

Republic of the Philippines
Congress of the Philippines

Metro Manila

Fourteenth Congress

Second Regular Session

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[REPUBLIC ACT No. 9593]

AN ACT DECLARING A NATIONAL POLICY FOR TOURISM AS AN ENGINE OF INVESTMENT, EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT, AND STRENGTHENING THE DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES TO EFFECTIVELY AND EFFICIENTLY IMPLEMENT THAT POLICY, AND APPROPRIATING FUNDS THEREFOR

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

CHAPTER I

GENERAL PROVISIONS

SECTION 1. *Short Title.* - This Act shall be known as "The Tourism Act of 2009".

SEC. 2. Declaration of Policy. – The State declares tourism as an indispensable element of the national economy and an industry of national interest and importance, which must be harnessed as an engine of socioeconomic growth and cultural affirmation to generate investment, foreign exchange and employment, and to continue to mold an enhanced sense of national pride for all Filipinos.

Towards this end, the State shall seek to:

(a) Ensure the development of Philippine tourism that is for and by the Filipino people, conserve and promote their heritage, national identity and sense of unity;

(b) Recognize sustainable tourism development as integral to the national socioeconomic development efforts to improve the quality of life of the Filipino people, providing the appropriate attention and support for the growth of this industry;

(c) Promote a tourism industry that is ecologically sustainable, responsible, participative, culturally sensitive, economically viable, and ethically and socially equitable for local communities;

(d) Create a favorable image of the Philippines within the international community, thereby strengthening the country's attraction as a tourism destination and eventually paving the way for other benefits that may result from a positive global view of the country;

(e) Develop the country as a prime tourist hub in Asia, as well as a center of world congresses and conventions, by promoting sustainable tourism anchored principally on the country's history, culture and natural endowments, and ensuring the protection, preservation and promotion of these resources; and

(f) Encourage private sector participation and agri-tourism for countryside development and preservation of rural life.

SEC. 3. Objectives. – Pursuant to the above declaration, the State shall adopt the following objectives:

(a) Develop a national tourism action plan and work for its adoption and implementation by national and local governments;

(b) Encourage activities and programs which promote tourism awareness, preserve the country's diverse cultures and heritage, and instill a sense of history and a culture of tourism among the youth and the populace;

(c) All things being equal, grant preferential treatment to the employment of Filipino nationals in tourism-related enterprises;

(d) Provide full government assistance by way of competitive investment incentives, long-term development fund and other financing schemes extended to tourism-related investments;

(e) Ensure that tourism development protects and promotes the general well-being of the Filipino people, particularly in the area of investment, to include the monitoring and prevention of any act of profiteering or speculation to the detriment of local residents, as well as the exploitation of women and children in tourism;

(f) Encourage competition in the tourism industry and maximize consumer choice by enhancing the continued viability of the retail travel industry and independent tour operation industry;

(g) Enhance the collection, analysis and dissemination of data which accurately measure the economic and social impact of tourism in the country to facilitate planning in the public and private sectors;

(h) Ensure the right of the people to a balanced and healthful ecology through the promotion of activities geared towards environmental protection, conservation and restoration;

(i) Develop responsible tourism as a strategy for environmentally sound and community participatory tourism programs, enlisting the participation of local communities, including indigenous peoples, in conserving bio-physical and cultural diversity, promoting environmental understanding and education, providing assistance in the determination of ecotourism sites and ensuring full enjoyment of the benefits of tourism by the concerned communities;

(j) Strengthen the role of tourism councils and encourage the participation of nongovernment organizations (NGOs), people's organizations (POs) and the private sector in initiating programs for tourism development and environmental protection;

(k) Promote the progressive development of existing civil aviation, land and sea transportation policies as they relate to tourism, in consonance with existing bilateral agreements and inter-agency pronouncements;

(l) Promote and ensure the convention-handling capability of the country as a world-class convention center;

(m) Achieve a balance in tourism development between urban and rural areas in order to spread the benefits of tourism and contribute to poverty alleviation, better access to infrastructure and to a reduction in regional imbalances;

(n) Enhance capability-building of local government units (LGUs), in partnership with the private sector, in the management of local tourism projects and initiatives, thereby ensuring accessible and affordable destinations throughout the country, especially in areas which have shown strong comparative advantage;

(o) Maintain international standards of excellence in all tourism facilities and services, and promote the country as a safe and wholesome tourist destination;

(p) Enhance international business relations for the support of tourism projects of the private sector, through

partnerships, joint ventures and other cooperative undertakings involving local and foreign investors;

(q) Support the establishment of tourism enterprise zones (TEZs), which will provide the necessary vehicle to coordinate actions of the public and private sectors to address development barriers, attract and focus investment on specific geographic areas and upgrade product and service quality; and

(r) Ensure a sustainable funding mechanism for the implementation of tourism policies, plans, programs, projects and activities.

SEC. 4. *Definition of Terms.* – The following terms, as used in this Act, are defined as follows:

(a) "Department" refers to the Department of Tourism created pursuant to Presidential Decree No. 189 (1973), as amended.

(b) "Secretary" refers to the Secretary of Tourism.

(c) "Duty Free Philippines (DFP)" refers to the government agency created pursuant to Executive Order No. 46 (1986).

(d) "Duty Free Philippines Corporation (DFPC)" refers to the corporate entity created out of DFP pursuant to this Act.

(e) "Philippine Conventions and Visitors Corporation (PCVC)" refers to the corporate entity created pursuant to Presidential Decree No. 867, as amended.

(f) "Intramuros Administration (IA)" refers to the government agency created pursuant to Presidential Decree No. 1616 (1979), as amended.

(g) "Philippine Retirement Authority (PRA)" refers to the government agency created pursuant to Executive Order No. 1037 (1985).

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(h) "Tourism Infrastructure and Enterprise Zone Authority (TIEZA)" refers to the government agency created pursuant to this Act.

(i) "Tourism Enterprise Zone (TEZ)" refers to tourism enterprise zones created pursuant to this Act.

(j) "TEZ overseer" refers to any person who shall be appointed by the TIEZA in specific zones to perform such functions as may be delegated by the TIEZA in accordance with law.

(k) "TEZ operator" refers to an entity duly incorporated under Batas Pambansa Blg. 68, otherwise known as The Corporation Code of the Philippines, and other relevant laws, whose capital may be provided by LGUs and/or private entities, and which shall administer and supervise each TEZ.

(l) "TEZ Administrator" refers to the person appointed by the Board of Directors of a TEZ operator who shall be responsible for implementing the policies, plans and projects of the TEZ operator.

(m) "Registered enterprise" refers to an enterprise located within a TEZ that is duly registered with the TIEZA.

(n) "Philippine Tourism Authority (PTA)" refers to the existing implementation arm of the Department of Tourism created pursuant to Presidential Decree No. 189 (1973), as amended.

(o) "Tourism Promotions Board (TPB)" refers to the body corporate created under this Act.

(p) "Tourism enterprises" refers to facilities, services and attractions involved in tourism, such as, but not limited to: travel and tour services; tourist transport services, whether for land, sea or air transportation; tour guides; adventure sports services involving such sports as mountaineering, spelunking, scuba diving and other sports activities of significant tourism potential; convention organizers; accommodation establishments, including, but not limited to,

hotels, resorts, apartelles, tourist inns, motels, pension houses and home stay operators; tourism estate management services, restaurants, shops and department stores, sports and recreational centers, spas, museums and galleries, theme parks, convention centers and zoos.

(q) "Primary tourism enterprises" refers to travel and tour services; land, sea and air transport services exclusively for tourist use; accommodation establishments; convention and exhibition organizers; tourism estate management services; and such other enterprises as may be identified by the Secretary, after due consultation with concerned sectors.

(r) "Secondary tourism enterprises" refers to all other tourism enterprises not covered by the preceding subsection.

(s) "Greenfield Tourism Zone" refers to a new or pioneer development, as determined by the TIEZA.

(t) "Brownfield Tourism Zone" refers to an area with existing infrastructure or development as determined by the TIEZA.

(u) "Foreign visitors" refers to all passengers using foreign passports.

(v) "Sustainable tourism development" refers to the management of all resources that meets the needs of tourists and host regions while protecting the opportunities for the future, in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.

CHAPTER II

TOURISM GOVERNANCE

SUBCHAPTER II-A. STRUCTURE OF THE DEPARTMENT

SEC. 5. *Mandate.* – The Department of Tourism, hereinafter referred to as the Department, shall be the primary planning, programming, coordinating, implementing and

regulatory government agency in the development and promotion of the tourism industry, both domestic and international, in coordination with attached agencies and other government instrumentalities. It shall instill in the Filipino the industry's fundamental importance in the generation of employment, investment and foreign exchange.

SEC. 6. Powers and Functions. — The Department shall have the following powers and functions:

(a) Formulate tourism policies, plans and projects for the development of tourism as an engine of socioeconomic and cultural growth;

(b) Supervise and coordinate the implementation of tourism policies, plans and projects;

(c) Call upon all agencies of government to properly carry out their programs in relation to and in coordination with the policies, plans and projects of the Department and to assist in the implementation thereof;

(d) Communicate to the President, and the heads of departments, agencies and instrumentalities of the government, the impact upon tourism and the economy of proposed governmental actions;

(e) Provide an integrated market development program to attract people to visit the Philippines and enhance the prestige of the country and the Filipino people in the international community;

(f) Represent the government in all domestic and international conferences and fora, and in all multilateral or bilateral treaties and international agreements concerning tourism, and ensure the government's implementation thereof and compliance with all obligations arising therefrom;

(g) Request the President for representation in all government agencies, offices, boards, commissions and committees that may affect tourism;

(h) Call upon relevant government departments, agencies and offices, in consultation with the private sector, to provide access to travel, to facilitate the process of obtaining and extending visas, to integrate and simplify travel regulations and immigration procedures and to ensure their efficient, fair and courteous enforcement to assure expeditious and hospitable reception of all visitors;

(i) Support, advance and promote the protection, maintenance and preservation of historical, cultural and natural endowments, in cooperation with appropriate government agencies and the private sector, and take appropriate measures against acts and omissions contrary to these objectives;

(j) Monitor conditions of any community in the Philippines and, in consultation with the LGUs and law enforcers, issue timely advisories on the safety or viability of travel to particular places within the Philippines and on patronage of entities engaged in tourism-related activities and of tourism products;

(k) Evaluate tourism development projects for the issuance of permits and the grant of incentives by appropriate government agencies, establish a databank of tourism areas and projects for investment purposes, and encourage private sector investment and participation in tourism activities and projects;

(l) Formulate and promulgate, in consultation with the LGUs, the private sector industries and other tourism stakeholders, rules and regulations governing the operation and activities of all tourism enterprises including, but not limited to, a national standard for licensing, accreditation and classification of tourism enterprises, prescribing therein minimum levels of operating quality and efficiency for their operation in accordance with recognized international standards, impose reasonable penalties for violation of accreditation policies and recommend to the LGUs concerned the suspension or prohibition of operation of a tourism enterprise;

(m) Monitor the LGUs' compliance to national standards in the licensing of tourism enterprises, receive and investigate

complaints concerning these enterprises, and act on such complaints to properly implement the provisions of this Act;

(n) Ensure the proper coordination, integration, prioritization and implementation of local tourism development plans with that of the national government;

(o) Provide technical assistance to LGUs in destination development, standard setting and regulatory enforcement;

(p) Undertake continuing research studies and survey to analyze economic conditions and trends relating to tourism and travel, and compile and integrate a statistical databank on the tourism industry;

(q) Delegate to regional offices, in coordination with LGUs, specific powers and functions in the implementation of tourism policies, plans and projects;

(r) Collect necessary fees and charges for the proper implementation of tourism policies, plans and projects; and

(s) Exercise such other powers and functions as are necessary for the implementation of this Act.

