REPUBLIC OF THE PHILIPPINES
Department of Finance (DOF)
Department of Budget and Management (DBM)
Department of Trade and Industry - Board of Investments (DTI-BOI)

DOF - DBM - DTI-BOI JOINT ADMINISTRATIVE ORDER JAO No. 01 - 2025
August __, 2025

SUBJECT : **GUIDELINES TO IMPLEMENT THE *REVITALIZING THE AUTOMOTIVE INDUSTRY COMPETITIVENESS ENHANCEMENT (RACE)* PROGRAM**

The RACE Program represents a strategic initiative to further enhance the competitiveness of the Philippine Automotive Manufacturing Industry through new capital investments that would foster sustainable industry development and innovation

The RACE Program builds on the gains of the Comprehensive Automotive Resurgence Strategy Program (CARS) under Executive Order (EO) No. 182, s. 2015, and provides time-bound, performance-based fiscal support to the production of internal combustion engine (ICE) vehicles and their parts and components, with the following objectives:

A. To sustain/increase production capacities and direct employment in the automotive manufacturing industry;
B. To strengthen the automotive upstream value chain through parts localization and promote technological development in preparation for the transition to electric vehicles; and
C. To create a thriving automotive ecosystem that will help reduce reliance on imports and increase benefits to the economy.

This JAO is hereby prescribed for the compliance, information and guidance of all concerned agencies and stakeholders.

1. **PURPOSE.** This JAO is issue to:

1.1 To provide comprehensive guidelines on the implementation of the Program, including eligibility and application requirements, evaluation and approval procedures; and monitoring and compliance mechanisms;

1.2 To prescribe the rules and procedures of providing fiscal support for the activities covered under the Program; and

1.3 To define the roles and responsibilities of the agencies concerned with the implementation of the Program.

2. **SCOPE AND COVERAGE.** The Program shall be limited to the manufacture of three (3) new models of four-wheeled ICE motor vehicles with model life of at least six (6) years, and shall cover the following activities:

A. Production of the enrolled models; and

B. Manufacture of parts and components for the enrolled models, which shall include body panels and large plastic parts.

3. DEFINITION OF TERMS. For the purpose of this JAO:

3.1 *Body Panels* refer to the stamped sheet metal components that go into the body shell assembly in the case of unibody construction, or vehicle body mounted to the chassis in the case of body-on-frame construction.

3.2 *Full Model Change* refers to the major design change in the external body shell, bumpers, grills, lamps and interior of the motor vehicle.

3.3 *Investment Project (IP)* refers to an eligible projects that may avail of Fixed Investment Support (FIS) under this Program.

3.4 *Large Plastic Parts* refer to all major plastic parts of bumpers, instrument panels, center consoles and door trims.

3.5 *New Model* refers to a vehicle model that is currently not produced in the country. *Provided*, that a Full Model Change of a vehicle model that is currently manufactured in the country shall be considered a new model under this Program. *Provided, furthermore*, that a vehicle model that started commercial operations within the last twelve (12) months immediately preceding the start of the Program and have not availed of incentives under Title XIII of the National Internal Revenue Code of 1997, as amended, Special laws or any government program shall be eligible for registration as an IP.

3.6 *Parts Project* refers to the production of body panels and large plastic parts, as well as other parts and components primarily intended for the New Model. *Provided,* that all parts projects shall have new fixed capital investments. *Provided furthermore,* that Parts Projects that started commercial operations within six (6) months immediately preceding the start of the Program and have not availed incentives under any government program shall be eligible for registration as an IP.

3.7 *Registered Participants* refer to Participating Car Maker (PCM) and Participating Parts Maker (PPM) registered under the Program; and

3.8 *Tax Payment Certificate (TPC)* refers to a non-taxable and non-transferrable certificate, which shall be used to defray the tax and duty obligations of the PCM or the PPM to the National Government. The tax and duty obligations are excise tax, income tax, import duties, and value added tax (VAT) only, and shall not include any type of withholding taxes.

4. GENERAL GUIDELINES. The following guidelines shall apply for the application, registration, and availment under the Program:

4.1 Application and Registration

4.1.1 Program Period. All qualified IPs must apply, register, and start commercial operations or infuse fixed capital investment within thirty-six (36) months from the start of the Program.

Application as PCM shall be open to interested car makers for a period of three (3) months from the start of the Program, after which the period of acceptance for new model enrollment shall be closed.

