

SENATE

'17 NOV 20 P3:12

COMMITTEE REPORT NO. 169

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Submitted by the Committee on Accountability of Public Officers and Investigations (Blue Ribbon) on NOV 20 2017.

Re: **Proposed Senate Resolution No. 113**, introduced by Senator Richard J. Gordon, 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 9593 OTHERWISE KNOWN AS THE TOURISM ACT OF 2009.”***

Recommending the approval of the Committee Report and the attached bill, S.B.N. 1616 entitled, “AN ACT AMENDING CHAPTER V, SECTION 85 OF REPUBLIC ACT NO. 9593, OTHERWISE KNOWN AS THE TOURISM ACT OF 2009,” without amendments.

Sponsor: Senator Richard J. Gordon

MR. PRESIDENT:

The Committee on Accountability of Public Officers and Investigations (Blue Ribbon) has conducted an inquiry, in aid of legislation, into the aforementioned referral:

On August 25, 2016, Senator Richard J. Gordon filed Proposed Senate Resolution (PSR) 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 9593 OTHERWISE KNOWN AS THE***

*TOURISM ACT OF 2009*". Consequently, on August 30, 2016, PSR No. 113 was referred to the Committee on Accountability of Public Officers and Investigations (Blue Ribbon). Thereafter, this Committee conducted an inquiry, in aid of legislation, into PSR No. 113.

As of date, the Senate Blue Ribbon Committee on PSR No. 113 has conducted two (2) public hearings on the following dates: October 12, 2016 and November 10, 2016.

On October 12, 2016, the following guests/resource persons were present: Undersecretary Benito C. Bengzon, Department of Tourism (DOT); Assistant Secretary Rolando Cañizal, DOT; Mr. Joselito Gregorio, OIC, Office of the COO Tourism Promotions Board (TPB), DOT; Mr. Mark Dennis Joven, Revenue Operations Group; Atty. Guiller B. Asido, Chief Operating Officer, Tourism Infrastructure and Enterprise Zone Authority (TIEZA); Mr. Mark Lapid, Former Chief Operating Officer, TIEZA; Atty. Joy Bulaitan, Deputy Chief Operating Officer for Operation, TIEZA; Atty. Ma. Georgina Alvarez, Chief Legal Officer (Representative of Mr. Kingson U. Sian, Travellers International Hotel Group Inc./Resorts World Manila); Atty. Michico Oi-Daquil, Director for Legal Compliance Travellers International Hotel Group Inc./Resorts World Manila; Mr. Erwin Pineda, Representing Engr. Sanqui of New San Jose Builders, Inc.; Mr. Jesus Clint O. Aranas, Deputy Commissioner, Bureau of Internal Revenue (BIR); Atty. Euvimil Nina Asuncion, Representing V.C. Cadangen of BIR; and Atty. Faustina Victoria Ochoa-Sarmiento, BIR.

Likewise, on November 10, 2016, the following guests/resource persons were present: Mr. Mark Dennis C. Joven, Assistant Secretary, Department of Finance (DOF); Mr. Jesus Clint O. Aranas, Deputy Commissioner, Bureau of Internal Revenue (BIR); Atty. Faustina Victoria Ochoa-Sarmiento, BIR; Atty. Euvimil Nina R. Asuncion, BIR; Atty. Guiller B. Asido, Chief Operating Officer, Tourism Infrastructure and

Enterprise Zone Authority (TIEZA); and Atty. Joy Balaitan, Deputy Chief Operating Officer for TEZ Operation, TIEZA.

## INTRODUCTION

Once a law is passed in Congress, it is the duty of the executive department to implement the same. However, we have a law here that has not been implemented for the last seven (7) years, and we lost out.

Republic Act (R.A.) No. 9593 otherwise known as the Tourism Act of 2009 was passed and signed into law on May 12, 2009, and subsequently, its Implementing Rules and Regulations was duly adopted on November 10, 2009.

In Section 1 of the Tourism Act, it declared "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 socio-economic 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."

The Tourism Act oriented the tourism industry of the country towards sustainable tourism development, restating the mandate of the Department of Tourism (DOT), and reorganizing and redirecting the functions of the Philippine Tourism Authority (PTA) into the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and the Philippine Conventions and Visitors Corporation (PCVC) as the Tourism Promotions Board (TPB).

In order to attain the goals of sustainable tourism development for economic and cultural growth, as required by Section 36 of the Tourism Act, the National Tourism Development Plan for 2011-2016 was adopted, which set as a target, over 10 million international arrivals and 163 million domestic tourist trips by 2016.

Centrally critical to the implementation of the Tourism Act was the synchronous implementation of: (1) improved accreditation, standards and human resources development under the DOT to improve the quality of facilities and services in the industry; (2) an integrated promotions and marketing plan under the

TPB to increase awareness and appreciation, both locally and internationally, of the Philippines as a destination; and (3) the rapid development and establishment of Tourism Enterprises Zones (TEZs) under the TIEZA to increase and improve the ability of the Philippines to accommodate more tourists, provide better attractions, activities and amenities, make such zones more accessible, in a manner that is environmentally, socially and culturally responsible.

The Tourism Act specifically mandated the government under Section 3(q) “to support the creation of Tourism Enterprise Zones 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.”

Under Section 64, the TIEZA was mandated to “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 also supervise and regulate the cultural, economic and environmentally-sustainable development of TEZs toward the primary objective of encouraging investments therein.”

Furthermore under Section 85, the TIEZA was empowered to grant tax incentives to spur investments in sustainable tourism developments, and that the TIEZA “shall have sole and exclusive jurisdiction to grant the incentives hereinafter provided,” and that, “the jurisdiction of the TIEZA in the grant and administration of incentives shall not be impliedly repealed or modified.”

Other government agencies merely had coordinative functions with the TIEZA in the latter’s exercise of its incentives powers, as stated also in Section 85 which states that, “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,” and 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.”

Among the incentives wherein tourism enterprises within a TEZ can enjoy are income tax holidays; gross income taxation of five percent (5%); 100 percent (100%) 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.

The TIEZA and the Bureau of Internal Revenue (BIR) entered into a Memorandum of Agreement (MOA) signed on June 29, 2010, at the BIR's Office in Quezon City, wherein it was agreed that BIR will issue the Revenue Regulations, which should facilitate the grant of incentives within 60 days from the signing date.

However, despite the clear mandate of the Tourism Act, the BIR has failed to issue the necessary Revenue Regulations for the fiscal incentives granted under R.A. No. 9593.

The BIR refused to issue necessary the Revenue Regulations, claiming that the absence of the IRRs on incentives was due to the presence of pending bills before the Congress seeking to rationalize all fiscal incentives; this, despite the fact that BIR had already signed a Memorandum of Agreement committing to issue the Regulations.

The BIR's refusal to issue the Revenue Regulations and its continuous delay in the implementation of the Tourism Act is an abdication of its duty, as an office of the Executive Branch, to implement the law, and an arrogation unto itself the powers of the Legislature to determine which policies should become-effectively-law and which should not.

Because of BIR's intransigence, the TIEZA has been unable to grant incentives to the three (3) Tourism Enterprise Zones it has already designated and approved: (1) Ciudad de Victoria in Sta. Maria Bocaue, Bulacan; (2) Resorts World Manila in

Newport City, Pasay; (3) and Queen's Castle in Medellin, Cebu – and thus, has stalled and delayed the development plans of many others.

During the Senate Committee meeting on February 17, 2015, the TIEZA sought the support of the Oversight Committee on Tourism with regard to the issuance of the necessary Revenue Regulations by the BIR.

Because of the non-implementation of tax incentives for Tourism, out of the 25,000 jobs projected for several projects under the TIEZA, only 1,500 individuals were employed due to the delayed and slowed-down development.

Because of the non-implementation of tax incentives for Tourism, among others, the government has only managed to secure 5.36 million international tourism arrivals for 2015, far short of a trajectory toward the 10 million targets for 2016.

