

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
QUEZON CITY

EIGHTEENTH CONGRESS
First Regular Session

4795

HOUSE BILL NO. _____



Introduced by REPRESENTATIVES ENRICO A. PINEDA and
MICHAEL ODYLON L. ROMERO, PhD.

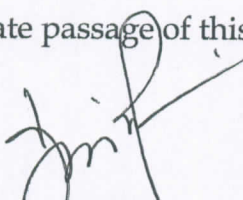
EXPLANATORY NOTE

Republic Act No. 9593, also known as The Tourism Act of 2009, was enacted to ensure that development of Philippine tourism is for and by the Filipino people; for conservation and promotion of our heritage, national identity, and sense of unity. Likewise, the said law sought to encourage competition in the tourism industry and to maximize consumer choice by enhancing the continued viability of the retail travel and independent tour operation industries. In view of such, the law created the Duty Free Philippines Corporation (DFPC) - a body corporate to operate the duty - and tax - free merchandising system in the Philippines; to augment service facilities for tourists and to generate foreign exchange and revenue for the government. The law also gave the DFPC all the general powers of a corporation, established under the Corporation Code and shall have the exclusive authority to operate or franchise out stores and shops that offer, among others, duty- and tax-free merchandise in international airports, seaports, TEZs and other ports of entry throughout the country.

Duty-free shops established by the DFPC has always been at the top of the mind of Filipino travelers, most especially our *balikbayans*. Whenever somebody arrives from abroad, shopping in duty-free shops is always a delightful treat. A decade after the enactment of the Tourism Act of 2009, the patronage to these shops has dwindled to a critical level. DFPC has resorted to all sorts of promos to improve the patronage of our fellow Filipinos but unfortunately such efforts have not been success. Given the market competition, with malls selling the same products being offered by the duty-free shops at a much cheaper price, a particular effect of trade liberalization, it may be logical and imperative to revisit R.A. No. 9593.

This bill seeks to abolish the DFPC, while giving the Department of Tourism (DOT) a free hand on DFPC's assets, in terms of considering the best path that can be taken by the government, in as far as the tourism industry and the travel retail industry is concerned, and in consonance with the essence of the tourism law.

Immediate passage of this measure is earnestly prayed for.


ENRICO A. PINEDA
1PACMAN


MICHAEL ODYLON L. ROMERO, PhD
1PACMAN

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
QUEZON CITY

EIGHTEENTH CONGRESS
First Regular Session

4795

HOUSE BILL NO. _____

Introduced by REPRESENTATIVES ENRICO A. PINEDA and
MICHAEL ODYLON L. ROMERO, PhD.

**AN ACT REPEALING SECTION 4(c) AND 4(d),
AND CHAPTER IV SECTIONS 89 TO 95 OF REPUBLIC ACT NO. 9593,
ALSO KNOWN AS THE TOURISM ACT OF 2009,
ABOLISHING FOR THE PURPOSE
THE DUTY FREE PHILIPPINES CORPORATION**

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

SECTION 1. Section 4(c) and 4(d) of Republic Act No. 9593, also known as the Tourism Act of 2009, is hereby amended as follows:

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

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

X X X

SECTION 2. Abolition of the Duty Free Philippines Corporation (DFPC). The Duty Free Philippines Corporation (DFPC), created under Chapter IV, Sections 89, 90, 91, 92, 93, 94 and 95 of RA No. 9593, is hereby abolished.

SECTION 3. All assets, real and personal properties are hereby transferred to the Department of Tourism (DOT) for proper disposition as prescribed under Section 4 of this Act. All contracts, records and documents relating to the powers and functions of the abolished agency, its offices and branches are likewise transferred to the DOT.

SECTION 4. Privatization of Duty Free Philippines Corporation's Assets. The Department of Tourism (DOT) is hereby mandated to dispose, manage or lease all assets, real and personal properties of the DFPC in accordance with existing laws, as soon as practicable. The DOT, in coordination with the Commission on Audit (COA) shall conduct a complete accounting and inventory of such assets to determine and ascertain their nature, description, amount and value, as well as other rights and obligations pertaining thereto, if any.

The Secretary of DOT is empowered to enter into sales through public bidding, negotiated sale, lease or any form of divestment or transmission of rights over assets of the DFPC and the monies produced by such shall be remitted to the Bureau of Treasury (BTr): *Provided*, That any and all sales and other modes of privatization or disposition or any form of divestment or transmission of rights over these assets shall not be considered final unless approved by the President of the Republic of the Philippines: *Provided, further*, That operations of these assets in partnership with a private sector in the management of operation thereof prior to actual sale or disposition, royalty fees shall be collected and shall likewise be remitted to the BTr.

The monies remitted to the BTr shall then form part of funds that shall be used for tourism promotion and tourism infrastructure projects which shall be included and reserved for the yearly fiscal budget of the DOT under its expenditure programs.

SECTION 5. Separation and Retirement Benefits. Officials and employees of the DFPC who chose to separate from government service or who shall choose to retire, if eligible, shall be given a Severance Mitigation Package (SMP) in addition to other separation and retirement benefits to which they may be entitled under existing laws and regulations, and based on the recommendations of the Governance Commission for Government Owned and Controlled Corporations (GCG) created under R.A. No. 10019, in coordination with the Department of Budget and Management (DBM), subject to the approval of the President. The needed fund for the SMP may be taken from the remittances made to the BTr on the sale or lease of the assets of the DFPC.

SECTION 6. Implementing Rules and Regulations. Within ninety (90) days from the date of effectivity of this Act, the DOT, the Department of Finance (DOF), the Social Security System (SSS), and the DBM, shall formulate the rules and regulations for the proper implementation of this Act.

SECTION 7. Separability Clause. If any part or provision of this Act shall be declared unconstitutional, the other parts or provisions hereof which are not affected thereby, shall continue in full force and effect.

SECTION 8. Repealing Clause. Section 4(c) and 4(d) of Republic Act No. 9593, also known as the Tourism Act of 2009, are hereby amended and Chapter IV, Sections 89, 90, 91, 92, 93, 94 and 95 of RA No. 9593 is hereby repealed accordingly.

All laws, executive issuance, orders, and rules and regulations contrary to or inconsistent with the provisions of this Act or any part thereof are hereby repealed, amended, and modified accordingly.

SECTION 9. Effectivity. This Act shall take effect sixty (60) days after its complete publication in the Official Gazette or in a newspaper of general circulation.

Approved.