SEC. 7. *Structure of the Department.* – The Department shall consist of the Department Proper, Department offices, services and unit, and the regional and foreign offices.

SEC. 8. *Department Proper.* – The Department Proper shall consist of the Offices of the Secretary, Undersecretaries and Assistant Secretaries.

SEC. 9. *Office of the Secretary.* – The Office of the Secretary shall consist of the Secretary and his or her immediate staff.

SEC. 10. *Undersecretaries and Assistant Secretaries.* – The Secretary shall be assisted by at least three (3) Undersecretaries, namely:

(a) Undersecretary for Tourism Development, who shall be responsible for the Office of Product Development, the Office

of Tourism Development Planning, Research and Information Management and the Office of Industry Manpower Development;

(b) Undersecretary for Tourism Regulation, Coordination and Resource Generation, who shall be responsible for the Office of Tourism Standards and Regulations, the Office of Tourism Coordination, the Office of Tourism Resource Generation and all regional and foreign offices; and

(c) Undersecretary for Special Concerns and Administration, who shall be responsible for the Office of Special Concerns, the Financial and Management Service, Administrative Affairs Service, Legal Affairs Service, Internal Audit Service and Legislative Liaison Unit.

Each Undersecretary shall be assisted by an Assistant Secretary.

SEC. 11. *Office of Product Development.* – The Office of Product Development shall have the following functions:

(a) Conceptualize and develop new products which will enhance tourism sites and facilities;

(b) Undertake tests on the viability and acceptability of new tourism-related products and programs; and

(c) Encourage and promote joint undertakings with the private sector for the development of new tourism-related products and programs.

SEC. 12. *Office of Tourism Development Planning, Research and Information Management.* – The Office of Tourism Development Planning, Research and Information Management shall have the following functions:

(a) Prepare a National Tourism Development Plan identifying geographic areas with potential tourism value and outlining approaches to developing such areas;

(b) Formulate policies and programs for global competitiveness and national tourism development, and approve local government tourism development plans;

(c) Monitor and evaluate the implementation of policies, plans and programs of the Department;

(d) Formulate an integrated marketing and promotions plan, identifying strategic market areas and niches;

(e) Formulate, in coordination with the TIEZA, other government agencies and LGUs exercising political jurisdiction over the area, development plans for TEZs and integrating such plans with other sector plans for the area;

(f) Conduct researches and studies, disseminate all relevant data on tourism, monitor and analyze the socioeconomic impact of tourism upon affected local communities and the nation to maximize the benefits of tourism throughout affected local communities and to avoid or mitigate possible negative impacts of the industry;

(g) Provide technical assistance to the LGUs and the TIEZA in the preparation of local tourism development plans to ensure adherence to national policies and programs;

(h) Coordinate with government agencies, LGUs, NGOs and other private entities for the development and implementation of the national tourism plans and policies and other relevant concerns;

(i) Source grants or loans from local and foreign funding institutions to implement tourism policies, plans and projects;

(j) Create and supervise management information systems for the entire Department;

(k) Formulate and coordinate the implementation of the Department's information system strategic plan; and

(l) Pursue the Department's interests in multilateral, international and regional tourism cooperation, agreements and treaties.

SEC. 13. *Office of Industry Manpower Development.* – The Office of Industry Manpower Development shall have the following functions:

(a) Conduct seminars on Philippine history, culture, environment and related subjects, in coordination with appropriate government agencies and the private sector, specifically educational institutions;

(b) Develop training modules and conduct seminars and continuing education programs for the industry manpower, in coordination with appropriate government agencies and tourism enterprises and associations, thereby upgrading their quality, competence and excellence in tourism services;

(c) Encourage the development of training courses and apprenticeship programs for tourist guides and other similar workers jointly with concerned tourism enterprises, appropriate government agencies and the private sector; and

(d) Enlist the participation of experts for the provision of technical assistance, training and education programs to LGUs, tourism enterprises and other entities to improve the quality of tourism services and issue certifications to the effect that these recipients of assistance, training and education have passed the standards set by the said experts, in accordance with this Act.

SEC. 14. *Office of Tourism Standards and Regulations.* – Recognizing the need for internationally competitive standards of facilities and services, the Office of Tourism Standards and Regulations shall have the following functions:

(a) Formulate and enforce standards for the operation and maintenance of tourism enterprises, prescribing minimum and progressive levels of operating quality and efficiency consistent with local and international standards;

(b) Coordinate with relevant tourism enterprise associations, including adventure sports associations, in the formulation of rules and regulations, accreditation and enforcement;

(c) Develop and enforce a comprehensive system of mandatory accreditation for primary tourism enterprises, and voluntary accreditation for secondary tourism enterprises, in accordance with prescribed guidelines and standards;

(d) Establish a system of registration, information, linkage and mutual assistance among accredited tourism enterprises to enhance the value of accreditation and improve the quality of service rendered by such enterprises; and

(e) Evaluate tourism projects in accordance with standards and endorse the same to appropriate government agencies for availment of incentives, and provide technical assistance to incentive-giving institutions in the formulation of tourism incentives and the administration of their functions.

SEC. 15. *Office of Tourism Coordination.* – Recognizing that increased linkages are necessary between various government offices and the private sector and among the various entities in the private sector itself to properly implement tourism policy, the Office of Tourism Coordination shall have the following functions:

(a) Maintain close coordination with national government agencies, LGUs, NGOs and other private entities for the development and implementation of national tourism plans and policies;

(b) Call upon the assistance and support of any or all of the government agencies in the implementation of the policies of the Department; and

(c) Support the private sector in all tourism activities requiring governmental coordination.

SEC. 16. *Office of Tourism Resource Generation.* – In line with the objective of ensuring a sustainable funding mechanism for the implementation of tourism policies, plans, programs, projects and activities, the Office of Tourism Resource Generation shall be tasked with the collection of necessary fees and charges which shall be used by the Department in the promotion and marketing efforts of the

TPB and the development of infrastructure facilities, utilities and services of the TIEZA. The proceeds of such collection shall accrue directly and automatically to the Department. The guidelines for the collection and disbursement of these proceeds shall be defined in the implementing rules and regulations of this Act.

There is hereby created a special fund, to be disbursed and administered by the Department, called the Tourism Development Fund, which shall be used for the development, promotion and marketing of tourism and other projects of the Department that will boost tourism in the country. The fund shall be sourced from the fees and charges which will be collected by the Department. A special account shall be established for this fund in the National Treasury. Disbursements made from the fund shall be subject to the usual accounting and budgeting rules and regulations.

SEC. 17. Regional Offices. – The Department shall establish, operate and maintain a regional office in each administrative region in the country. A regional office, headed by a regional director, shall have the following functions:

(a) Implement laws, policies, plans, programs, rules and regulations of the Department, particularly those relating to compliance therewith, and to the accreditation of tourism enterprises promulgated by the Department;

(b) Coordinate with regional offices of other departments, bureaus and agencies, LGUs, NGOs and the regional offices of the Department's attached agencies in the implementation of such laws, policies, plans, programs and rules and regulations;

(c) Undertake research and data gathering on local tourism trends and other relevant tourism information;

(d) Together with LGUs, establish such tourist information and assistance centers at strategic locations as are necessary to disseminate relevant information pertaining to the tourist locations and products and to assist tourists and tourism enterprises;

(e) Conduct trainings and information campaigns, and assist the TPB in domestic promotions in the pertinent region on subject matters such as this Act, the functions of the Department, tourism traffic and new tourism sites, among others; and

(f) Make recommendations to the Secretary on all matters relating to tourism in the region.

SEC. 18. *Foreign Offices.* – The creation, operation and supervision of foreign field offices of the Department shall be retained therein.

SEC. 19. *Office of Special Concerns.* – The Office of Special Concerns shall be responsible in effectively coordinating and monitoring the various directives, pronouncements and issuances of the President pertaining to the priorities of the government and the Department.

SEC. 20. *Financial and Management Service.* – The Financial and Management Service shall provide the Department with staff advice and assistance on budgetary, financial and management matters and shall perform such other related functions as may be assigned or delegated to it by the Secretary.

SEC. 21. *Administrative Affairs Service.* – The Administrative Affairs Service shall provide the Department with staff advice and assistance on personnel information, records, communications, supplies, equipment, collection, disbursements, security, other custodial work and such other related duties and responsibilities as may be assigned or delegated to it by the Secretary.

SEC. 22. *Legal Affairs Service.* – The Legal Affairs Service shall provide the Department with staff advice and assistance on all legal matters affecting the Department and perform such other related functions as may be assigned or delegated to it by the Secretary.

SEC. 23. *Internal Audit Service.* – The Internal Audit Service shall be responsible for instituting and conducting an audit program for the Department to ensure compliance with

existing rules and regulations for an efficient and effective fiscal administration and performance of department affairs.

SEC. 24. *Legislative Liaison Unit.* – The Legislative Liaison Unit shall establish and maintain regular coordination and liaison with Congress, monitor the passage of legislative measures that are in the Department's agenda, provide relevant information and technical support to Members of Congress, and perform such other related functions as may be assigned or delegated by the Secretary.

SUBCHAPTER II-B. RATIONALIZATION OF FUNCTIONS

SEC. 25. *Reorganization of Offices.* – The Philippine Tourism Authority is hereby reorganized as the Tourism Infrastructure and Enterprise Zone Authority, as hereinafter provided. The Philippine Conventions and Visitors Corporation is hereby reorganized as the Tourism Promotions Board, as hereinafter provided.

The Bureaus for Domestic and International Tourism Promotions, and the Office of Tourism Information of the Department are hereby absorbed into the Tourism Promotions Board.

SEC. 26. *Human Resources.* – Where certain functions are declared redundant on account of the reorganization, the Department, the TIEZA Board and the Tourism Board shall provide for the reassignment, insofar as practicable, of affected employees to similar positions within the Department and its attached agencies, taking into consideration their skills and experience, without loss of seniority or other rights and privileges. In any case, all relevant laws, decrees, executive orders, rules and regulations concerning the rights of government employees in the reorganization of an office shall be respected.

SEC. 27. *Optional Retirement and Compensation.* – There shall be no mandatory separation of any employee as a result of the reorganization of the Department and its attached agencies and corporations. However, if any employee elects to leave the service or retire, said employee shall be entitled to claim separation or retirement benefits as may be provided

under existing laws governing the civil service or other laws and issuances, whichever may be beneficial to the employee concerned.

SUBCHAPTER II-C. ATTACHED AGENCIES AND CORPORATIONS

SEC. 28. *Attached Agencies and Corporations.* – The TPB, the TIEZA and the DFPC shall be attached to the Department and shall be under the supervision of the Secretary for program and policy coordination. Furthermore, the following agencies and corporations shall be attached to the Department under the supervision of the Secretary for program and policy coordination: the IA; the National Parks Development Committee (NPDC), created under Executive Order No. 30 (1963); the Nayong Pilipino Foundation (NPF), created under Presidential Decree No. 37 (1972), as amended; the PRA; and the Philippine Commission on Sports Scuba Diving (PCSSD). Except as hereinafter provided, each of the attached agencies and corporations shall continue to operate under their respective charters.

SEC. 29. *Intramuros Administration, National Parks Development Committee and Nayong Pilipino Foundation.* – The Intramuros Administration, the National Parks Development Committee and the Nayong Pilipino Foundation shall continue to be attached to the Department and operate under their respective charters. They may be authorized to operate TEZs, under the supervision of the TIEZA, as provided under Chapters IV and V of this Act, within their respective jurisdictions: *Provided*, That any restoration activity undertaken by the IA, the NPDC or the NPF may be entitled to a tax deduction equivalent to the full cost of the restoration activity directly incurred in accordance with the provisions of the National Internal Revenue Code, as amended.

SEC. 30. *Philippine Retirement Authority.* – For purposes of policy and program coordination, the Philippine Retirement Authority is hereby attached to the Department and placed under the supervision of the Secretary. The Secretary shall be the *ex officio* Chairperson of its Board of Trustees: *Provided*, That this provision shall apply after the expiration of the term of office of the incumbent Chairperson.

SEC. 31. *Philippine Commission on Sports Scuba Diving* – The Philippine Commission on Sports Scuba Diving shall likewise be attached to the Department and placed under the supervision of the Secretary, who shall be the *ex officio* Chairperson of its Board of Trustees. It shall undertake measures to provide the standard basic dive rules to all levels or kinds of divers, regulate scuba sports and technical diving in the country and ensure the safety of the sport through the formulation of policies pursuant thereto, in coordination with the Office of Tourism Standards and Regulations, including the regulation of the accredited scuba sports and technical diving establishments.

**SUBCHAPTER II-D. CONTROL AND SUPERVISION OF
AREAS WITH OVERLAPPING JURISDICTIONS**

SEC. 32. *Rationalization of Tourism Areas, Zones and Spots.* – Any other area specifically defined as a tourism area, zone or spot under any special or general law, decree or presidential issuance shall, as far as practicable, be organized into a TEZ under the provisions of this Act. With respect to tourism zones, areas or spots not organized into TEZs, the Department, through appropriate arrangements, may transfer control over the same or portions thereof, to another agency or office of the government, or to a LGU. This shall only be effected upon the submission by the latter, within a reasonable time, of comprehensive development plans for the use, preservation and promotion of these zones, areas or spots and upon the approval thereof by the Department. Such transfer shall not have the effect of diminishing the jurisdiction of the Department over these zones, areas or spots.

The Department shall exercise supervisory powers over such agency, office or LGU in accordance with the terms of the transfer or the development plan of the zone, area or spot. Where a government agency or office or a LGU fails to implement the comprehensive plan approved by the Department, the Department may rescind the arrangement transferring control over the tourism zone, area or spot and regain such control thereof.

SEC. 33. *National Integrated Protected Areas System (NIPAS) and the National Ecotourism Policy.* – The Department, in coordination with the Department of Environment and Natural Resources (DENR), shall identify areas covered by the NIPAS with ecotourism potentials and cultural heritage value, and prepare policies, plans and programs for their development, preservation, operation or conversion into TEZs. The designation of these areas as TEZs shall be subject to the provisions of Subchapter IV-A of this Act.

The ecotourism sites in the National Ecotourism Strategy pursuant to Executive Order No. 111 (1999) may also be developed into TEZs with the National Ecotourism Steering Committee responsible for finding the appropriate TEZ operator for the sites.

SEC. 34. *Tourism Infrastructure Program.* – The Department, in accordance with the National Tourism Development Plan and local government initiatives, shall coordinate with the Department of Public Works and Highways (DPWH) and the Department of Transportation and Communications (DOTC) in the establishment of a tourism infrastructure program in the respective work programs of said agencies, identifying therein vital access roads, airports, seaports and other infrastructure requirement in identified tourism areas. The said agencies and the Department of Budget and Management (DBM) shall accord priority status to the funding of this tourism infrastructure program.

SUBCHAPTER II-E. SHARED RESPONSIBILITIES OF NATIONAL AND LOCAL GOVERNMENTS

SEC. 35. *Coordination Between National and Local Governments.* – In view of the urgent need to develop a national strategy for tourism development while giving due regard to the principle of local autonomy, the Department, the Department of the Interior and Local Government (DILG) and LGUs shall integrate and coordinate local and national plans for tourism development. The Department may provide financial and technical assistance, training and other capacity-building measures to LGUs for the preparation, implementation and

monitoring of their tourism development plans, gathering of statistical data, and enforcement of tourism laws and regulations, giving due priority to areas that have been identified as strategic in the implementation of the national tourism development plan. LGUs shall ensure the implementation of such plans. The Department, the TPB and the TIEZA shall prioritize promotion and development assistance for LGUs which successfully adopt and implement their tourism development plans.

SEC. 36. *National Tourism Development Planning.* – The Department, in coordination with its attached agencies, LGUs and the private sector, shall continuously update the existing national tourism development plan in view of evolving needs and capabilities of LGUs and the domestic and global tourism market.

SEC. 37. *Local Tourism Development Planning.* – LGUs, in consultation with stakeholders, are encouraged to utilize their powers under Republic Act No. 7160, otherwise known as the Local Government Code of 1991, to ensure the preparation and implementation of a tourism development plan, the enforcement of standards and the collection of statistical data for tourism purposes. They shall, insofar as practicable, prepare local tourism development plans that integrate zoning, land use, infrastructure development, the national system of standards for tourism enterprises, heritage and environmental protection imperatives in a manner that encourages sustainable tourism development.

SEC. 38. *Reports.* – In order to monitor the resources of the Department and to ascertain the economic and social impact of tourism, all LGUs shall provide an inventory of all the resources available to the Department for use in the implementation of this Act. They shall likewise periodically report to the Department on the status of tourism plans and programs, tourist arrivals and tourism enterprises, among others, within their jurisdictions.

SEC. 39. *Accreditation.* – In order to encourage global competitiveness, strengthen data gathering and research on tourism, and facilitate the promotion of individual enterprises and the industry as a whole, the Department shall prescribe

and regulate standards for the operation of the tourism industry. Primary tourism enterprises shall be periodically required to obtain accreditation from the Department as to the quality of their facilities and standard of services. Accreditation shall be voluntary for secondary tourism enterprises.

The Department shall evolve a system of standards for the accreditation of these enterprises in accordance with the relevant tourism development plan. These standards shall adhere, insofar as practicable, to those recognized internationally. The Department and LGUs shall ensure strict compliance of tourism enterprises with these standards.

The Department, through the Office of Tourism Standards and Regulations, shall act on complaints regarding accredited tourism enterprises, and after notice and hearing, may impose fines, or downgrade, suspend or revoke accreditation, for violation of the terms thereof. The Department shall likewise have the power and the duty to issue tourism advisories pertaining to tourism enterprises found to have violated the terms of their accreditation. A tourism advisory shall contain the following:

- (a) Complete identification of the pertinent tourism enterprise;
- (b) Location of this entity;
- (c) Its registered owner or proprietor and the business address thereof;
- (d) The specific term or terms of accreditation violated;
and
- (e) The statement that the advisory shall only be lifted upon continued compliance of the enterprise with the terms of accreditation.

Tourism enterprises registered with the TIEZA in accordance with the pertinent provisions below and availing of the incentives under this Act shall further be ordered to pay back taxes in the amount equivalent to the difference

between the taxes that they should have paid had they not availed of the incentives under this Act and the actual amount of taxes being paid by them under the same incentive scheme. The back taxes to be collected shall be computed up to three (3) years directly preceding the date of promulgation of the decision or order finding that the tourism enterprise violated the terms of its accreditation. For this purpose, the Department shall enlist the assistance of the Bureau of Internal Revenue in arriving at an accurate computation of back taxes to be paid by the pertinent tourism enterprise. The proceeds of these back taxes shall be distributed as follows:

- (a) One-third to the national government;
- (b) One-third to the LGUs concerned, to be shared by them equally should there be more than one such LGU; and
- (c) One-third to the TIEZA.

Nothing in this section shall diminish the powers of the LGUs under the Local Government Code, pertaining to the issuance of business permits, licenses and the like. When an enterprise fails to obtain or loses accreditation, the Department shall notify the LGU concerned so that it may take appropriate action in relation to an enterprise's licenses and permits to operate.

The Department may, under such relevant terms and conditions stipulated, delegate the enforcement of the system of accreditation to LGUs that have adopted and successfully implemented their tourism development plans.

The Department shall promulgate the necessary implementing rules and regulations to enforce the provisions of this section pursuant to its powers and functions as defined under Section 6 of this Act.

SEC. 40. Value of Accreditation. – The Department shall develop a system to enhance the value of accreditation among primary and secondary tourism enterprises. Only accredited enterprises shall be beneficiaries of promotional, training and other programs of the Department and its attached agencies and corporations.

Accredited enterprises shall, insofar as practicable, give due preference to other accredited enterprises in obtaining relevant services.

The Department shall develop an integrated system of accreditation in coordination with concerned agencies and entities, in order to reduce the regulatory and financial burden on tourism-related enterprises.

SEC. 41. *Local Government Capabilities Enhancement.* – The Department shall develop support and training programs to enhance the capability of LGUs to monitor and administer tourism activities, and enforce tourism laws, rules and regulations in their respective jurisdictions. Funding for such programs shall be shared equitably between the Department and the LGUs concerned.