Application as PPM shall be open to interested parts makers for a period of thirty-six (36) months from the date of registration of the endorsing PCM, after which the period of acceptance for parts projects shall be closed. *Provided,* that a parts maker may simultaneously register with the car maker. *Provided further,* that the PCM shall only endorse parts projects that may be granted fiscal support under its budget allocation.

4.1.2 ***Qualifications of Applicants.*** Interested applicants must demonstrate clear outcomes and commitments that align with the objectives of the Program.

a. In the case of PVM

i. Introduction of a New Model
- with planned production volume of at least one hundred thousand (100,000) units over a six (6)-year model life; and
- compliant with safety and emission standards and fuel economy labeling requirements prescribed under existing laws, rules and regulations.

ii. New fixed capital investments in the production of the New Model, which may include in-house parts production; and

iii. Start of commercial operations or infusion of at least fifty percent (50%) of declared fixed capital investments within (3) years from the date of registration.

b. In the case of a PPM

i. New fixed capital investments in parts projects for the enrolled Models; and

ii. Endorsement by the PVM to manufacture parts of its enrolled Model.

4.1.3 ***Application Requirements.*** The application shall include the following:

a. In the case of a PCM

i. Application letter, which shall include new model declaration and commitment to produce at least 100,000 units of the new model over a period of 6 years;

ii. IP information including project timetable, committed investments and infusion timetable, projected employment by type, parts localization plan, projected production and sales volume, and projected financial performance;

iii. Sworn declaration of authenticity and validity of submitted information;

iv. Certified true copies of all appropriate government registration and/or accreditation certificates;

v. Other documents as may be required by the BOI; and

vi. Payment of non-refundable application fee in the amount of One Hundred Thousand Pesos (Php 100,000.00).

b. In the case of PPM

i. Application letter, which shall include information on the parts and components for the enrolled model;

ii. IP information including project timetable, committed investments, projected employment by type, raw material sourcing, production process, projected production and sales volume, and projected financial performance;

iii. Endorsement from the PVM;

iv. Sworn declaration of authenticity and validity of submitted information;

v. Certified true copies of all appropriate government registration and/or accreditation certificates; and

vi. Other documents as may be required by the BOI.

4.1.4 ***Incomplete Application.*** The DTI-BOI shall notify the applicant of any deficiency within three (3) working days from receipt of such application. The application shall be considered withdrawn upon failure to submit deficiencies within seven (7) working days from receipt of notification without prejudice to reapplication.

4.1.5 ***Publication of Application.*** Within three (3) days from official acceptance of the application, notice thereof shall be published in a newspaper of general circulation, at the applicant's expense in a format indicating the name of the applicant, the investment project, the capacity applied for and the plant site.

4.1.6 ***Evaluation and Approval.*** The DTI-BOI shall render its decision on the application within twenty (20) working days reckoned from the date of official acceptance of the application. The decision of the DTI-BOI on every application as well as the terms and conditions for registration shall be notified in writing to the applicant.

4.1.7 ***Certificate of Registration.*** The Certificate of Registration shall be issued only upon compliance with the following pre-registration requirements, which shall be submitted within thirty (30) calendar days from receipt of notice of approval:

a. Board Resolution accepting the terms and conditions of registration;

b. Sworn statement authorized by the board of directors adopting or affirming all representations and commitments made by the applicant in its application and stating that except those which the BOI has been duly advised in writing, all information and data heretofore submitted are still correct; and

c. Payment by the PCM of the registration fee of Fifty Thousand Pesos (Php 50,000.00)

Failure to accept or comply with the abovementioned requirements within the acceptance period may be construed as a rejection of the proposed registration or abandonment of the project and the DTI-BOI approval will be withdrawn.

Eligibility for fiscal support under the Program attaches only upon issuance of the Certificate of Registration.

4.1.8 **Motor Vehicle Development Program (MVDP) *Membership.*** The registered PCM shall be deemed a member of the MVDP and the same shall be annotated in the Certificate of Registration under the Program.

4.2 Fiscal Support

4.2.1 ***Program Budget.*** The amount of Two Hundred Fifty Million Pesos (P250,000,000) has been appropriated for the Program, under Republic Act No. 12116, otherwise known as the General Appropriations Act (GAA) of 2025.

Thereafter, such sum as may be necessary for the funding of the Program shall be included in the annual GAA, subject to relevant budgeting, accounting, and auditing laws, rules and regulations.

4.2.2 **FIS.** The fiscal support under the Program shall be in the form of FIS, which shall be provided through the TPC scheme or through any other appropriate mechanism.

The FIS shall cover capital expenditure for tooling and equipment and training costs to primarily support the production of an enrolled model. The FIS entitlement shall in no case exceed forty percent (40%) of the total capital expenditure in the IP.

