

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7333



INTRODUCED BY REPRESENTATIVE ALFRED VARGAS

EXPLANATORY NOTE

Tourism is an important part of our country's development plans. The Philippines' rich diversity, beaches, mountains, rainforests, islands, and diving spots attract more than four million visitors from around the world. The industry is also vital in economic development as it has contributed 7.8% to the country's gross domestic product. Thus, not only does tourism help spread our heritage, it also supports the grassroots economy, advances work creation, and increases consumption of local products and services.

In the effort at establishing tourism as one of the principal engines of growth in the country, the legislature enacted Republic Act No. 9593, also known as the "Tourism Act of 2009," which primarily seeks the development of a national tourism action plan. Among other things, the Tourism Act mandates the Philippine government to support the creation of Tourism Enterprise Zones (TEZs)¹ and authorizes the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), to grant incentives to tourism enterprises within a TEZ for a period of ten years from the effectivity of the Act in order to spur investments in sustainable tourism developments². These incentives include income tax holidays, gross income taxation of five percent, 100 percent exemption on all taxes and customs duties on the importation of capital equipment, and the exemption of transportation and spare parts from tariffs and duties.³

However, after almost nine years since the enactment of the Tourism Act, the TIEZA has been unable to grant the incentives mandated by the law because the necessary revenue regulations for these incentives were only approved and released on 15 November 2016.⁴ As a result, the country fell short in achieving its targets set forth by the National Tourism Development Plan 2011-2016.

¹ Section 3(q) of the Tourism Act of 2009.

² Section 85 of the Tourism Act of 2009.

³ Section 86 of the Tourism Act of 2009.

⁴ Committee Report No. 169 re: Senate Resolution No. 113, entitled: "Resolution directing the Committee on Accountability of Public Officers and Investigations (Blue Ribbon) to conduct an inquiry, in aid of legislation, into the possible malfeasance, misfeasance, and nonfeasance of public officers in the implementation of Republic Act No. 9593, otherwise known as the Tourism Act of 2009."

This bill⁵ seeks to rectify this by amending Section 85 of the Tourism Act and extend the effectivity of the incentives schemes provided for another seven years.

In view of the foregoing, the immediate approval of this measure is sought.



ALFRED VARGAS

⁵ Counterpart of Senate Bill No. 1616, sponsored by Senator Richard Gordon in the 17th Congress.

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AN ACT
AMENDING CHAPTER V, SECTION 85 OF REPUBLIC ACT NO. 9593,
OTHERWISE KNOWN AS THE "TOURISM ACT OF 2009"

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

SECTION 1. Section 85 of Republic Act No. 9593 is hereby amended to read as follows:

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

- (a) Recognizing the strategic economic importance of tourism, the necessity that investments within the 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)] **SEVENTEEN (17)** years from the effectivity of

this Act, which period is subject to review by the Joint Congressional Oversight Committee on Tourism.”

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SEC. 2. Repealing Clause. – All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with Section 1 of this Act are hereby repealed or modified accordingly.

SEC. 3. Effectivity Clause. – This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved,