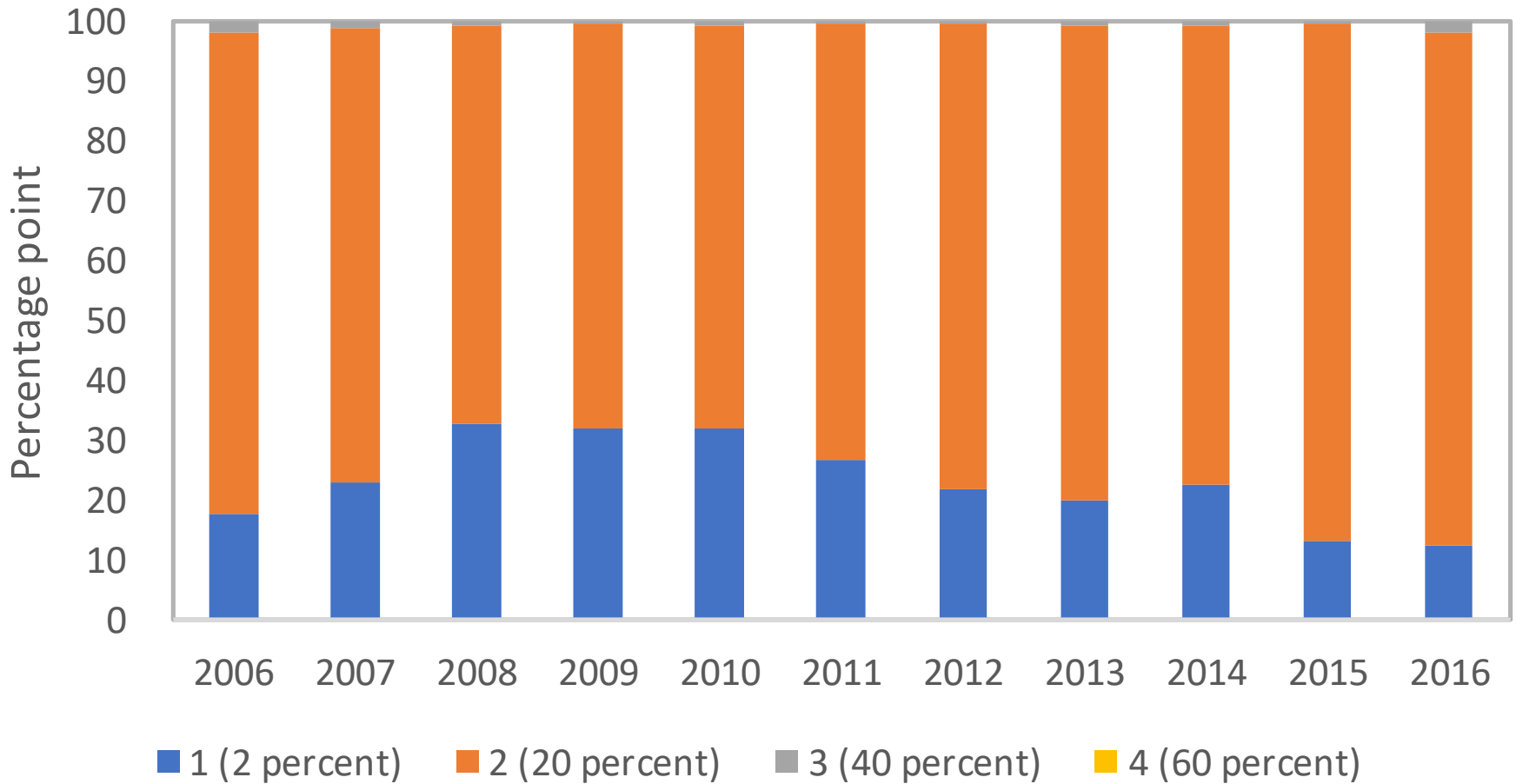
| Bracket | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| 1 (2 percent) | 8.6 | 12.6 | 17.6 | 18.3 | 21.2 | 15.1 | 13.4 | 13.3 | 15.6 | 9.7 | 10.4 |
| 2 (20 percent) | 39.4 | 41.5 | 36.1 | 38.9 | 44.9 | 41.2 | 48.1 | 54.0 | 52.9 | 64.4 | 73.4 |
| 3 (40 percent) | 0.9 | 0.5 | 0.4 | 0.2 | 0.5 | 0.3 | 0.2 | 0.4 | 0.5 | 0.2 | 1.4 |
| 4 (60 percent) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Collection, in billion pesos

| Bracket | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| 1 (2 percent) | 0.1 | 0.1 | 0.2 | 0.2 | 0.3 | 0.2 | 0.1 | 0.1 | 0.2 | 0.1 | 0.1 |
| 2 (20 percent) | 1.5 | 1.5 | 1.4 | 1.6 | 2.0 | 1.7 | 2.1 | 2.1 | 2.1 | 2.3 | 2.7 |
| 3 (40 percent) | 0.2 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.1 | 0.2 |
| 4 (60 percent) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