The implementation of the grant of tax incentives under the TIEZA would have greatly contributed to attaining the goal, of Congress, by encouraging the rapid yet sustainable development of accessible tourist zones complete with accommodations, attractions, activities, and amenities at competitive prices.

The non-implementation of tax incentives resulted in lost opportunities in the form of billions of dollars in investment and tourist expenditures, the loss of millions of jobs, and the failure to put in place enforceable development plans that would manage the impact of tourism growth on communities and the environment.<sup>2</sup>

Hence, the Committee conducted an inquiry, in aid of legislation, to create measures to prevent further damage and losses resulting from possible misfeasance, malfeasance and nonfeasance of certain government officials in the implementation of Republic Act 9593, otherwise known as The Tourism Act of 2009.

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<sup>2</sup> Proposed Senate Resolution No. 113

## DISCUSSION

During the hearing conducted on October 12, 2016, Senator Gordon said, “of late, I have noticed a propensity by the government, especially the Executive, and I’m not making an accusation here, to implement laws that are only to their liking, I’m just stating a fact. Right off the cuff, once a law is passed and if the agencies in the Executive do not agree with it, their relief is to go to the President. There they can ask the President to ask Congress to amend an existing legislation. Or, they can go straight to Congress and ask for an amendment of the law, or they can go to the Supreme Court and question the constitutionality or effectiveness or the legality of the law. It is a dangerous thing when the agencies in the Executive Department try to do it on their own. There’s a separation of powers in our Constitution. We make the laws, we make the policies. The government has to execute. In other words, from the poem of Tennyson, “Yours is but to do or die.” In other words, yours is not to question why. This law sailed in very, very stormy waters and I’m aware of that because your Chairman has been in the Cabinet. And the cabinet, of course, like in any government system the challenge to raise resources is ever present. Governments run on resources. Without resources, without the taxes we will not be able to run the government efficiently and effectively. However, the government’s resources can be raised in several ways. It cannot be done merely by cutting what we have previously granted in incentives to create a virtual tax base. And this is precisely what this law is all about.

Very few countries in the world can match our country in terms of the tourism endowments that we have inherited from the Lord Almighty. We have 7,107 islands. If you will recall our ad in ‘WOW, Philippines!’ more than the usual, we said there are 7,107 islands in this country. If we don’t like this one, you still have 7,106 more to choose from. That was not meant to be a joke. That was meant as a matter of pride, a statement of pride that we do have an awful, awful lot of

natural and historic endowments. But, this is a country that has lost so many opportunities.<sup>3</sup>

Tourism means opportunity and jobs. So if we can only see a facet of tourism, which means we will collect taxes, we would be grossly mistaken. Our job is to make sure that our people have jobs and opportunities. The whole point here is to bring tourism to the countryside, to bring them to Palawan, which is one of the best tourism destinations in the whole world, and elsewhere<sup>4</sup>

This is our law, not my law. This law was about creating opportunities and incentives. You know, even if you have an airport, it doesn't automatically become an active airport. Even if you have incentives, it doesn't mean that people are going to come here. Let me tell the BIR and all the others in the Finance Department, it is not merely the incentives that will spur growth. It is our ability to advertise throughout the whole world that we have a beautiful country. We will even give you incentives so that they will come. They don't know these incentives. If they don't know the country, they are not going to come. So we need every, every opportunity, every stroke we can make to make sure that we can have tourism happen in this country. I firmly believe that. And to paraphrase our President, "I'm willing to die for it." I believe it.<sup>5</sup>

So now, the law is here. It has taken us seven (7) years of non-implementation, rendering practically this piece of legislation a dead letter law."