SEC. 42. *Tourism Officers.* – Every province, city or municipality in which tourism is a significant industry shall have a permanent position for a tourism officer. He or she shall be responsible for preparing, implementing and updating local tourism development plans, and enforcing tourism laws, rules and regulations. In the performance of his or her functions, the tourism officer shall coordinate with the Department and its attached agencies.

Prior to appointment, every tourism officer must have obtained a relevant bachelor's degree and at least five (5) years of substantial involvement in the tourism industry. The Department may also prescribe other relevant qualifications and require periodic completion of training programs. Such qualifications and the powers and functions of tourism officers shall be defined in the implementing rules and regulations of this Act.

SEC. 43. *Tourism Assistance.* – In coordination with the Department's regional offices, every province, city or municipality in which tourism is a significant industry shall establish a tourist information and assistance center to assist tourists and tourism enterprises.

SEC. 44. *Tourism Site Classification.* – The tourism councils established in the administrative regions of the

country shall meet, on a regular basis, to classify and evaluate tourism destinations, sites and activities within their respective regions. Such classifications and evaluations may be used by the Department and its attached agencies, LGUs, and the private sector as guide in the development and implementation of their respective programs.

CHAPTER III

TOURISM PROMOTIONS

SUBCHAPTER III-A. TOURISM PROMOTIONS BOARD

SEC. 45. *Tourism Promotions Board.* – Under the supervision of the Secretary and attached to the Department for purposes of program and policy coordination shall be a body corporate known as the Tourism Promotions Board (TPB). The TPB shall formulate and implement an integrated domestic and international promotions and marketing program for the Department.

SEC. 46. *Mandate.* – The TPB shall be responsible for marketing and promoting the Philippines domestically and internationally as a major global tourism destination, highlighting the uniqueness and assisting the development of its tourism products and services, with the end in view of increasing tourist arrivals and tourism investment. Specifically, it shall market the Philippines as a major convention destination in Asia. To this end, it shall take charge of attracting, promoting, facilitating and servicing large-scale events, international fairs and conventions, congresses, sports competitions, expositions and the like. It shall likewise ensure the regular advertisement abroad of the country's major tourism destinations and other tourism products, not limited to TEZs. It may also provide incentives to travel agencies abroad which are able to draw tourists and tourism investments to the country.

SEC. 47. *Board of Directors.* – The TPB shall be governed and its powers exercised by a Board of Directors ("Tourism Board"), composed as follows:

- (a) The Department Secretary, as Chairperson;

(b) The TPB Chief Operating Officer, as Vice Chairperson;

(c) The TIEZA Chief Operating Officer;

(d) The Department of Foreign Affairs (DFA) Secretary;

(e) The Department of Trade and Industry (DTI) Secretary;

(f) The DOTC Secretary; and

(g) Five (5) representative directors, to be appointed by the President, upon the recommendation of the Tourism Congress from a list of at least three (3) nominees per group as enumerated in Section 49. They must be Filipinos with recognized competence in business management, marketing, finance, tourism and other related fields and shall serve a term of office of three (3) years, which term may be extended for a period not exceeding three (3) years.

The Secretaries of the DFA, the DTI and the DOTC shall each designate a permanent representative in the Board, who must possess relevant experience. The permanent representative shall be duly authorized to act on behalf of the Secretary in his or her absence.

The Chairperson of the Tourism Board shall have voting rights in case of a tie.

The Tourism Board shall appoint a corporate secretary whose functions shall include the preparation of agenda for board meetings, in consultation with the Chairperson.

SEC. 48. *The Chief Operating Officer.* – The TPB shall have a Chief Operating Officer who must be a Filipino, with a bachelor's degree in any of the following fields: business, law, tourism, public administration or other relevant fields and have demonstrated expertise therein. He or she must have been engaged in a managerial capacity for at least five (5) years prior to his or her appointment. He or she shall be elected by the Board from a list of qualified applicants and

appointed by the Secretary, and shall have a term of office of six (6) years, unless removed for cause in accordance with law.

SEC. 49. Representative Directors. – In accordance with Section 47, paragraph (g) of this Act, the Tourism Congress, as created under Chapter VIII, Section 104, shall elect from, among its members the directors to represent the tourism industry in the Tourism Board, specifically the following groups:

- (a) Accommodation enterprises;
 - (b) Travel and tour services;
 - (c) Land, air and sea tourist transport services;
 - (d) Conventions and exhibitions services and suppliers;
- and
- (e) Other tourism enterprises.

If a representative director ceases to be connected with the sector he or she represents, a new representative director shall be appointed to serve the unexpired term.

SEC. 50. Powers and Functions of the Tourism Promotions Board. – The TPB shall have all the general powers of a corporation provided under the Corporation Code. Furthermore, it shall have the following powers and functions:

- (a) Organize the TPB in a manner most efficient and economical for the conduct of its business and the implementation of its mandate;
- (b) Develop and implement a plan to market the Philippines as a premier tourist destination;
- (c) Direct and coordinate the resources and efforts of the government and the private sector in the tourism and allied fields for the full realization of the tourism plans and programs;

(d) Develop and promote the Philippines as a center for international meetings, incentives, conventions, exhibitions, sports, medical tourism and other special events;

(e) Engage in the business of tourism and perform acts in consonance therewith, such as, but not limited to, attending conventions and other events abroad in representation of the country, encouraging sales promotions and advertising, and implementing programs and projects with the objective of promoting the country and enticing tourists to visit its tourism destinations and to enjoy its tourism products;

(f) Contract loans, indebtedness and credit, and issue commercial papers and bonds, in any local or convertible foreign currency from international financial institutions, foreign government entities, and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law, rules and regulations;

(g) Execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for the purpose of financing the programs and projects deemed vital for the early attainment of its goals and objectives, subject to the provisions of the Constitution (Article VII, Section 20 and Article XII, Section 2, paragraphs (4) and (5));

(h) Receive donations, grants, bequests and assistance of all kinds from local and foreign governments and private sectors and utilize the same;

(i) Extend loans through government banks and financial institutions, provide grants and other forms of financial assistance for manpower training, heritage preservation, infrastructure development and other programs of the Department;

(j) Obtain the services of local and foreign consultants, and enter into contracts locally and abroad in the performance of its functions; and

(k) Perform all other powers and functions of a corporation.

SEC. 51. *Meetings of the Board.* – The Tourism Board shall meet at least once a month at the principal office of the TPB, unless the Tourism Board previously agrees in writing to meet at another location.

SEC. 52. *Capitalization.* – The TPB shall have an authorized capital of Two hundred fifty million pesos (Php250,000,000.00) which shall be fully subscribed by the national government.

SEC. 53. *Strategic Marketing Plan.* – The TPB shall draft comprehensive short-, medium- and long-term marketing plans for the Philippines as a destination for travel, business and investment, particularly tourism investment. It shall coordinate, insofar as practicable, with relevant agencies of the government and the private sector in the preparation of such plans.

Such plans shall be duly approved by the Tourism Board. The Chief Operating Officer shall ensure that the marketing plans are duly implemented, and shall periodically report to the Tourism Board the status of their implementation. He or she shall also coordinate to ensure that the other agencies of the government and the private sector which assisted in the preparation of marketing plans perform their respective duties under the plans.

SUBCHAPTER III-B. TOURISM PROMOTIONS FUNDING

SEC. 54. *Tourism Promotions Trust.* – Within one hundred and twenty (120) days from the effectivity of this Act, an audit shall be conducted by the Commission on Audit to determine the true value of the assets and liabilities of the PTA. After such audit, the TIEZA and the Department, in coordination with the Privatization Council, shall determine which assets shall be put up for sale or lease: *Provided*, That concerned LGUs interested to manage and operate said assets shall have the right of first refusal. The TIEZA and the Department shall take into consideration the importance of maintaining and preserving the PTA assets which may already be considered cultural treasures and heritage sites, such as the Banaue Hotel and similar assets, which shall not be sold

or in any way disposed of and shall be placed under the ownership of the TIEZA for their continued maintenance.

The Tourism Promotions Trust shall hereby be established from the proceeds of the sale or lease of the assets of the PTA. The trust shall be managed by a government-owned bank or financial institution selected by the Tourism Board. Said bank or institution shall report the status and profitability of the trust on a quarterly basis to the Tourism Board, the Secretary, and the Joint Congressional Tourism Oversight Committee created under this Act.

SEC. 55. *Tourism Promotions Fund.* – The proceeds of the following shall be placed in a special Tourism Promotions Fund to finance the activities of the TPB:

(a) The investment earnings from the Tourism Promotions Trust;

(b) An appropriation from the national government of not less than Five hundred million pesos (Php500,000,000.00) annually for at least five (5) years from the time of its constitution;

(c) Seventy percent (70%) of the fifty percent (50%) net income of the DFPC accruing to the Department, in lieu of its statutory remittance to the national government under Republic Act No. 7656, otherwise known as the Dividends Law of 1994;

(d) At least twenty-five percent (25%) of the fifty percent (50%) national government share remitted by the Philippine Amusements and Gaming Corporation (PAGCOR) to the National Treasury pursuant to Republic Act No. 7656; and

(e) At least twenty-five percent (25%) of the national government share remitted by the international airports and seaports to the National Treasury pursuant to Republic Act No. 7656.

In no case shall promotions and marketing activities receive less than fifty percent (50%) of the annual utilization of the fund. Not more than ten percent (10%) of the fund

shall be used for all other administrative and operating expenses of the TPB. The unallocated portion of the fund shall be earmarked by the TPB as follows:

- (a) For use by the TIEZA in the development of TEZs;
- (b) For the Department, to enhance its programs for development planning, heritage preservation and infrastructure development, and manpower training including, but not limited to, scholarships for trainings abroad, among others; or
- (c) For such other purposes as may contribute to the development of the tourism industry.

Portions of the net income of government corporations and other enterprises provided under this section due the TPB shall be remitted directly thereto on a quarterly basis.

SEC. 56. *Special Contingency Fund.* – At the beginning of each year, ten percent (10%) of the allocation for promotions and marketing shall be set aside as a Special Contingency Fund of the TPB. This shall be used in the event of emergencies to provide the TPB with sufficient resources to undertake marketing and promotions activities that will encourage sustained tourism interest in the Philippines and that will address the adverse effects of these emergencies.

SEC. 57. *Exemption From Payment of Corporate Income Tax.* – Notwithstanding any provision of existing laws, decrees, executive orders to the contrary, the TPB shall be exempt from the payment of corporate income tax, as provided under the National Internal Revenue Code (NIRC) of 1997, as amended.