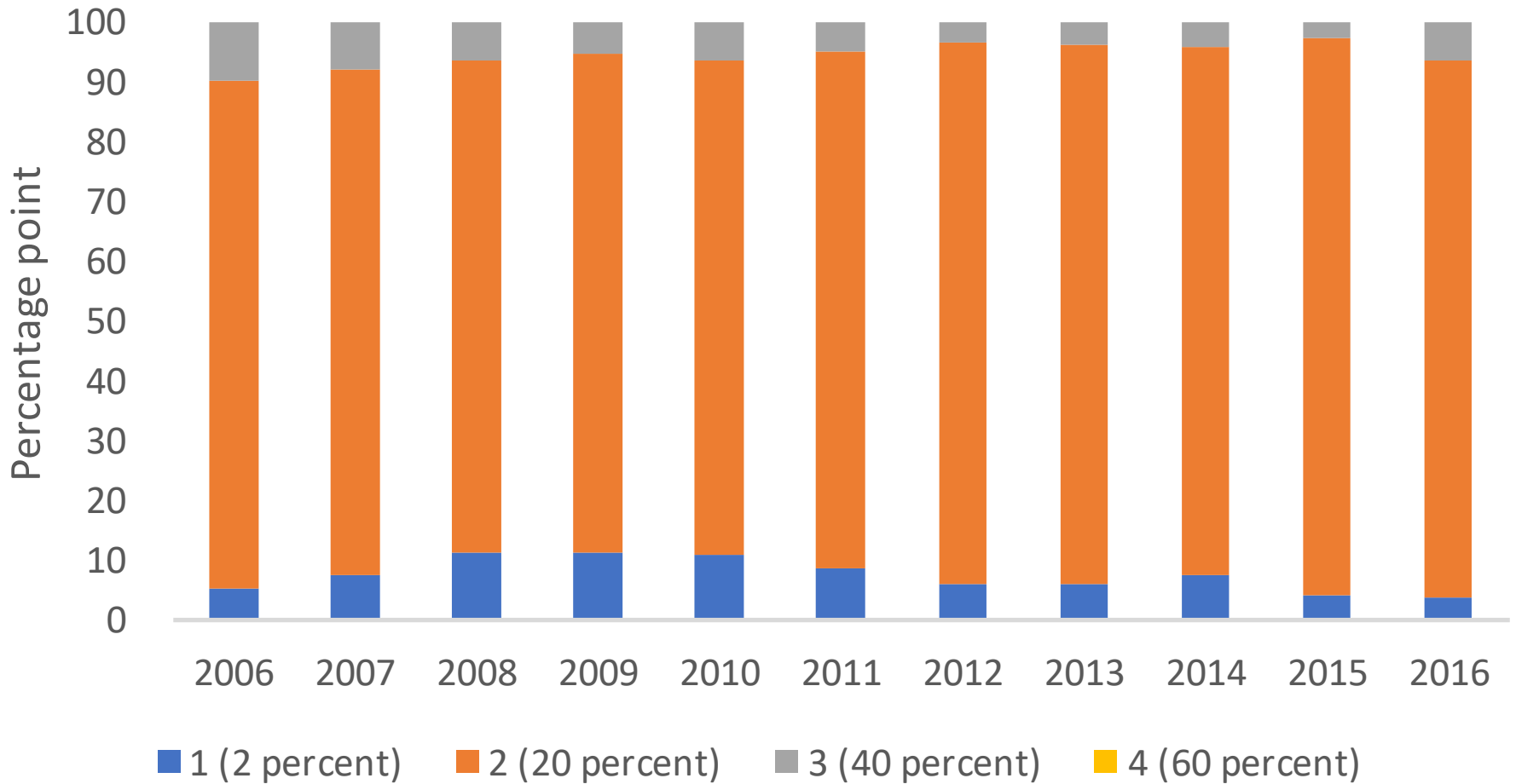
Source of basic data: BIR

Percentage share of removals per bracket



Source of basic data: BIR

Percentage share of collection per bracket



Source of basic data: BIR

BIR revenue and removals by bracket, 2006 - 2016

Volume of removals, in percentage point share

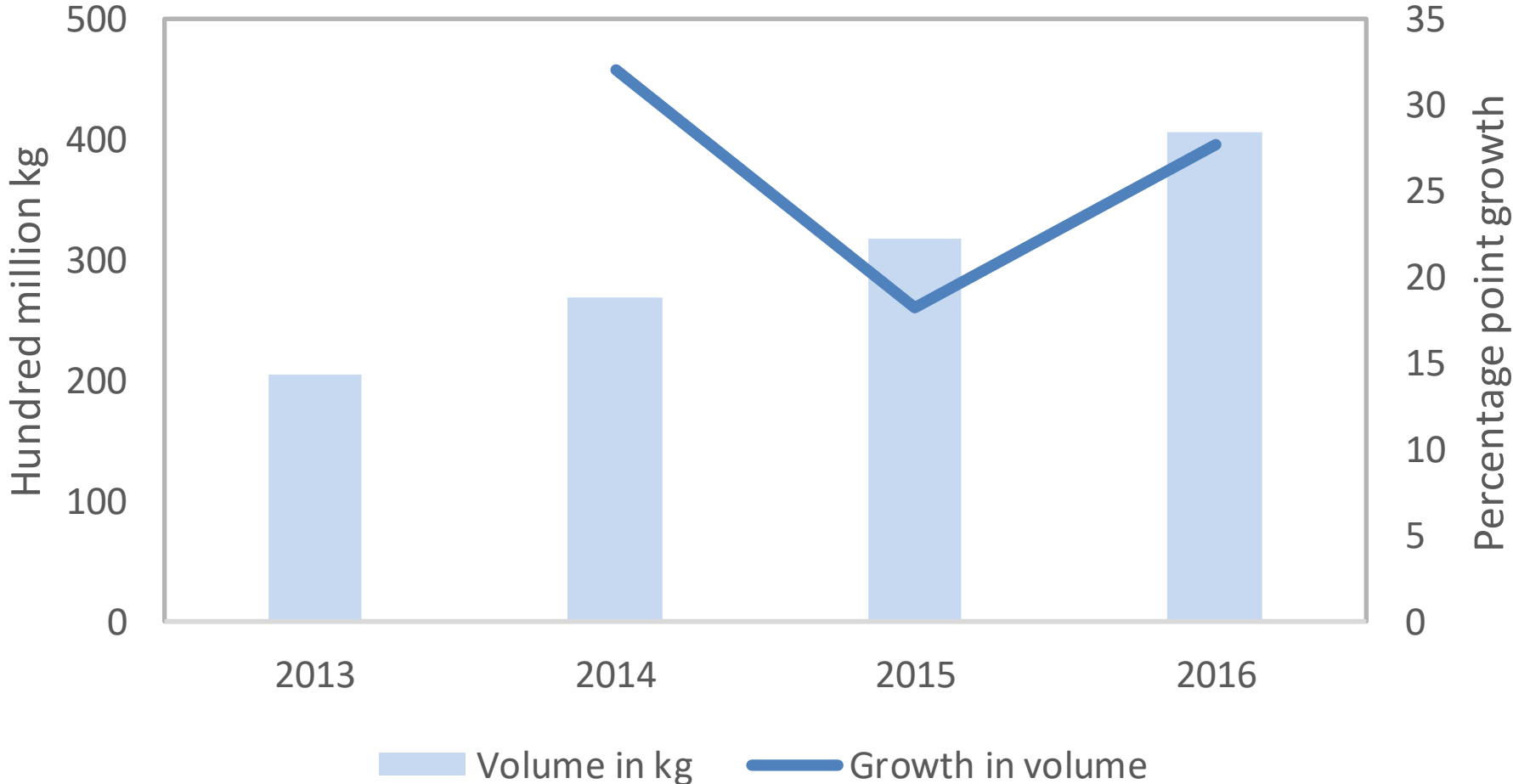
| Bracket | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| 1 (2 percent) | 17.7 | 23.0 | 32.6 | 31.8 | 31.8 | 26.7 | 21.7 | 19.7 | 22.7 | 13.1 | 12.2 |
| 2 (20 percent) | 80.4 | 76.0 | 66.7 | 67.8 | 67.5 | 72.9 | 78.0 | 79.8 | 76.6 | 86.6 | 86.1 |
| 3 (40 percent) | 1.9 | 1.0 | 0.7 | 0.4 | 0.7 | 0.5 | 0.3 | 0.5 | 0.7 | 0.3 | 1.7 |
| 4 (60 percent) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