Mr. Aranas, Deputy Commissioner of the Bureau of Internal Revenue (BIR) said, "I recently reconstructed the docket on the TIEZA Law, Your Honor, and we had to understand where the *impasse* started. It started somewhere in 2012. We are understanding also and trying to look into the - we made a matrix on where the BIR and TIEZA had disagreements on the Implementing Rules and Regulations. We are closely looking into it, Your Honors. It shouldn't take more than a month. I spoke

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<sup>3</sup> TSN NGDizon 1-1 OCTOBER 12, 2016 10:32AM, p.2-3

<sup>4</sup> TSN Aliccatimbang II-1 OCTOBER 12, 2016 10:42AM, p. 1

<sup>5</sup> TSN Aliccatimbang II-1 OCTOBER 12, 2016 10:42AM, p. 3.



with the Commissioner yesterday, and we both are in the same page that we have to implement this law, Your Honor.”<sup>6</sup>

Your Chairman, in response, said, “By the way, this sets a sunset clause in three years. I don’t want to have to extend it, but it looks like I will have to extend it. The TIEZA had been there for a long, long time, and yet *bakit tayo talo sa China, talo tayo sa Vietnam, talo tayo sa lahat? Sa tourism, dapat panalo tayo.*”

For one particular year, there were twelve (12) applicants already that manifested their intent to avail themselves of the incentives.

Because of the 7- year non-implementation of the law, we missed another opportunity. How many opportunities are we going to miss?

Mr. Lapid, former head of the TIEZA, reiterated in their request before the BIR and to the DOF, “Our appeal, together with the TIEZA, the current TIEZA administration, that our position before that when the revenue regulation has been issued, that’s the time that we count the sunset provision. Because if we’re going to count it from 2009, we just have at least two (2) more years – three years left to grant incentives.”<sup>7</sup>

On December 10, 2014, then BIR Commissioner Henares committed to then DOT Secretary Jimenez that she would issue the Revenue Regulations as soon as the amended TIEZA Guidelines were published and reflecting the agreement of DOT and DOF. But she, however, failed to do it. Maybe in her mind *she wanted to increase her revenue collection performance. But what happened is that the number of people who were projected to be employed did not get the jobs. In the end, its they who lost here.* Let’s try to avoid that track.<sup>8</sup>

Mr. Aranas assured us that they are going to work on it right away. Even the mention of the sunset provision, they’ll implement it also. It’s in the law.

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<sup>6</sup> TSN CBGealan IV-1 OCTOBER 12, 2016 11:02AM, p. 4

<sup>7</sup> TSN JLFLORES VI-1 OCTOBER 12, 2016 11:22AM, p. 7.

<sup>8</sup> TSN NGDizon I-1 OCTIBER 12, 2016 11:32AM, p. 1.

**Revenue Regulations No. 7-2016**

After two (2) public hearings conducted by the Senate Blue Ribbon Committee, a copy of the Revenue Regulations No. 7-2016 re: Rules and Regulations Implementing the Tax Incentives Available to Tourism Enterprises Duly Registered with the Tourism Infrastructure and Enterprise Zone Authority under Republic Act No. 9593 otherwise known as the "Tourism Act of 2009" signed by Commissioner Caesar R. Dulay of the Bureau of Internal Revenue (BIR) and Secretary Carlos G. Dominguez III of the Department of Finance (DOF) was submitted to the Senate Blue Ribbon Committee on January 10, 2017 via electronic mail.<sup>9</sup>

Section 11 of the Revenue Regulations No. 7-2016, provides: "The incentive schemes set forth in these Rules shall be in effect for a period of ten (10) years from the effectivity of RA No. 9593, which period is subject to review by the Joint Congressional Oversight Committee on Tourism."

While we should be glad that finally the BIR has acted and performed its duty by releasing a Revenue Regulation, we pause, to realize that the 10-year period granted for incentives in reality means a period much less than the ten (10) years. The law was passed in 2009. So, the incentives will end on 2019. This tells us that incentives can run for less than two (2) years only! This is not what the Congress intended this to be.

As we were writing this Committee Report, there appeared in the newspapers a news account saying that the Bureau of Customs has issued a demand upon San Jose Builders, a contractor that was engaged as overall Project Manager for the construction of the Philippine Arena in Bocaue, Bulacan, for non-payment of P1 billion customs duties.