SEC. 58. *Membership.* – The TPB shall be open for membership to entities, groups and individuals with economic, social or cultural interest in travel trade, congresses and conventions.

CHAPTER IV

TOURISM ENTERPRISE ZONES

SUBCHAPTER IV-A. TOURISM ENTERPRISE ZONES

SEC. 59. *Tourism Enterprise Zones.* – Any geographic area with the following characteristics may be designated as a Tourism Enterprise Zone:

(a) The area is capable of being defined into one contiguous territory;

(b) It has historical and cultural significance, environmental beauty, or existing or potential integrated leisure facilities within its bounds or within reasonable distances from it;

(c) It has, or it may have, strategic access through transportation infrastructure, and reasonable connection with utilities infrastructure systems;

(d) It is sufficient in size, such that it may be further utilized for bringing in new investments in tourism establishments and services; and

(e) It is in a strategic location such as to catalyze the socioeconomic development of neighboring communities.

SEC. 60. *Designation of TEZs.* – The TIEZA shall designate TEZs, upon the recommendation of any LGU or private entity, or through joint ventures between the public and the private sectors. Such designation shall be subject to the provisions of this Act and to minimum requirements which the TIEZA shall subsequently promulgate.

TEZs shall not proliferate in a manner that diminishes their strategic economic and developmental value to the national economy.

SEC. 61. *Development Planning.* – Each application for designation as a TEZ shall be accompanied by a development plan which shall, consistent with principles of economic,

cultural and environmentally sustainable development, specifically identify:

(a) Tourism focal points and resources available within the proposed TEZ and adjoining areas;

(b) Features which satisfy the requisites for the designation of a TEZ enumerated under Section 59 of this Act;

(c) Areas for infrastructure development, for investment, and for preservation, as well as the kind of development, nature of investment or sustainable activities allowed within preserved areas, respectively;

(d) Medium- and long-term studies on market trends, and corresponding development strategies for the TEZ;

(e) Studies on the economic impact of development within the TEZ and in surrounding communities;

(f) Studies on the environmental, cultural and social carrying capacity of the TEZ and surrounding communities;

(g) Design plans for structures which incorporate design and sustainability principles from local architecture and the surrounding environment; and

(h) Such other information that the TIEZA may require.

No TEZ shall be designated without a development plan duly approved by the TIEZA and without the approval, by resolution, of the LGU concerned. Any deviation or modification from the development plan shall require the prior authorization of the TIEZA. The TIEZA may cause the suspension of granted incentives and withdrawal of recognition as a TEZ operator. It may likewise impose reasonable fines and penalties upon TEZ operators and responsible persons for any failure to properly implement the approved development plan.

Lands identified as part of a TEZ shall qualify for exemption from the coverage of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, and Republic Act No. 6657, otherwise known as the

Comprehensive Agrarian Reform Law, subject to rules and regulations to be crafted by the TIEZA, the Housing and Urban Development Coordinating Council and the Department of Agrarian Reform.

SEC. 62. *Operation of TEZs.* – The TEZ proponent shall establish a corporate entity, to be known as the TEZ operator, which shall administer the TEZ and supervise its activities. The designation of a TEZ does not vest ownership of the resources therein upon the TEZ operator. Where the TEZ operator possesses rights to land or other resources within the TEZ, the TEZ operator shall be entitled to exercise such rights as allowed by existing laws in a manner consistent with the duly-approved development plan as provided above.

Where rights to land and other resources within the TEZ are vested in a private third party, the TEZ operator shall encourage the private third party to participate in policy making, planning and program development and implementation by encouraging its registration as a tourism enterprise where appropriate, and through the judicious administration of incentives and provision of services.

Except as herein provided, the LGUs which comprise, overlap, embrace or include a TEZ in their territorial jurisdictions shall retain their basic autonomy and identity in accordance with the Local Government Code.

The government shall encourage, facilitate and provide incentives for private sector participation in the construction and operation of public utilities and infrastructure in the TEZs using any of the schemes allowed under Republic Act No. 6957, as amended, otherwise known as the Build-Operate-and-Transfer Law.

SUBCHAPTER IV-B. TOURISM INFRASTRUCTURE AND ENTERPRISE ZONE AUTHORITY

SEC. 63. *The Tourism Infrastructure and Enterprise Zone Authority.* – Under the supervision of the Secretary and attached to the Department for purposes of program and policy coordination shall be a body corporate known as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA).

SEC. 64. *Mandate.* – The TIEZA shall be a body corporate which shall designate, regulate and supervise the TEZs established under this Act, as well as develop, manage and supervise tourism infrastructure projects in the country. It shall supervise and regulate the cultural, economic and environmentally sustainable development of TEZs toward the primary objective of encouraging investments therein. It shall ensure strict compliance of the TEZ operator with the approved development plan. Pursuant thereto, the TIEZA shall have the power to impose penalties for failure or refusal of the tourism enterprises to comply with the approved development plan, which shall also be considered a violation of the terms of accreditation. Such power shall further be defined under the implementing rules and regulations of this Act.

The TIEZA shall continue to exercise functions previously exercised by the PTA under Presidential Decree No. 564, unless otherwise inconsistent with the other provisions of this Act. It shall however cease to operate the DFP.

In addition to its mandate to regulate and supervise TEZs, the TIEZA shall likewise be deemed a government infrastructure corporation under the provisions of Executive Order No. 292, otherwise known as the Administrative Code of 1987.

Tourism enterprises outside of TEZs and without accreditation shall be governed by pertinent laws, rules and regulations.

SEC. 65. *Board of Directors.* – The TIEZA shall be governed and its powers exercised by a Board of Directors (“TIEZA Board”), composed as follows:

- (a) The Department Secretary, as Chairperson;
- (b) The TIEZA Chief Operating Officer, as Vice Chairperson;
- (c) The TPB Chief Operating Officer;
- (d) The DPWH Secretary;

- (e) The DENR Secretary;
- (f) The DILG Secretary; and

(g) Five (5) representative directors, to be appointed by the President, upon the recommendation of the Tourism Congress from a list of at least three (3) nominees per group as enumerated in Section 67. They must be Filipinos with recognized competence in business management, marketing, finance, tourism and other related fields and shall serve a term of office of three (3) years, which term may be extended for a period not exceeding three (3) years.

The Secretaries of the DPWH, the DENR and the DILG shall each designate a permanent representative in the Board, who must possess relevant experience. The permanent representative shall be duly authorized to act on behalf of the Secretary in his or her absence.

The Chairperson of the TIEZA Board shall have voting rights in case of a tie.

The TIEZA Board shall appoint a corporate secretary whose functions shall include the preparation of agenda for board meetings, in consultation with the Chairperson.

SEC. 66. *The Chief Operating Officer.* – The TIEZA shall have a Chief Operating Officer who must be a Filipino, with a bachelor's degree in any of the following fields: business, law, tourism, public administration or other relevant fields and have demonstrated expertise therein. He or she must have been engaged in a managerial capacity for at least five (5) years prior to his or her appointment. He or she shall be elected by the Board from a list of qualified applicants and appointed by the Secretary, and shall have a term of office of six (6) years, unless removed for cause in accordance with law.

SEC. 67. *Representative Directors.* – The five (5) representative directors shall represent each of the following groups:

- (a) Tourism estate development and management services;
- (b) Accommodation enterprises;
- (c) Air, sea and land tourism transport services;
- (d) Travel and tours enterprises; and
- (e) Other tourism enterprises.

If a representative director ceases to be connected with the sector he or she represents, a new representative director shall be appointed to serve the unexpired term.

SEC. 68. *Meetings of the Board.* – The TIEZA Board shall meet at least once a month at the principal office of the TIEZA, unless the TIEZA Board previously agreed in writing to meet at another location.

SEC. 69. *General Powers and Functions of the TIEZA Board.* – The TIEZA Board shall have the general powers of a corporation as provided under the Corporation Code. Furthermore, it shall also have the following powers:

- (a) Organize the TIEZA in a manner most efficient and economical for the conduct of its business and the implementation of its mandate;
- (b) Develop policies, plans and programs in coordination with the Department for the development and operation of TEZs and adopt rules and regulations necessary for the implementation of the provisions of this Act;
- (c) Enter into, make, perform and carry out contracts of every class, kind and description which are necessary or incidental to the realization of its purposes with any person, firm or corporation, private or public, and with foreign government entities;
- (d) Contract loans, indebtedness and credit, issue commercial papers and bonds, in any local or convertible foreign currency from international financial institutions, foreign government entities, and local or foreign private

commercial banks or similar institutions under such terms and conditions prescribed by law, rules and regulations;

(e) Execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for the purpose of financing the programs and projects deemed vital for the early attainment of its goals and objectives, subject to the provisions of Article VII, Section 20 and Article XII, Section 2, paragraphs (4) and (5) of the Constitution;

(f) Construct, own or lease, operate and maintain infrastructure facilities or enter into joint ventures, and grant franchises for, and supervise the operation of, public utilities within TEZs, in coordination with LGUs and agencies concerned;

(g) Undertake, or authorize the undertaking of, reclamation projects within TEZs;

(h) Preserve, restore or reconstruct all national cultural treasures and shrines located within TEZs, in coordination with the National Museum and other concerned agencies;

(i) Receive donations, grants, bequests and assistance of all kinds from local and foreign governments and private sectors and utilize the same;

(j) Exercise eminent domain and police power, including, but not limited to, the power to recommend to the Department the removal of structures which may be considered nuisances *per se* or which impede or impair the enjoyment of historical, cultural and natural endowments;

(k) Coordinate with LGUs and other government agencies for the provision of basic services, utilities and infrastructure required by TEZs;

(l) Review and approve proposals for the designation of TEZs based on the criteria provided herein, and approve, facilitate and assist in the organization of TEZ operators;

(m) Regulate and supervise the operations of TEZ operators, review and ensure compliance with the development

plans, and establish and implement other policies, plans and programs for the development and operation of TEZs;

(n) Register, monitor and regulate enterprises seeking to invest and operate within a TEZ, and approve and grant incentives to such registered enterprises as provided under this Act; and

(o) Exercise the general powers of a corporation.

SEC. 70. Powers and Functions of the Chief Operating Officer. - In addition to those stated in Section 23 of Presidential Decree No. 564 on the powers of the former General Manager of the PTA, which are hereby adopted under this Act, the Chief Operating Officer shall implement the policies, plans and programs of the TIEZA.