Collection, in percentage point share

| Bracket | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 |
|-----------------------|------|------|------|------|------|------|------|------|------|------|------|
| 1 (2 percent) | 5.3 | 7.4 | 11.1 | 11.2 | 10.9 | 8.8 | 6.1 | 6.1 | 7.4 | 4.2 | 3.6 |
| 2 (20 percent) | 84.9 | 84.7 | 82.5 | 83.7 | 82.9 | 86.4 | 90.4 | 90.1 | 88.4 | 93.3 | 89.9 |
| 3 (40 percent) | 9.9 | 7.9 | 6.4 | 5.0 | 6.2 | 4.9 | 3.5 | 3.8 | 4.2 | 2.6 | 6.5 |
| 4 (60 percent) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |

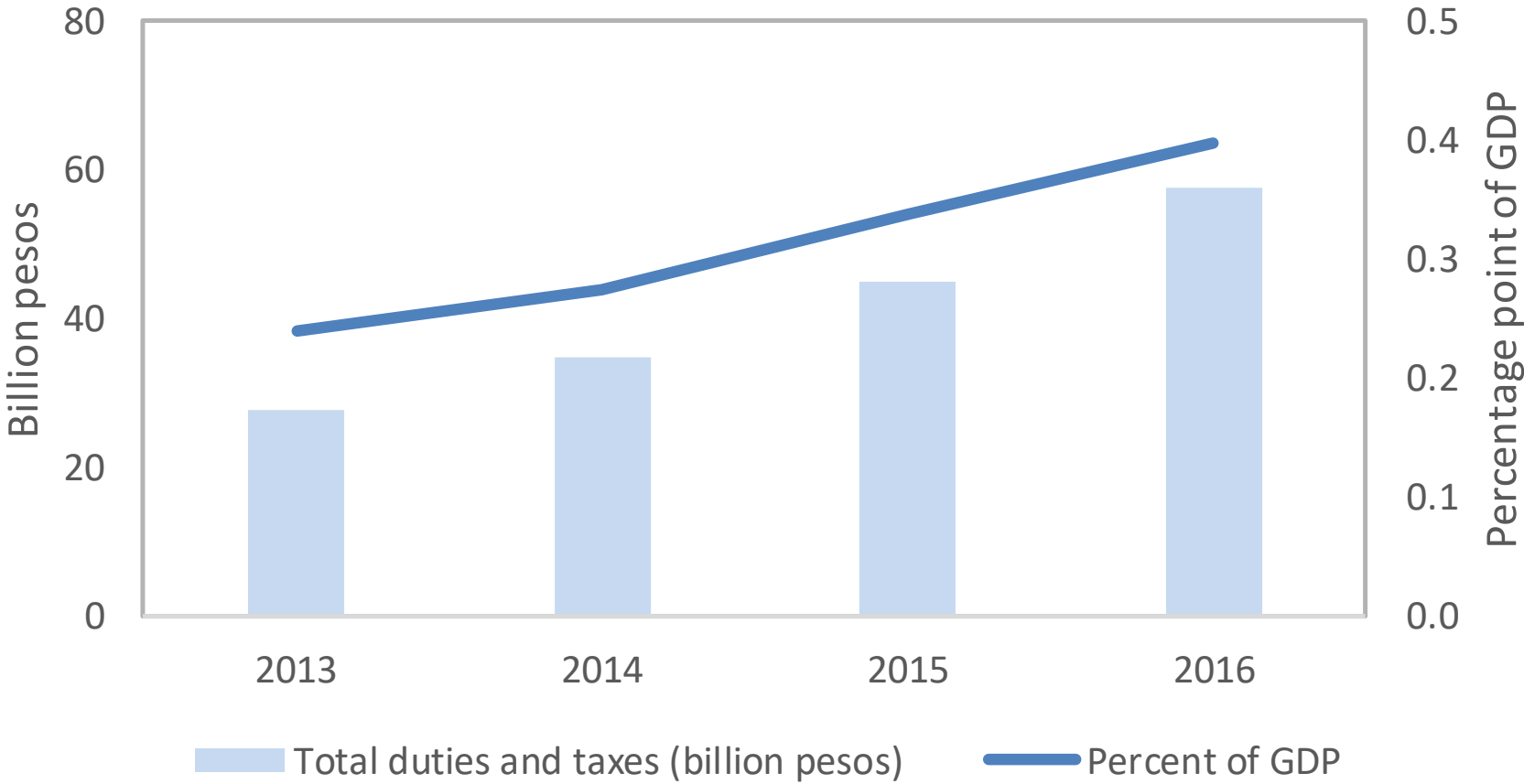
Source of basic data: BIR

BOC removals on the automobile excise



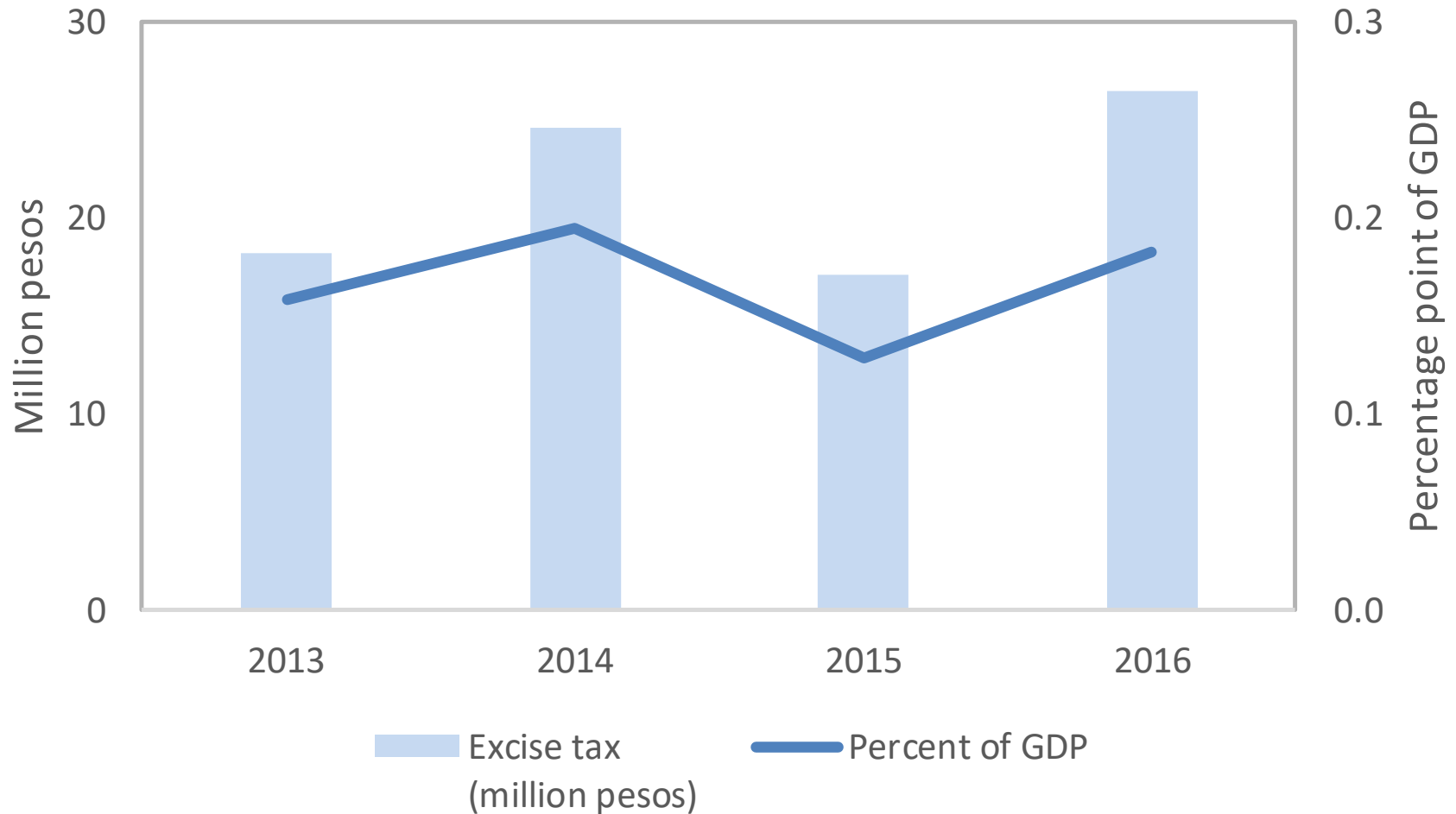
Source of basic data: BOC (entry heading 8703 – motor cars)