In a letter sent to your Chair, San Jose claims that they possess a March 2012 Import Permit issued by COO Mark Lapid of the TIEZA, and such permit stated, that

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<sup>9</sup> Revenue Regulations No. 7-2016, p. 9.

the importation therein "shall be 100% exempt from all taxes and customs duties as provided under Republic Act No. 9593."

While it is not the Committee's duty to decide on the merits of this controversy - as this surely would eventually reach the courts - suffice it for us to say that this dispute would not have happened had the BIR, of yore, performed its functions and followed the legal mandates early on.

Republic Act No. 9593 was passed into law in 2009, yet the BIR issued its Revenue Regulations implementing the law only in late 2016. More than seven (7) years had lapsed. In the meantime, the TIEZA had already issued an import permit to San Jose in March of 2012.

The absurdity of this situation could have been avoided had BIR performed its function promptly. Instead, what it did was bade its time and when the agency finally issued its Rule, under the new administration, there is left no more than two (2) years to the avail themselves of the incentives.

We cannot countenance the Executive Department, specifically BIR's, seven-year inaction here. What it did was practically arrogate unto itself, unconstitutionally, the determination on when a law can have effect. It is the sole duty and responsibility of Congress to pass laws, and to provide for its effectivity date.

The inaction of the BIR and the DOF of yore smacks of a veto, albeit for seven (7) or so years. This we cannot allow. The agencies in the Executive Department have neither power nor privilege to bide its time and to choose whether or not to implement a law. Once we have spoken, and once the President has signed, or allowed to lapse into law, a proposed legislation, the BIRs or the DOFs or the BOCs duty is but to follow.

If indeed, damage is caused by the agencies' failure to act, there must be a correspondent penalty for such inaction. The citizen upon whom rights have been granted by law cannot merely stand idly by, waiting for the executive offices to say,

“yes, you may exercise your rights now.” Under our system, that discretion does not lie with the executive agencies. This is clearly nonfeasance and therefore must be corrected, checked, or penalized when merited.

### RECOMMENDATION

The fact that Republic Act (R.A.) No. 9593, otherwise known as The Tourism Act of 2009 has not been fully and faithfully implemented since its passage in 2009, and, that inasmuch as it has now agreed upon by Ms. Sarmiento of the BIR and Mr. Asido, COO of the TIEZA that “there is no disagreement anymore and all we have to do is pass the exemption for another seven (7) years or so after the expiration of the time that the law has been passed and incentives shall be given,”<sup>10</sup> the Committee hereby recommends that Section 85 of RA No. 9593 be amended to read as follows:

#### “CHAPTER V INCENTIVES

SECTION 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 **SEVENTEEN (17)** years from the

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<sup>10</sup> TSN, NGDizon I-1 NOVEMBER 10, 2016 10:06AM, p. 7.

effectivity of this Act, which period is subject to review by the Joint Congressional Oversight Committee on Tourism." (Bill is herein attached.)

It is important that we commit ourselves to the task not only of generating revenues but generating more revenues by creating more jobs and this is precisely why this law was created by this representation.<sup>11</sup>

Furthermore, no less than the Philippine Constitution provides that a public office is a public trust. Public officers and employees must, at all times, be accountable to the people, serve them with utmost responsibility, integrity, loyalty, and efficiency. However, as discussed above, the then BIR officials failed to perform their respective duties such as the orderly and timely issuance of the agreed-upon Revenue Regulations. In this regard, the said officials committed nonfeasance which is the omission of an act which ought to be done.

Moreover, Section 3(f) of the Anti-Graft and Corrupt Practices Act or R.A. No. 3019 states that, "Neglecting or refusing, after due demand or request, without sufficient justification, to act within a reasonable time on any matter pending before him for the purpose of obtaining, directly or indirectly, from any person interested in the matter some pecuniary or material benefit or advantage, or for the purpose of favoring his own interest or giving undue advantage in favor of or discriminating against any other interested party," which shall constitute corrupt practices of any public officer and is declared to be unlawful. Therefore, considering the acts committed by the respective public officials, proper legal action must be made in order to make the said officials liable, as provided by law.