4.2.3 ***FIS Eligibility***. Registered participants shall satisfy the following conditions to be eligible for FIS credits:

a. In the case of PCM
   i. Introduction of the enrolled Model to the market;
   ii. Manufacture of at least fifty percent (50%) by weight of body panels, and Large plastic parts, whether in-house or by its PPM;
   iii. Consistently meeting the criteria for PCM registration; and
   iv. Attainment of other conditions that the DTI-BOI has imposed at the time of registration.

b. In the case of PPM
   i. Delivery of the parts to the enrolled Model;
   ii. Consistently meeting the criteria for PPM registration; and
   iii. Attainment of other conditions that the DTI-BOI has imposed at the time of registration.

4.2.4 ***FIS Credits.*** Upon compliance with the conditions provided under the previous Section, registered participants must apply for FIS crediting, for approval of the BOI Board. The application for FIS crediting is provided under Annex A. DTI-BOI shall render its decision on the FIS application within twenty (20) working days from official receipt of the third party audit report.

a. Applications for FIS credits shall be subject to verification by a third-party auditor appointed by the DTI-BOI.

b. The grant of FIS credits shall be based on the formal audit report as approved by the DTI-BOI.

c. In the case of PCM, the full amount of approved FIS shall be credited in three (3) equal tranches tied to the following production milestones:

FIS Credit	Cumulative Production Volume
1st Tranche	1,000 units
2nd Tranche	11,000 units
3rd Tranche	21,000 units

d. In the case of PPMs, the FIS shall be credited in full upon approval by the DTI-BOI, subject to the available balance from partner model budget after deduction of total PVM FIS amount claims.

4.2.5 ***FIS Availment Period.*** The FIS credit shall be availed for a maximum period of sixty (60) months from start of the Program or until December 2030. *Provided,* that the total FIS availment for a specific year shall be limited to the amount appropriated for that year.

4.3 *Other Support*. The registered participants may also qualify to avail of non-fiscal incentives under Republic Act No. 12066, or the CREATE MORE Act, as amended, subject to the qualification, and terms and conditions under such Act.

4.4 Monitoring and Compliance

4.4.1 ***Reportorial Requirements.*** The registered Participant shall submit the following reports in the prescribed format and in accordance with the following schedules:

a. Monthly production and Sales Report (itemized by model/variants);

b. Audited Financial Statements and Income Tax Returns submitted on or before May 15 of each year or one (1) month from the last day of filing of Income Tax Returns to the Bureau of Internal Revenue;

c. Annual report on employment (by type);

d. Complete annual tax incentives report and complete annual benefits report; and;

e. Other documents or statistical data that may be required by the DTI-BOI.

Submission of Complete annual tax incentives report and complete annual benefits report shall be submitted within thirty (30) calendar days from the statutory deadline for filing of tax returns and payment of taxes. A copy of which shall also be submitted simultaneously and in electronic form to the Fiscal Incentives Review Board.

4.4.2 ***Prohibited Activities.*** Registered participants are prohibited from doing the following:

a. Engage in trading of the parts enrolled under the Program and avail of FIS for the traded parts; and

b. Other analogous activities, as may be determined by the DTI-BOI.

Violation of the prohibitions will result in the cancellation of registration, return of incentives, and such other penalties as may be determined by the Board after due process.

5. ROLES AND RESPONSIBILITIES. The agencies shall have the following roles:

5.1 DBM

5.1.1 The DBM shall evaluate the annual budget requirements for the Program as proposed by the DTI-BOI, and when warranted, include in the National Expenditure Program the fiscal support for the Program, subject budgeting laws, rules and regulations.

5.1.2 The DBM shall comprehensively release to the DTI-BOI the amount appropriated for fiscal support under the Program, subject to relevant laws, rules, and regulations.

5.2 DTI – BOI

5.2.1 The DTI-BOI shall administer the TPC mechanism under the Program.

5.2.2 Upon receipt of the duly validated request for FIS availment from the registered participants, the DTI-BOI shall obligate the corresponding amount approved for the issuance of the TPC against the available allotments released.

5.2.3 The DTI-BOI shall cause the updating of the Online Facility System (OFS) to enable its utilization for the submission of reports and issuance of TPC under the Program.

5.2.4 The DTI-BOI shall appoint a third-party auditor that will conduct a capital expenditure verification study on the IPs.