BOC total duties and taxes from the automobile excise



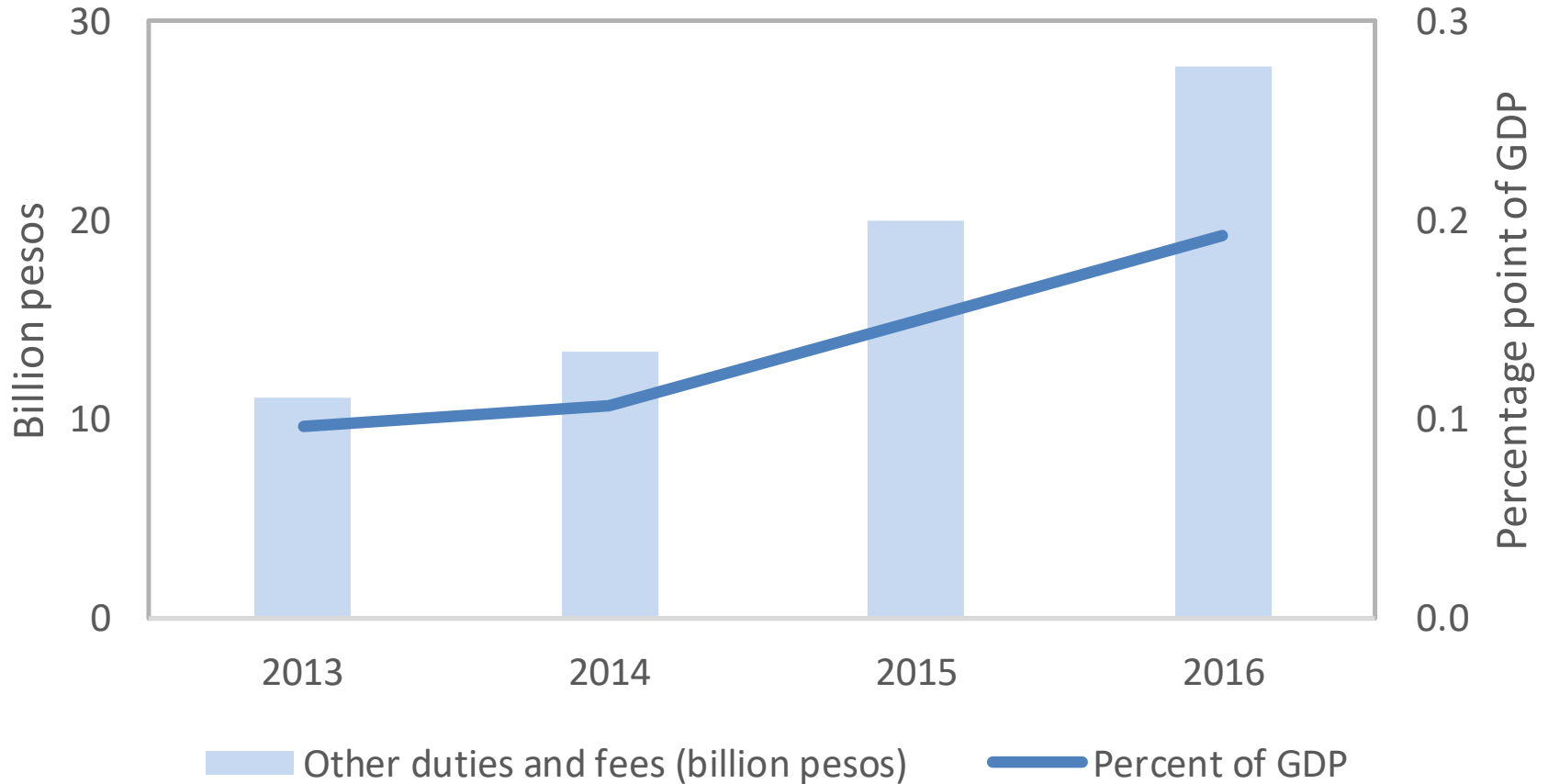
Source of basic data: BOC (entry heading 8703 – motor cars)

BOC excise taxes from the automobile excise



Source of basic data: BOC (entry heading 8703 – motor cars)

BOC other duties and fees from the automobile excise



Source of basic data: BOC (entry heading 8703 – motor cars)