He or she shall likewise exercise the following powers and functions:

(a) Recommend to the TIEZA Board the designation of TEZs in accordance with set policies and standards;

(b) Coordinate with the Philippine National Police and other concerned agencies of government for the maintenance of peace and order within the TEZs;

(c) Ensure that all revenues of the TEZs are collected and applied in accordance with law;

(d) Submit to the Board the ongoing and proposed projects, work and financial programs, annual budget of receipts and expenditures of the TEZs;

(e) Receive protests, complaints and claims concerning TEZ operators, enterprises and residents, and make recommendations to the TIEZA Board for appropriate action;

(f) Enforce all legal easements along seashores, lakeshores, riverbanks, among others, as provided under existing laws, rules and regulations, to allow free and open access thereto and aid in the proper development of the national patrimony;

(g) Take such emergency measures as may be necessary to avoid fires, floods and mitigate the effects of storms and other natural or public calamities;

(h) Recommend to the TIEZA Board all necessary acts to properly supervise the operations of TEZ operators;

(i) Coordinate with the TPB for the promotion of tourism and the encouragement of investments in TEZs; and

(j) Exercise such other powers and functions as are necessary to the implementation of this Act.

SEC. 71. Capitalization. – The TIEZA shall have an authorized capital of Two hundred fifty million pesos (Php250,000,000.00) which shall be fully subscribed by the national government.

SEC. 72. Funding. – The TIEZA shall obtain the funds for its operations from the following:

(a) Fifty percent (50%) of the proceeds from travel tax collections;

(b) A reasonable share from the collections of the Office of Tourism Resource Generation, to be determined by the Department;

(c) Income from projects managed by the TIEZA; and

(d) Subsidies or grants from local and foreign sources that may be received by the TIEZA.

At least five percent (5%) from the travel tax collection which shall accrue to the TIEZA shall be earmarked for the development of historic, cultural, religious and heritage sites and prime tourist destinations. Another five percent (5%) shall be earmarked for the development of ecotourism sites in depressed provinces with strong tourism potentials.

SEC. 73. Collection and Allocation of Travel Taxes. – For purposes of this Act, the TIEZA shall be the principal agency responsible for the timely collection of travel taxes.

Amounts to be collected by the TIEZA shall be distributed in the manner provided for under this Act: *Provided*, That the national government shall look for alternative funding sources for programs funded by the travel tax in the event of a phase out of travel tax collection following international agreements.

Pursuant to Section 72 of this Act, fifty percent (50%) of the proceeds from travel tax collections shall accrue to the TIEZA.

The government's contribution to the Higher Education Development Fund, equivalent to forty percent (40%) from the total gross collections of the travel tax, shall be retained: *Provided*, That the Commission on Higher Education (CHED) shall give priority to tourism-related educational programs and courses. The ten percent (10%) share of the National Commission for Culture and the Arts from the total gross collections of the travel tax shall likewise be retained.

SEC. 74. *Exemption from Payment of Corporate Income Tax.* – Notwithstanding any provision of existing laws, decrees, executive orders to the contrary, the TIEZA shall be exempt from the payment of corporate income tax, as provided under the NIRC.

SEC. 75. *Survey of Resources.* – The TIEZA shall, in coordination with appropriate authorities and neighboring cities and municipalities, conduct a survey of the physical and natural assets and potentials of the TEZ areas under its jurisdiction.

SEC. 76. *Registration.* – Tourism enterprises within a TEZ shall register with the TIEZA to avail of incentives and benefits provided for in this Act.

SEC. 77. *One-Stop Shop Processing.* – The TIEZA shall establish offices where prospective TEZ investors can register to obtain the incentives and benefits under this Act and all necessary permits and licenses from all national and local government offices. All government agencies shall coordinate with the TIEZA for the issuance of such permits and licenses.

The TIEZA shall collect fees necessary for the issuance of these permits and licenses.

SEC. 78. *Investigation and Inquiries.* – Upon a written formal complaint made under oath, which on its face provides reasonable basis to believe that some anomaly or irregularity may have been committed within TEZs, the TIEZA Chief Operating Officer shall have the power to inquire into and investigate the conduct of TEZ operators, registered enterprises and/or their employees. For this purpose, he or she may subpoena witnesses, administer oaths and compel the production of books, papers and other evidence. The TIEZA Chief Operating Officer shall thereafter make a recommendation to the TIEZA Board for appropriate action.

SUBCHAPTER IV-C. TEZ ADMINISTRATION

SEC. 79. *Administration of TEZs.* – Each TEZ shall be administered and supervised by a TEZ operator. A TEZ operator shall be an entity duly incorporated under the Corporation Code and other relevant laws, unless the TEZ operator is a LGU or any other instrumentality of the government in the pursuit of their mandates, where capital may be provided by LGUs and/or private entities.

SEC. 80. *Articles of Incorporation and Bylaws of TEZ Operators.* – Except as provided herein and as may be provided by rules and regulations duly promulgated by the TIEZA, each duly incorporated TEZ operator shall draft its articles of incorporation and bylaws in accordance with the Corporation Code.

SEC. 81. *Boards of Directors and Consultative Bodies of TEZ Operators.* – The seats of the Board of Directors of a TEZ operator shall be allocated *pro-rata* according to the respective capital contributions of the TEZ operator's shareholders.

TEZ operators are encouraged to reserve seats on their Boards of Directors for relevant interest groups, such as those representing environmental, religious, cultural, TEZ investors', TEZ residents' and other interests. In any case, TEZ operators may form consultative bodies for such special interest groups

to assist them in the formulation and implementation of policies, plans and projects.

SEC. 82. *TEZ Administrator.* – The Board of Directors of each TEZ operator shall appoint its TEZ Administrator, who shall be responsible for implementing the policies, plans and projects of the TEZ operator's Board of Directors. The TIEZA shall provide guidelines on the necessary educational and practical qualifications required of a TEZ Administrator. In addition to such qualifications, all TEZ Administrators must undergo and pass a training program of the Department to provide TEZ Administrators with knowledge and skills relevant to the operation of the TEZ.

SEC. 83. *Civil Dispute Resolution.* – The TIEZA shall establish a civil dispute mediation office to effectively and efficiently resolve civil disputes concerning tourism enterprises and/or tourism-related issues within a TEZ where at least one of the parties to the dispute was residing in the TEZ at the time the dispute arose, and is still residing within the TEZ at the time the complaint is filed with the mediation office. No civil dispute may be filed in court without having undergone mediation proceedings as provided under this section except in extraordinary cases where a party may suffer irreparable damage. The TIEZA shall charge reasonable fees for civil dispute mediation. This provision is without prejudice to the application of the rules pertaining to Katarungang Pambarangay with respect to other matters.

SEC. 84. *Labor Dispute Resolution.* – To resolve disputes between workers and employers for any violation of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, the TIEZA shall, in coordination with the Department of Labor and Employment (DOLE), establish a labor dispute resolution office to mediate between workers and employers.

CHAPTER V

INCENTIVES

SEC. 85. *General Principles on the Grant and Administration of Incentives.* -

(a) Recognizing the strategic economic importance of tourism, the necessity that investments within TEZs be properly coordinated with environmental, cultural and developmental imperatives, and the fundamental differences between the export manufacturing and tourism industries, the TIEZA shall have sole and exclusive jurisdiction to grant the incentives hereinafter provided.

In the formulation of rules and regulations defining and implementing these incentives, and without derogating therefrom, the TIEZA may coordinate with the Board of Investments and other government agencies or entities responsible for the grant and administration of incentives to assist in the development of a rationalized national investment incentive policy.

In the grant of incentives, it shall give equal preference to large investments, those with great potential for employment generation and those of local small and medium enterprises. Registered tourism enterprises owned and operated by overseas Filipino investors shall enjoy the same incentives granted to TEZ operators and registered enterprises in general. The amount of required investments shall be defined in the implementing rules and regulations of this Act. The incentive schemes set forth in Sections 86, 87 and 88 shall be in effect for a period of ten (10) years from the effectivity of this Act, which period is subject to review by the Joint Congressional Oversight Committee on Tourism.

The TIEZA shall further coordinate with the Bureau of Customs and the Bureau of Internal Revenue in the preparation and enforcement of rules and regulations to prevent the abuse of these incentives.

The jurisdiction of the TIEZA in the grant and administration of incentives shall not be impliedly repealed or modified.

(b) The Department and the DTI shall promulgate rules and regulations to govern the relationship between TEZs created under this Act, and economic zones created under Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, and Republic Act No. 7916, as amended, otherwise known as the Special Economic Zone Act of 1995, where an area comprising a TEZ overlaps, falls within or encompasses that of an economic zone: *Provided*, That such rules and regulations shall consider the special nature and requirements of tourism in relation to other industries, establishments and operations in economic zones. TEZs proclaimed as such prior to the passage of this Act shall be transferred to the supervision of the TIEZA.

(c) The investment incentives offered under this Act shall be without prejudice to availing other incentives provided under other laws, decrees and presidential issuances. However, where such other laws, decrees or presidential issuances provide for similar or identical incentive schemes, the investor may only elect to avail of the scheme provided under one particular law, decree or presidential issuance.

(d) LGUs are likewise encouraged to provide incentives for tourism enterprises through, among others, reductions in applicable real estate taxes and waivers of fees and charges, among others. Should a LGU grant such incentives, it shall report the same to the Department and the TPB to assist in the marketing and promotions of investment in that LGU.

SUBCHAPTER V-A. INCENTIVES FOR TEZ OPERATORS AND REGISTERED TOURISM ENTERPRISES

SEC. 86. *Fiscal Incentives Available to TEZ Operators and Registered Enterprises.* – The following incentives may, in the discretion of the TIEZA Board, be granted to registered tourism enterprises within TEZs:

(a) **Income Tax Holiday.** New enterprises in Greenfield and Brownfield Tourism Zones shall, from the start of business operations, be exempt from tax on income for a period of six (6) years. This income tax holiday may be extended if the enterprise undertakes a substantial expansion or upgrade of its facilities prior to the expiration of the first six (6) years.

This extension shall consider the cost of such expansion or upgrade in relation to the original investment, but shall in no case exceed an additional six (6) years. These enterprises shall likewise be allowed to carry over as deduction from the gross income for the next six (6) consecutive years immediately following the year of the loss, their net operating losses for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income.

An existing enterprise in a Brownfield Tourism Zone shall likewise enjoy the incentives extended to new enterprises in Greenfield and Brownfield Tourism Zones mentioned in the preceding paragraph.

An existing enterprise in a Brownfield Tourism Zone shall be entitled to avail of a non-extendible income tax holiday if it undertakes an extensive expansion or upgrade of facilities. Such an income tax holiday shall consider the cost of such expansion or upgrade in relation to the original investment, but shall in no case exceed six (6) years to be counted from the time of completion of the expansion or upgrade: *Provided*, That capital expenditures subject to income tax holiday shall be understood to mean money spent to acquire or upgrade physical assets, such as buildings, machinery and equipment, intended to extend the life of an asset or increase the capacity or efficiency of a tourism enterprise that benefit the current and future periods: *Provided, further*, That in case of expansion involving the improvement of existing structures or constructing new ones, such expansion shall consider the substantial amount infused, the substantial number of rooms added or constructed and, where applicable, their change in classification from three-star to five-star establishments.