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<sup>11</sup> TSN, PLManuel II-1 NOVEMBER 10, 2016 10:16AM, p.4.

RESPECTFULLY SUBMITTED.



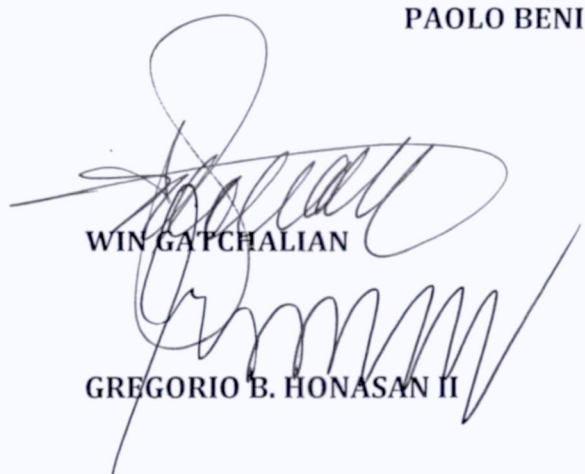
**RICHARD J. GORDON**  
Chairman  
Committee on Accountability of Public Officers and Investigations  
(Blue Ribbon)

MEMBERS

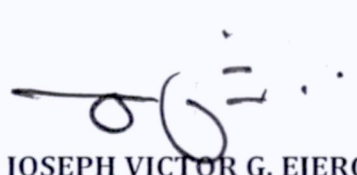


**SONNY ANGARA**  
Vice Chairperson

PAOLO BENIGNO "BAM" AQUINO IV

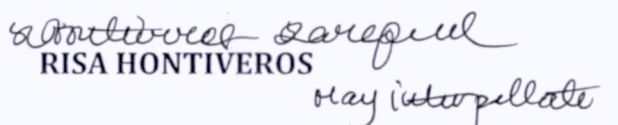


**WIN GATCHALIAN**



**JOSEPH VICTOR G. EJERCITO**

**GREGORIO B. HONASAN II**



**RISA HONTIVEROS**

**PANFILO M. LACSON**

*will interpellate / amend*

**LOREN B. LEGARDA**

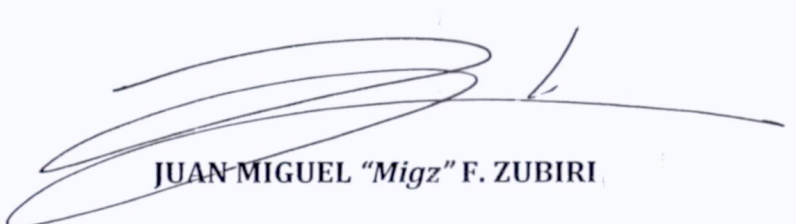
EMMANUEL "Manny" D. PACQUIAO

**FRANCIS "Kiko" PANGILINAN**

**GRACE POE**



**CYNTHIA A. VILLAR**



**JUAN MIGUEL "Migz" F. ZUBIRI**

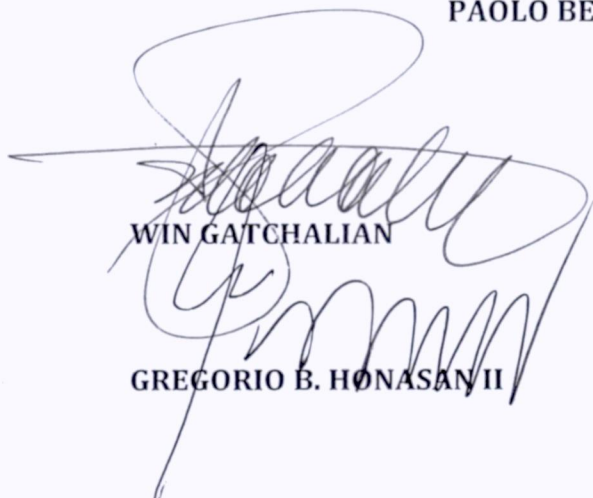
RESPECTFULLY SUBMITTED.