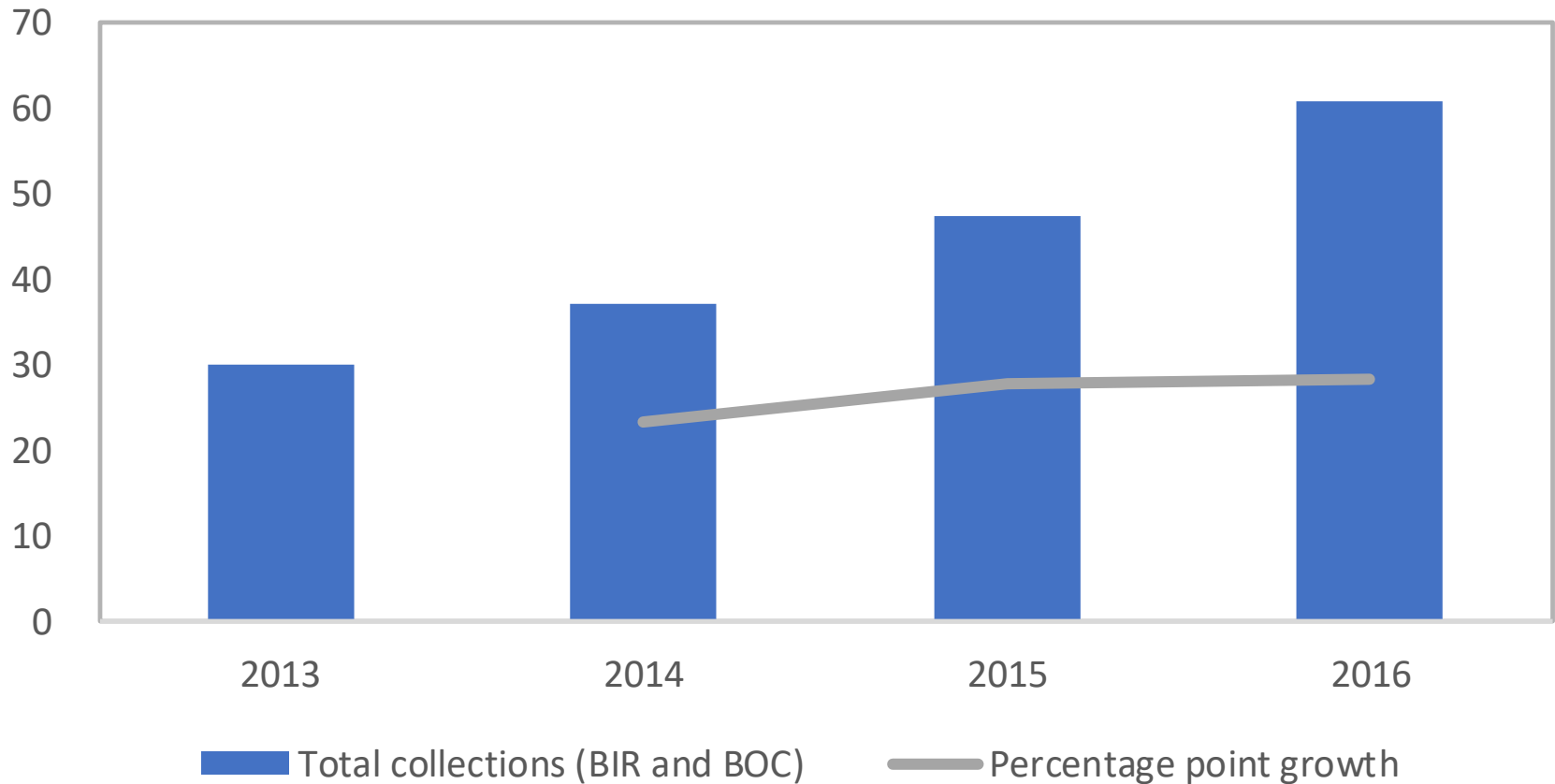
BOC revenue collection and removals, 2013 - 2016

BOC data on automobile excise

| Year | Volume in kg | Valuation (billion pesos) | Total duties and taxes (billion pesos) | Customs duties (billion pesos) | Excise tax (million pesos) | Other duties and fees (billion pesos) |
|------|--------------|------------------------------|---|-----------------------------------|-------------------------------|---|
| 2013 | 204,011,758 | 92.3 | 27.7 | 4.9 | 18.2 | 11.1 |
| 2014 | 269,531,069 | 122.8 | 34.7 | 5.9 | 24.7 | 13.4 |
| 2015 | 318,549,450 | 144.3 | 44.9 | 6.9 | 17.1 | 19.9 |
| 2016 | 406,831,428 | 195.5 | 57.7 | 5.7 | 26.5 | 27.8 |

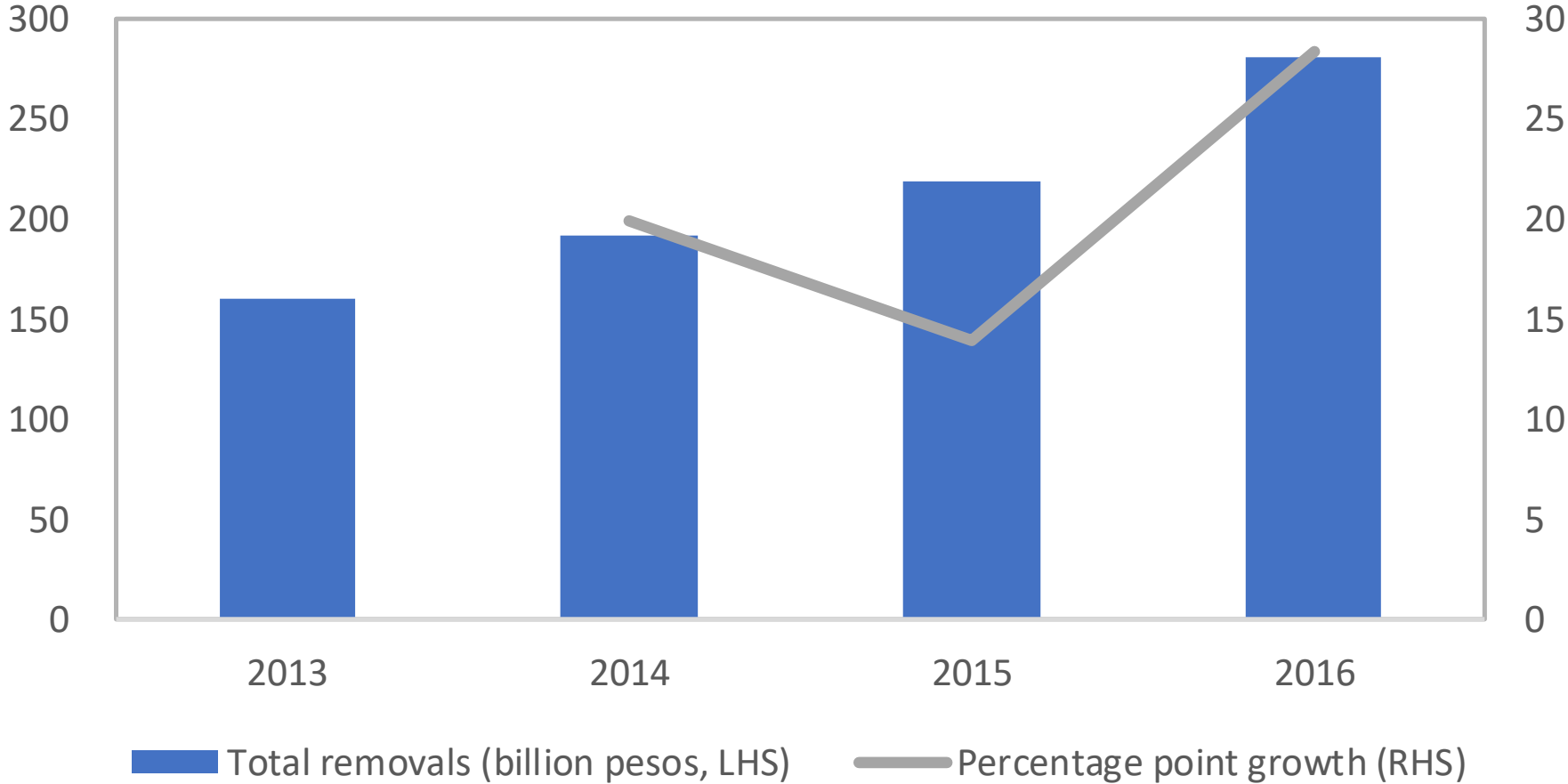
Source of basic data: BOC (entry heading 8703 – motor cars)