The provisions of this subsection shall likewise apply to tourism enterprises outside the zones.

(b) Gross Income Taxation. In lieu of all other national and local taxes, license fees, imposts and assessments, except real estate taxes and such fees as may be imposed by the TIEZA, a new enterprise shall pay a tax of five percent (5%) on its gross income earned, which shall be distributed as follows:

(1) One-third to be proportionally allocated among affected LGUs;

(2) One-third to the national government; and

(3) One-third to the TIEZA for the funding of its operations and its programs in the TEZs, which shall include the protection, maintenance and enrichment of the environment, tangible cultural and historical heritage, and the intangible cultural heritage of communities within and surrounding the TEZs.

Gross income as used herein is defined under Section 27(A) of the NIRC, and further defined under relevant rules and regulations.

(c) **Capital Investment and Equipment.** Subject to rules and regulations which properly define capital investments and equipment necessary for various kinds of tourism enterprises, registered enterprises shall be entitled to an exemption of one hundred percent (100%) of all taxes and customs duties on importations of capital investment and equipment.

(d) **Transportation and Spare Parts.** Importation of transportation and the accompanying spare parts of new and expanding registered enterprises shall be exempt from customs duties and national taxes: *Provided*, That they are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices, and that they are reasonably needed and will be used exclusively by an accredited tourism enterprise.

(e) **Goods and Services.** Subject to rules and regulations which properly define goods and services necessary for various kinds of tourism enterprises, registered enterprises shall be entitled to the following:

(1) Importation of goods actually consumed in the course of services actually rendered by or through registered enterprises within a TEZ shall enjoy one hundred percent (100%) exemption from all taxes and customs duties: *Provided*, however, That no goods shall be imported for the purpose of

operating a wholesale or retail establishment in competition with the DFPC; and

(2) A tax credit equivalent to all national internal revenue taxes paid on all locally-sourced goods and services directly or indirectly used by the registered enterprise for services actually rendered within the TEZ.

(f) **Social Responsibility Incentive.** A registered enterprise shall be entitled to a tax deduction equivalent to a reasonable percentage, not exceeding fifty percent (50%), of the cost of environmental protection or cultural heritage preservation activities, sustainable livelihood programs for local communities, and other similar activities.

SEC. 87. Non-fiscal Incentives Available to TEZ Operators and Registered Tourism Enterprises. - The following incentives may, in the discretion of the TIEZA Board, be granted to registered tourism enterprises within TEZs:

(a) **Employment of Foreign Nationals.** A registered enterprise may employ foreign nationals in executive, supervisory, technical or advisory positions for such reasonable periods and under such terms as may be provided by the TIEZA Board, with due regard for the proper protection and representation of foreign investments in registered enterprises, and the need to ensure easy travel into and out of the Philippines by such nationals and their immediate families;

(b) **Special Investor's Resident Visa.** Under such terms as may be provided by the TIEZA Board, a foreign national who shall have made an investment with a value of at least Two hundred thousand dollars (USD200,000.00) in a registered enterprise shall be entitled to a special investor's resident visa. With such visa, the foreign national shall be entitled to reside in the Philippines while his or her investment subsists. Subject to regulations to be issued by the Bureau of Immigration (BI), the TIEZA shall issue working visas renewable every two (2) years to foreign personnel and other aliens, possessing highly-technical skills which no Filipino within the TEZ possesses, after they have secured Alien Employment Permits (AEP) from the DOLE. The names of aliens granted permanent resident status and working visas

by the TIEZA shall be reported to the BI within thirty (30) days after issuance thereof;

(c) Foreign Currency Transactions. Subject to the provisions of Section 72 of Republic Act No. 7653, as amended, otherwise known as the New Central Bank Act:

(1) Repatriation of Investments. In the case of foreign investments, the right to repatriate the entire proceeds of the liquidation of the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of repatriation.

(2) Remittance of Foreign Exchange. The right to remit earnings from a foreign investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance.

(3) Foreign Loans and Contracts. The right to remit at the exchange rate prevailing at the time of remittance such sums as may be necessary to meet the payments of interest and principal on foreign loans and foreign obligations arising from technological assistance contracts.

(d) Requisition of Investment. There shall be no requisition of the property of registered enterprises, except in the event of war or national emergency, and only for the duration thereof. In any case, the affected person shall be entitled to just compensation, and shall have the right to repatriate such compensation as provided in paragraph (c) above; and

(e) Lease and Ownership of Land. Without prejudice to existing laws regulating the ownership of land by individuals and corporations, and consistent with the provisions of Republic Act No. 7652, otherwise known as the Investor's Lease Act, lands and buildings in each TEZ may be leased to foreign investors for a period not exceeding fifty (50) years, renewable once for a period of not more than twenty-five (25) years. The leasehold right acquired under long-term contracts may be sold, transferred or assigned, subject to the conditions set forth under the Investor's Lease Act.

SUBCHAPTER V-B. TOURISM ENTERPRISES OUTSIDE TEZS

SEC. 88. Incentives Available to Tourism Enterprises Outside TEZs. -- The grant of fiscal and other incentives to tourism enterprises not located within TEZs shall be governed by the following provisions:

(a) Upon compliance with the requirements provided by law, they shall be entitled to avail of any economic incentives found under existing laws, such as Executive Order No. 226 (1987), otherwise known as the Omnibus Investments Code; Republic Act No. 7042, as amended by Republic Act No. 8179, otherwise known as the Foreign Investments Act; the Special Economic Zone Act; and the Bases Conversion and Development Act, among others, subject to the last paragraph of Section 86(a), at the option of the said enterprises.

(b) Subject to rules and regulations jointly promulgated by the Department and the TIEZA, an existing accommodation establishment not located within a TEZ shall be entitled to claim an income tax holiday for up to six (6) years for any significant expansion, renovation or upgrade in its facilities in relation to the amount of the original investment. They shall also be entitled to import capital equipment free of taxes and duties when necessary for such expansion, renovation or upgrade.

(c) Tourism enterprises may avail of incentives under the Omnibus Investments Code: *Provided, That:*

(1) Tourism activities shall always be included in the Investment Priorities Plan;

(2) Rules and regulations concerning the grant of incentives to tourism enterprises shall be jointly formulated by the Board of Investments and the Department;

(3) The income tax holiday provided under Section 39.1 of the Omnibus Investments Code shall also apply to existing accommodation enterprises undergoing substantial capital infusion for expansion or substantial upgrade of facilities; and

(4) Accredited tourism enterprises shall be entitled to import transportation and accompanying spare parts free of taxes and duties: *Provided, however,* That such transportation shall be exclusively used by the enterprise in its operations, and: *Provided, further,* That such are not manufactured domestically in sufficient quantity, comparable quality and prices.

(d) Tourism enterprises located in special economic zones, created under the Special Economic Zone Act or by special charter, shall continue to be governed by the same.

(e) The incentives offered under this Act shall be without prejudice to the availment of other incentives provided under other laws, such as, but not limited to, those concerning infrastructure, or micro-, small- and medium enterprises. However, where such laws provide for similar incentive schemes as those contained herein, the investor may elect to avail of the scheme provided only under one particular law, decree or issuance.

CHAPTER VI

DUTY- AND TAX-FREE MERCHANDISING SYSTEM FOR TOURISM PURPOSES

SEC. 89. *Duty Free Philippines Corporation.* – The Duty Free Philippines shall be reorganized to become the Duty Free Philippines Corporation (DFPC), which shall be attached to the Department.

SEC. 90. *Mandate.* – The DFPC shall be a body corporate to operate the duty- and tax-free merchandising system in the Philippines to augment the service facilities for tourists and to generate foreign exchange and revenue for the government, as established by the Department under Executive Order No. 46.

In the performance of its functions, the DFPC shall have all the general powers of a corporation established under the Corporation Code, in furtherance of its charter.

The DFPC shall have the exclusive authority to operate or franchise out stores and shops that would sell, among others, duty- and tax-free merchandise, goods and articles, in international airports and seaports, and in TEZs and ports of entry throughout the country in a manner that:

- (a) Is competitive with international standards;
- (b) Effectively showcases Philippine culture, craftsmanship and industry; and
- (c) Efficiently and effectively generates foreign exchange.

Such merchandise, goods and articles shall only be sold to persons departing for abroad. Under such limitations, rules and regulations that may be provided by the Department and in consultation with the Department of Finance (DOF), such merchandise, goods and articles may be sold to passengers arriving into the Philippines from abroad, including those covered by the existing Balikbayan Program, under Republic Act No. 6768, as amended.

The DFPC shall likewise be authorized to operate stores and shops within the immediate vicinity of international airports and seaports to service the requirements of the international duty-free market.

The DFPC shall operate without prejudice to any privatization in the future, subject to existing laws on privatization and procedures on public bidding.

SEC. 91. *The DFPC Board of Directors.* – The DFPC shall be governed by a Board of Directors, composed as follows:

- (a) The Department Secretary, as Chairperson;
- (b) The Chief Operating Officer of the DFPC, as Vice Chairperson;
- (c) The DOF Secretary;
- (d) The DTI Secretary; and

(e) Three (3) representative directors, to be appointed by the President, upon the recommendation of the Tourism Congress, who must be Filipinos with recognized competence in business management, marketing, finance, tourism and other related fields and shall serve a term of office of three (3) years, which term may be extended for a period not exceeding three (3) years: *Provided*, That there shall be no conflict of interest in any matter concerning the operations of the DFPC.

The Secretaries of the DOF and the DTI shall each designate a permanent representative in the Board, who must possess relevant experience. The permanent representative shall be duly authorized to act on behalf of the Secretary in his or her absence.

The Chairperson of the DFPC Board shall have voting rights in case of a tie.

The DFPC Board shall appoint a corporate secretary whose functions shall include the preparation of agenda for board meetings, in consultation with the Chairperson.

SEC. 92. *The Chief Operating Officer.* – The DFPC shall have a Chief Operating Officer who must be a Filipino, with a bachelor's degree in any of the following fields: business, law, tourism, public administration or other relevant fields and have demonstrated expertise therein. He or she must have been engaged in a managerial capacity for at least five (5) years prior to his or her appointment. He or she shall be elected by the Board from a list of qualified applicants and appointed by the Secretary, and shall have a term of office of six (6) years, unless removed for cause in accordance with law.