5.2.5 The DTI-BOI shall include in its budget proposal the estimated budget requirement for the Program.

5.2.6 The DTI-BOI shall submit to the DBM periodic reports on the total amount of TPCs issued and utilized using prescribed Financial Accountability Reports (FARs). Actual fund utilization for the RACE Program shall be presented separately under FAR 1 (Statement of Appropriations, Allotments, Obligations, Disbursements and Balances) and FAR 4 (Monthly Report of Disbursement).

5.3 DOF

The DOF shall oversee the acts of its Bureaus as enumerated below:

5.3.1 BIR and Bureau of Customs (BOC)

a. The BIR and BOC shall recognize and accept the TPCs issued by the DTI-BOI as tax/duty payment upon verification and validation against their records.

b. The BIR and the BOC shall issue the appropriate administrative issuances for the processing of TPC transactions.

c. The BIR and BOC shall record the TPC transaction amount as part of their revenue collection.

d. The BIR and BOC shall submit monthly to the Bureau of Treasury (BTr) a list of TPCs reported as part of the revenue collection.

5.3 BTr

5.3.1 The BTr shall recognize and record the TPC transaction as revenue collection of BIR and/or BOC corresponding to the period reported by BIR and/or BOC as their revenue collection which is reckoned upon presentation of the TPC for payment.

6. ***REVIEW.*** This JAO shall be reviewed, when necessary, by the inter-agency body composed of the DTI-BOI, DBM and DOF. Such review may include assessment, modification or updating of relevant provisions arising from the implementation of this JAO.

7. **EFFECTIVITY.** This JAO shall take effect fifteen (15) days following its publication in a newspaper of general circulation and filing of three (3) copies hereof with the Office of the National Administrative Register (ONAR) University of the Philippines (UP) Law Center, Diliman, Quezon City pursuant to Presidential Memorandum Circular No. 11 dated 09 October 1992.

APPROVED, _____________, 2025.

RALPH G. RECTO Secretary Department of Finance	**AMENAH F. PANGANDAMAN** Secretary Department of Budget and Management	**MA. CRISTINA A. ROQUE** Secretary Department of Trade and Industry

ROMEO D. LUMAGUI, JR. Commissioner Bureau of Internal Revenue	**CEFERINO S. RODOLFO** Managing Head Board of Investments
ARIEL F. NEPOMUCENO Commissioner Bureau of Customs	**ROSALÍA V. DE LEON** National Treasurer Bureau of Treasury

ANNEX A

APPLICATION FOR FIS

A. For FIS availment crediting purposes, completion of IPs shall be evidenced by the actual use of the Parts and Assemblies on vehicles sold by the PCM on the Model. Upon issuance of wholesale invoice to dealer of the first unit, the PCM and their Suppliers may then request for FIS for completed IPs. The formal request for FIS of the PCM will be submitted to the DTI-BOI.

B. A third party audit of the completed IPs of the PCMs and their Suppliers shall be conducted and a formal audit report shall be submitted to the DTI-BOI.

TPC ISSUANCE

The registered participants may request DTI-BOI for the issuance of a TPC to defray their liabilities with the BIR or BOC, partially or wholly.

The request shall include details of the registered participant's FIS entitlement, and the liabilities to which the TPC shall be applied.

A. The registered participant shall request DTI-BOI for the issuance of TPC based on the statutory deadlines for payment of tax and/or duty.

B. The DTI-BOI shall issue the TPC through the Online Facility System.

C. Subject to sufficiency of the FIS credits, the DTI-BOI shall issue the TPCs in triplicate covering the specified tax and duty obligations of the registered participant to be distributed as follows

   i. 1st copy to be given to the registered participant;
   ii. 2nd copy to the BIR or BOC;
   iii. 3rd copy to the BTr; and
   iv. 3rd copy to be retained by the DTI-BOI.

D. The TPCs shall have a validity period of only thirty (30) days reckoned from the date of issue, and can only be used once; thus, it has to be presented immediately to either BIR or BOC for payment. The date indicated on the face of the TPC shall be presumed to be the date of issuance.

E. The BIR and BOC shall recognize and accept the TPC as payment of the tax and duty obligation indicated in the TPC, subject to verification of the copies of the TPC being presented for payment.

F. In the event that a TPC is not presented or utilized for tax payment to BIR and/or BOC, the registered participant should immediately surrender and return the original copy of the TPC to DTI-BOI for restoration in the registered participant's account, provided that the surrender thereof was made within the validity period of the TPC; otherwise the same shall be forfeited in favor of the government.

G. The DTI-BOI shall regularly update the online facility of all TPC issuances, cancellations or reinstatements for purposes of online validation by the BIR and BOC.