Total BIR BOC auto excise collection



Source of basic data: BIR and BOC

Total BIR BOC removals



Source of basic data: BIR and BOC

Total BIR and BOC data 2013-2016

| Year | Total collections (BIR and BOC) | Percentage point growth | Total removals (billion pesos, LHS) | Percentage point growth (RHS) |
|-------------|--|------------------------------------|--|--|
| 2013 | 30.0 | | 160.0 | |
| 2014 | 37.0 | 23.4 | 191.9 | 19.9 |
| 2015 | 47.3 | 27.8 | 218.7 | 13.9 |
| 2016 | 60.7 | 28.3 | 280.7 | 28.4 |

Source of basic data: BIR and BOC

BIR revenue collection , 2005 - 2015

BIR COLLECTION S

(In Million Pesos)

| SOURCE OF INCOME | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015* |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------|---------------------|---------------------|---------------------|
| GRAND TOTAL | 542,696.67 | 652,732.83 | 713,595.69 | 778,580.80 | 750,287.68 | 822,623.90 | 924,146.00 | 1,057,916.41 | 1,216,660.72 | 1,334,761.63 | 1,441,571.85 |
| I. TAXES ON NET INCOME AND PROFIT | 323,428.63 | 376,992.52 | 427,208.04 | 482,247.49 | 435,371.71 | 489,299.58 | 571,896.82 | 642,501.34 | 718,360.63 | 784,859.20 | 846,201.24 |
| A. Company, corporate enterprise | 156,199.24 | 199,872.39 | 241,173.98 | 285,269.33 | 254,372.18 | 280,043.79 | 337,442.69 | 370,125.37 | 424,496.73 | 455,139.20 | 489,761.60 |
| 1. Corporate | 69,047.46 | 96,020.03 | 123,038.12 | 141,956.94 | 113,504.50 | 120,894.77 | 150,421.52 | 154,742.88 | 174,918.04 | 186,972.57 | 206,928.42 |
| 2. Withholding at source | 87,151.77 | 103,852.37 | 118,135.86 | 143,312.39 | 140,867.67 | 159,349.01 | 187,021.17 | 215,382.51 | 249,578.69 | 268,166.64 | 282,833.18 |
| B. Individual | 115,941.33 | 126,141.05 | 141,673.50 | 150,936.10 | 136,691.76 | 167,110.36 | 193,524.55 | 222,723.58 | 246,580.40 | 283,651.20 | 309,206.33 |
| 1. Individual | 8,425.30 | 5,822.94 | 5,480.50 | 6,318.56 | 7,329.54 | 7,391.66 | 10,188.47 | 12,947.78 | 14,308.88 | 15,062.24 | 16,012.94 |
| 2. Withholding on wages | 94,061.97 | 105,866.53 | 120,057.48 | 126,787.27 | 111,813.37 | 135,153.38 | 158,856.42 | 181,624.96 | 200,776.05 | 232,266.48 | 252,877.04 |
| 3. Capital Gains | 4,579.78 | 4,805.37 | 3,946.45 | 6,568.76 | 6,109.02 | 7,398.76 | 8,642.88 | 9,453.05 | 10,702.27 | 12,478.81 | 13,741.56 |
| 4. Withholding at source | 8,874.28 | 9,626.20 | 12,189.06 | 11,261.52 | 11,439.83 | 17,168.56 | 15,836.78 | 18,697.79 | 20,793.39 | 23,843.67 | 26,574.79 |
| C. Others | 51,288.06 | 50,979.08 | 44,360.57 | 46,042.06 | 44,307.77 | 42,145.44 | 40,929.58 | 49,652.39 | 47,283.50 | 46,068.80 | 47,233.31 |
| 1. Bank Deposits | 15,691.12 | 18,589.02 | 15,531.10 | 14,397.14 | 17,253.70 | 15,253.89 | 14,978.80 | 14,500.34 | 13,301.68 | 12,493.73 | 14,002.10 |
| 2. Treasury Bills | 35,596.94 | 32,390.06 | 28,829.47 | 31,644.92 | 27,054.07 | 26,891.55 | 25,950.78 | 35,152.05 | 33,981.82 | 33,575.07 | 33,231.22 |
| 3. Stock Transactions | - | - | - | - | - | - | - | - | - | - | - |
| 4. Commercial Papers | - | - | - | - | - | - | - | - | - | - | - |
| D. Amnesty Tax/ Incremental Collections | - | - | - | - | - | - | - | - | - | - | - |
| II. EXCISE TAX | 61,815.83 | 58,254.37 | 54,998.25 | 61,415.40 | 60,547.89 | 67,203.28 | 67,992.77 | 72,345.88 | 118,856.07 | 135,315.08 | 158,319.21 |
| 1. Alcohol Products | 17,012.39 | 16,080.56 | 18,785.82 | 19,838.52 | 20,637.50 | 21,781.06 | 22,872.77 | 23,896.27 | 33,535.43 | 37,524.62 | 42,214.04 |
| 2. Tobacco Products | 23,702.17 | 26,808.23 | 23,195.21 | 27,554.88 | 24,229.80 | 31,719.70 | 25,997.48 | 32,942.11 | 71,808.37 | 82,336.39 | 99,504.98 |
| 3. Petroleum Products | 18,709.01 | 12,956.26 | 10,036.02 | 11,380.15 | 12,772.05 | 9,832.01 | 9,962.68 | 10,158.69 | 8,502.79 | 9,418.88 | 11,887.85 |
| 4. Miscellaneous | 2,133.97 | 1,914.45 | 2,028.36 | 1,975.62 | 2,183.49 | 2,554.78 | 2,174.07 | 3,142.73 | 2,715.96 | 2,832.14 | 2,633.31 |
| 5. Mining/Mineral | 251.38 | 489.57 | 942.14 | 660.31 | 718.77 | 1,305.93 | 6,985.77 | 2,206.08 | 2,493.52 | 3,203.05 | 2,079.02 |
| 6. Tobacco Inspection Fees | 6.91 | 5.31 | 10.70 | 5.92 | 6.28 | 9.81 | - | - | - | - | - |
| 7. Energy Tax/Incremental Collections | - | - | - | - | - | - | - | - | - | - | - |
| III. VALUE-ADDED TAX | 87,854.54 | 140,934.02 | 145,013.28 | 140,318.44 | 168,294.02 | 173,283.51 | 183,082.38 | 229,584.34 | 250,148.94 | 278,727.01 | 295,502.32 |
| IV. OTHER PERCENTAGE TAXES | 34,464.15 | 37,946.52 | 41,095.88 | 40,814.00 | 42,837.85 | 44,510.36 | 47,012.28 | 52,571.37 | 60,807.12 | 56,472.79 | 58,990.35 |
| 1. Banks/Financial Institution | 12,436.15 | 16,826.00 | 17,603.08 | 19,266.45 | 19,934.90 | 21,716.60 | 22,719.06 | 24,503.78 | 29,209.19 | 25,485.00 | 25,578.38 |
| 2. Insurance Premiums | 2,456.15 | 1,685.83 | 1,830.67 | 1,819.18 | 2,002.15 | 1,140.82 | 795.31 | 834.38 | 990.16 | 1,183.92 | 1,336.62 |
| 3. Amusements | 115.24 | 489.07 | 439.40 | 141.16 | 528.05 | 561.36 | 524.73 | 571.81 | 427.16 | 442.82 | 553.76 |
| 4. Other Percentage | 17,813.71 | 17,134.59 | 20,504.59 | 18,889.29 | 19,626.72 | 20,432.40 | 22,359.05 | 26,049.29 | 29,646.46 | 28,769.25 | 30,908.88 |
| 5. Taxes on use of goods or permission to perform activities (Franchise Tax) | 1,642.91 | 1,811.02 | 718.14 | 697.92 | 748.03 | 659.17 | 614.13 | 612.11 | 534.15 | 591.80 | 612.71 |
| 6. Forest Charges | - | - | - | - | - | - | - | - | - | - | - |
| V. OTHERS | 35,133.52 | 38,605.40 | 45,280.25 | 53,785.47 | 43,236.21 | 48,327.17 | 54,161.75 | 60,903.47 | 68,487.96 | 79,387.55 | 82,558.73 |
| 1. Transfer Taxes | 1,016.75 | 1,113.80 | 961.88 | 1,278.52 | 1,425.97 | 1,981.32 | 2,400.05 | 3,626.35 | 3,275.34 | 5,449.60 | 5,635.53 |
| 2. Documentary Stamp Tax | 29,431.04 | 30,287.55 | 35,147.05 | 40,053.56 | 37,483.71 | 42,629.04 | 47,878.78 | 52,455.34 | 60,356.13 | 69,017.42 | 72,072.91 |
| 3. Travel Tax | 402.68 | 445.55 | 599.87 | 670.04 | 476.63 | 55.58 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| 4. Miscellaneous | 4,283.06 | 6,758.50 | 8,571.45 | 11,783.35 | 3,849.90 | 3,661.24 | 3,882.92 | 4,821.77 | 4,856.48 | 4,920.54 | 4,850.30 |
| 5. Firearms | - | - | - | - | - | - | - | - | - | - | - |
| 6. Foreign Exchange Tax (1%) | - | - | - | - | - | - | - | - | - | - | - |
| 7. Overseasn Communication Tax | - | - | - | - | - | - | - | - | - | - | - |
| Oil Price Stabilization Fund | - | - | - | - | - | - | - | - | - | - | - |
| PNOC/Special Levy Fund | - | - | - | - | - | - | - | - | - | - | - |
| Real Property Tax from Local Government Unit | 25,697.00 | 27,013.00 | 27,387.00 | 29,799.00 | - | - | - | - | - | - | - |