SEC. 93. *Capitalization and Funding.* – The DFPC shall have an authorized capitalization of Five hundred million pesos (Php500,000,000.00) which shall be fully subscribed by the national government. A minimum of fifty percent (50%) of the annual net profits of the DFPC shall be remitted automatically to the Office of the Secretary to fund tourism programs and projects, in lieu of its statutory remittance to the national

government under Republic Act No. 7656, seventy percent (70%) of which shall be given to the TPB.

SEC. 94. *General Powers and Functions of the DFPC.* – The DFPC Board shall have the power to sue and be sued; to contract and be contracted with; to own and hold such real and personal property as shall be necessary for corporate purposes; ~~to receive real and personal property by gift, devise or bequest;~~ to adopt a seal and alter the same; to adopt bylaws, rules and regulations; to exercise all the general powers of a corporation under the Corporation Code; and to perform all such acts as may be necessary to carry out this section.

SEC. 95. *Duty and Tax Exemptions.* – Consistent with the nature of its operations and primary function to operate as a tax- and duty-free merchandising system, and to enable it to compete in the international tax- and duty-free market, DFPC shall be entitled to exemption from the following:

- (a) Duties and taxes, including excise and VAT, relative to the importation of merchandise for sale;
- (b) Local taxes and fees imposed by the LGUs; and
- (c) Corporate income taxation.

CHAPTER VII

INCREASED TOURIST ACCESS

SEC. 96. *International and Domestic Tourist Travel.* – The Department, through the development of an inter-modal international and domestic land, sea and air access system, and in coordination with relevant government agencies, shall increase and improve the accessibility of the Philippines to domestic and foreign tourists. Realizing the critical importance of the progressive development of the civil aviation environment in the advancement of the country's international and domestic tourism sector:

- (a) The Secretary shall be the *ex officio* Vice Chairperson of the Civil Aviation Board;

(b) The Secretary shall be the *ex officio* Vice Chairperson of the governing boards of all international airports;

(c) The Secretary shall be authorized to appoint a representative to the board of directors of each international seaport of the Philippines; and

(d) The Secretary shall be a member of the Civil Aviation Authority of the Philippines Board.

To enhance the standards of transportation services for tourist use, the Department and the relevant government agencies shall develop an integrated, one-stop shop system for the speedy issuance of franchises and accreditation for tourism transport operators.

SEC. 97. *Visas.* – The Department, the DFA and the Department of Justice shall develop a system of granting visas that encourages the arrival and longer stay of tourists in the Philippines.

CHAPTER VIII

CREATING A CULTURE OF TOURISM

SEC. 98. *Tourism Coordinating Council.* – A council that shall serve as a coordinating body for national tourism development efforts shall be formed, consisting of the Secretary, as Chairperson; the TPB Chief Operating Officer; the TIEZA Chief Operating Officer; the heads of other agencies attached to the Department; the Secretaries of the DOTC, the DPWH, the DFA, the DENR, the DILG, the DOLE and the Department of Education (DepEd); and the heads of the Philippine National Police (PNP), the BI, the National Historical Institute, the National Commission for Culture and the Arts, the PAGCOR, the leagues of LGUs and such other government agencies that the President may designate; a representative each from the Tourism Congress, an accredited NGO or PO engaged in ecotourism, and a recognized indigenous people's federation.

The Council shall prepare a five (5)-year strategic plan to develop and enhance a culture of tourism. It shall also

approve an annual infrastructure development plan that shall promote access to and from airports and seaports, and TEZ and other tourism destinations which shall be accorded priority by the relevant infrastructure agencies of the national government.

SEC. 99. *Education.* – The Department shall work closely with the DepEd for the development of basic education programs – formal, informal and non-formal learning systems and interventions – for in-school and out-of-school youth in the promotion of a culture of tourism through the development and integration of tourism concepts and the enhancement of education in languages, history and culture and the arts.

The Department shall also work closely with the CHED in the regulation of colleges and universities that grant undergraduate and postgraduate degrees in tourism.

The Technical Education and Skills Development Authority is hereby mandated to develop, in conjunction with the Department, programs for the training of tourism entrepreneurs by providing programs for languages, history and cultural appreciation, and small business management.

SEC. 100. *Peace and Order.* – The PNP shall establish a Tourism Security Force to assist in maintaining peace and order within areas of high tourism traffic. A tourist police assistance desk office shall likewise be established in such areas. The Department shall coordinate with the DILG in training the members of the force in cultural sensitivity, languages and relevant laws.

SEC. 101. *Funding Grassroots Tourism Enterprises.* – Insofar as allowed by applicable laws and their respective charters, government-owned and -controlled banks and financial institutions shall provide microfinance schemes for the assistance and development of small- and medium-scale enterprises in the tourism industry.

SEC. 102. *No Injunctions Clause.* – No temporary restraining order or preliminary injunction shall be issued or be effective against the TIEZA unless the same is issued by the Supreme Court.

SEC. 103. *Joint Congressional Oversight Committee on Tourism.* – A Joint Congressional Oversight Committee on Tourism, hereinafter referred to as the “Oversight Committee”, is hereby constituted in accordance with the provisions of this Act. The Committee shall be composed of the Chairpersons of the Committees on Tourism of both Houses of Congress, the Chairperson of the Committee on Appropriations of the House of Representatives, the Chairperson of the Committee on Finance of the Senate, and three (3) additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives. The Oversight Committee shall be in existence for a period of ten (10) years from the effectivity of this Act.

The Secretary shall report to the Oversight Committee on a monthly basis the latest statistics on tourist arrivals and other relevant data. He or she shall also report, on a quarterly basis, the status of implementation of this Act based on the monthly report submitted thereto by all attached agencies of the Department with respect to the implementation of their respective programs.

SEC. 104. *The Tourism Congress.* – Within thirty (30) days from the publication of the implementing rules and regulations of this Act, the Secretary shall convene a Tourism Congress of representatives of all accredited tourism enterprises and former government officials involved in the tourism industry to serve as the private sector consultative body to assist the government in the development, implementation and coordination of Philippine tourism policy.

The Tourism Congress shall adopt and ratify its constitution, shall elect its officers and shall establish a secretariat, both for the Tourism Congress as a whole and for component sectors. It shall also nominate such representatives as required under this Act. Finally, it shall endeavor to meet annually to carry out its mandate.

CHAPTER IX

MISCELLANEOUS PROVISIONS

SEC. 105. *Personnel and Compensation.* – The employees and management of the TIEZA, the TPB and the DFPC shall be exempt from the coverage of the Salary Standardization Law.

Subject to existing constitutional and legal prohibitions on double compensation for Board members in an *ex officio* capacity, the members of the TIEZA Board, the Tourism Board and the DFPC Board shall not be entitled to compensation but may receive reasonable *per diems* for attendance at regular and special Board meetings.

SEC. 106. *Budgetary Approval.* – All attached agencies of the Department shall submit their annual budgets to the Secretary for approval, and shall furnish copies of the same to the Oversight Committee.

The budgets of the TPB, the TIEZA and the DFPC reported to the Oversight Committee shall contain detailed information on the compensation and benefits received by their employees.

SEC. 107. *Implementing Rules and Regulations.* – Upon consultation with stakeholders, the Secretary shall promulgate the implementing rules and regulations of this Act within ninety (90) days after its effectivity. The Oversight Committee shall be furnished a copy thereof immediately after promulgation.

SEC. 108. *Review.* – This Act shall be subject to congressional review by Congress three (3) years after its approval and every three (3) years thereafter.

SEC. 109. *Transitory Provisions.* – The transfer of powers and functions in the Department and agencies attached thereto, as herein provided for, shall take effect within six (6) months after the effectivity of this Act. The foregoing transfer of powers and functions shall include all applicable funds, personnel, records, property and equipment, as may be

necessary. The same shall apply to agencies which have been attached to the Department by virtue of this Act.

As such, all offices under the Department and all attached agencies affected by the provisions of this Act shall continue to function under their present mandates until transition is effected as provided for under this Act.

All officers currently serving in the PCVC, the PTA and the DFP Boards shall continue to serve the unexpired portion of the term of the position in the Boards of the TPB, the TIEZA and the DFPC, respectively.

The heads of the agencies shall continue to serve until replaced as provided for under this Act.

SEC. 110. *Transfer of Rights and Liabilities.* – The TPB, the TIEZA and the DFPC shall, by virtue of this Act, be subrogated to all rights and assume all liabilities of the PCVC, the PTA and the DFP, respectively, in accordance with pertinent laws, rules and regulations.

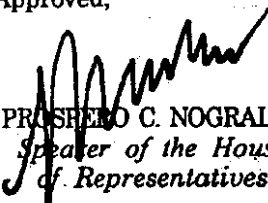
SEC. 111. *Repealing Clause.* – The provisions of Executive Order No. 120 (Reorganizing the Ministry of Tourism, Defining its Powers and Functions and for Other Purposes); Executive Order No. 292, as amended (The Administrative Code of 1987); Presidential Decree No. 189, as amended, (Creating the Philippine Tourism Authority); Presidential Decree No. 1448, as amended, (Creating the Philippine Convention and Visitors Corporation); Executive Order No. 46 (Granting the Department of Tourism, Through the Philippine Tourism Authority, Authority to Establish and Operate a Duty- and Tax-Free Merchandising System); Executive Order No. 30 (Creating an Executive Committee for the Development of Quezon Memorial, Luneta and Other National Parks); Presidential Decree No. 37 (Creating the Nayong Pilipino Foundation); Presidential Decree No. 1616 (Creating the Intramuros Administration); Presidential Decree No. 442, as amended (Labor Code); Republic Act No. 7160 (The Local Government Code); Republic Act No. 7722 (Creating the Commission on Higher Education); Republic Act No. 9497 (Creating the Civil Aviation Authority of the Philippines); and all other laws, presidential decrees, executive orders, proclamations and administrative regulations


inconsistent with the provisions of this Act are hereby amended, modified, superseded or repealed accordingly.

SEC. 112. *Separability Clause.* – In the event that any provision of this Act or parts thereof be declared unconstitutional, such declaration shall not affect the validity of the other provisions.

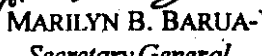
SEC. 113. *Effectivity Clause.* – This Act shall take effect thirty (30) days after its publication in the *Official Gazette* or in at least two (2) newspapers of national circulation.


Approved,


PROSPERO C. NOGRALES
*Speaker of the House
of Representatives*


JUAN PONCE ENRILE
President of the Senate

This Act which is a consolidation of Senate Bill No. 2213 and House Bill No. 5229 was finally passed by the Senate and the House of Representatives on March 5, 2009 and March 4, 2009, respectively.


MARILYN B. BARUA-YAP
*Secretary General
House of Representatives*


EMMA LIRIO-REYES
Secretary of the Senate

Approved: MAY 12 2009


GLORIA MACAPAGAL-ARROYO
President of the Philippines