Prepared by: Statistics Division, BIR

* 2015 BIR collections includes actual Tax Refund paid to various claimants covering the period January 1 to December 31, 2015 amounting to P8.271 Billion

Motor Vehicle User's Charge Collections

| Year | MVUC Collections (in PHP billion) | Growth Rate (%) |
|-------------|-----------------------------------|-----------------|
| 2000 | 2.8 | |
| 2001 | 3.5 | 24.7 |
| 2002 | 4.6 | 32.1 |
| 2003 | 5.3 | 16.3 |
| 2004 | 6.7 | 24.8 |
| 2005 | 7.2 | 8.6 |
| 2006 | 7.5 | 3.8 |
| 2007 | 7.7 | 3.3 |
| 2008 | 8.0 | 2.8 |
| 2009 | 8.3 | 4.6 |
| 2010 | 8.8 | 6.1 |
| 2011 | 9.3 | 5.0 |
| 2012 | 9.7 | 4.0 |
| 2013 | 10.0 | 3.8 |
| 2014 | 10.8 | 8.3 |
| 2015 | 11.9 | 10.2 |
| Ave. | 7.6 | 10.6 |

Source of basic data: LTO

Excise tax collections from locally manufactured and imported automobiles (2015)

| Tax Bracket | No. of Units | | | ETC (in million PHP) | | |
|-------------|--------------|----------|---------|----------------------|--------|--------|
| | Local | Imported | Total | BIR | BOC | Total |
| 2% | 9,736 | 80,576 | 90,312 | 102 | 708 | 809 |
| 20% | 64,394 | 106,947 | 171,341 | 2,282 | 6,350. | 8,632 |
| 40% | 217 | 13,542 | 13,759 | 63 | 2,472 | 2,534 |
| 60% | - | 1,351 | 1,351 | - | 1,381 | 1,381 |
| Total | 74,347 | 202,416 | 276,763 | 2,446 | 10,910 | 13,357 |

Source of basic data: BIR, BOC



Revenue projections

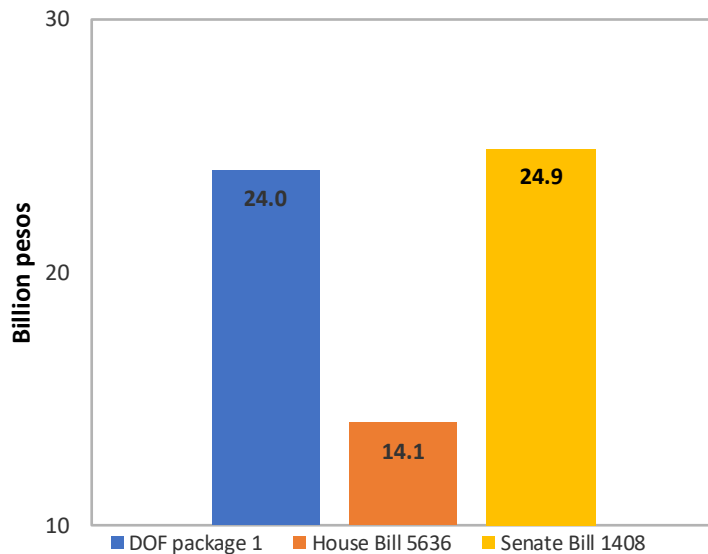
Revenue estimates

| Revenue estimates in billion pesos | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| DOF amended | 24.0 | 27.3 | 28.9 | 30.7 | 32.5 |
| HB5636 | 14.1 | 23.4 | 24.8 | 26.3 | 27.9 |

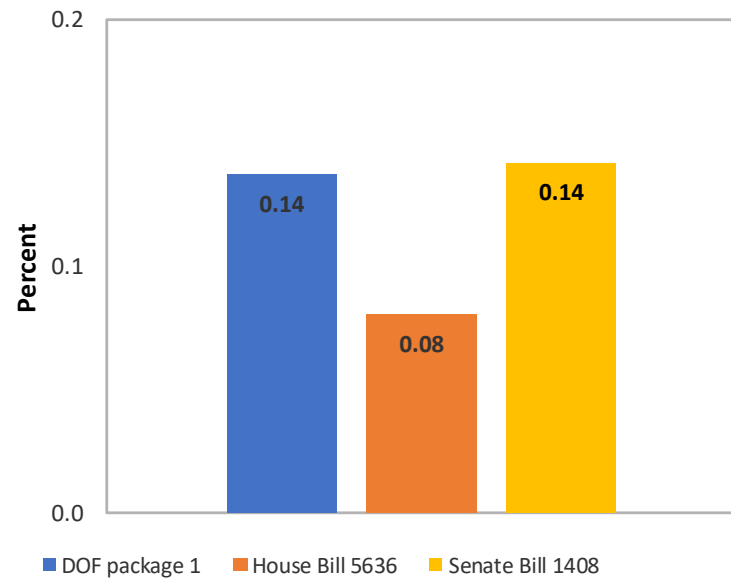
| Revenue estimates as percentage point of GDP | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|
| | 2018 | 2019 | 2020 | 2021 | 2022 |
| DOF amended | 0.14 | 0.14 | 0.14 | 0.13 | 0.13 |
| HB5636 | 0.08 | 0.12 | 0.12 | 0.11 | 0.11 |

Revenue estimates

Auto excise revenue in billion pesos (2018 values)

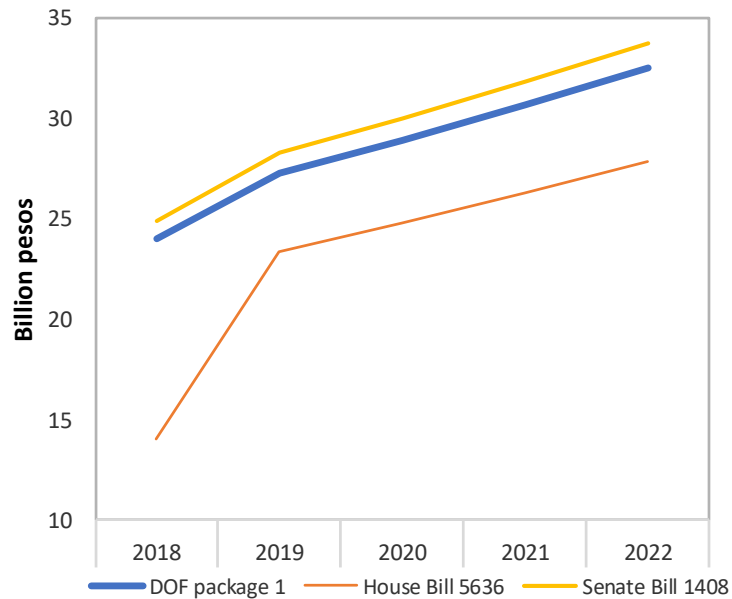


Auto excise revenue as percent of GDP (2018 values)

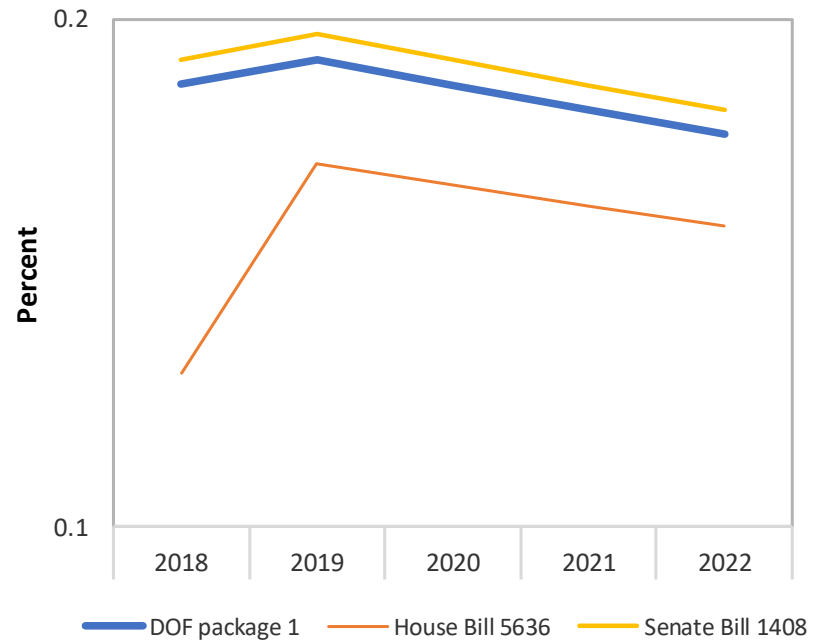


Revenue estimates

Auto excise revenue in billion pesos



Auto excise revenue as percent of GDP





Smuggling of automobiles

Anti-smuggling of automobiles needs to be enhanced

Customs warned on surge in car smuggling

By Paolo Romero (The Philippine Star) | Updated June 14, 2017 - 12:00am

googleplus

MANILA, Philippines - Sen. Sherwin Gatchalian has warned the Bureau of Customs to prevent the possible surge in car smuggling when additional excise taxes are imposed on the sale of luxury vehicles.

Gatchalian, chairman of the Senate committee on economic affairs, said some players in the automobile industry are likely to engage in the underground trading of high-end vehicles to dodge paying exorbitant excise taxes.

"In my view, the incidence of smuggling will also go up when higher excise taxes are imposed on luxury cars. If this happens, it should not be 'business-as-usual' for the BOC," the senators said during the recent hearing of the Senate Committee on Ways and Means on the proposed new excise tax on automobiles.

Importers and distributors of high-end ultra-luxury vehicles told the Senate panel that an estimated 20 percent of cars sold in the market are smuggled by unscrupulous traders through the country's various ports.

The estimate, Gatchalian said, could grow bigger when car dealers and traders use backdoor channels to bring in their products to elude paying proper duties and taxes.

He said the BOC needs a strong strategy to make sure the increase in the tax on luxury vehicles will not result in unabated smuggling.

“Importers and distributors of high-end ultra-luxury vehicles told the Senate panel that an estimated 20 percent of cars sold in the market are smuggled by unscrupulous traders through the country’s various ports.”

Source: Philippine Star (June 14, 2017), <http://www.philstar.com/business/2017/06/14/1709659/customs-warned-surge-car-smuggling>