**RICHARD J. GORDON**  
Chairman  
Committee on Accountability of Public Officers and Investigations  
(Blue Ribbon)

MEMBERS

**SONNY ANGARA**  
Vice Chairperson

**PAOLO BENIGNO "BAM" AQUINO IV**



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**RISA HONTIVEROS**

**PANFILO M. LACSON**

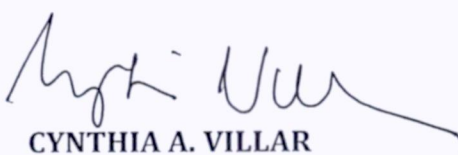
**LOREN B. LEGARDA**



**EMMANUEL "Manny" D. PACQUIAO**

**FRANCIS "Kiko" PANGILINAN**

**GRACE POE**



**CYNTHIA A. VILLAR**



**JUAN MIGUEL "Migz" F. ZUBIRI**

RESPECTFULLY SUBMITTED.

**RICHARD J. GORDON**  
Chairman  
Committee on Accountability of Public Officers and Investigations  
(Blue Ribbon)

MEMBERS

**SONNY ANGARA**  
Vice Chairperson

**PAOLO BENIGNO "BAM" AQUINO IV**



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**GREGORIO B. HONASAN II**

**JOSEPH VICTOR G. EJERCITO**

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**PANFILO M. LACSON**

**LOREN B. LEGARDA**

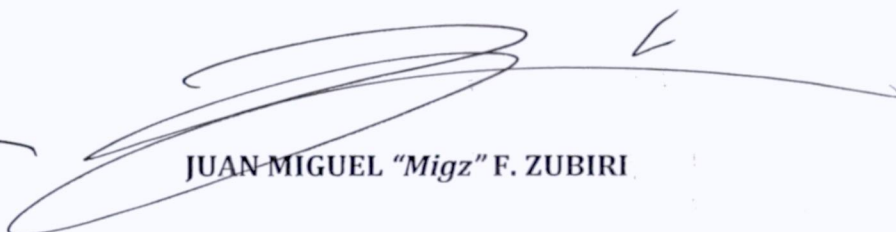
**EMMANUEL "Manny" D. PACQUIAO**

**FRANCIS "Kiko" PANGILINAN**

**GRACE POE**



**CYNTHIA A. VILLAR**



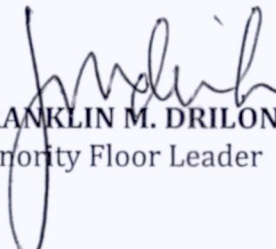
**JUAN MIGUEL "Migz" F. ZUBIRI**




ANTONIO "Sonny" F. TRILLANES IV

FRANCIS "Chiz" G. ESCUDERO

Ex-Officio Members:



FRANKLIN M. DRILON  
Minority Floor Leader



VICENTE C. SOTTO III  
Majority Floor Leader

**RALPH G. RECTO**  
Senate President Pro-Tempore

ANTONIO "Sonny" F. TRILLANES IV

FRANCIS "Chiz" G. ESCUDERO

Ex-Officio Members:

FRANKLIN M. DRILON  
Minority Floor Leader

VICENTE C. SOTTO III  
Majority Floor Leader



RALPH G. RECTO  
Senate President Pro-Tempore

SENATE

S.B. No. 1616

'17 NOV 20 P3:12

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Introduced by **Senator Richard J. Gordon and the Members of the Committee on Accountability of Public Officers and Investigations**

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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 House of Representatives of the Philippines in Congress assembled:*

1 SECTION 1. Section 85. General Principles on the Grant and Administration of Incentives.

2 —

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

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

13 In the grant of incentives, it shall give equal preference to large investments, those  
14 with great potential for employment generation and those of local small and medium  
15 enterprises. Registered tourism enterprises owned and operated by overseas Filipino  
16 investors shall enjoy the same incentives granted to TEZ operators and registered  
17 enterprises in general. The amount of required investments shall be defined in the  
18 implementing rules and regulations of this Act. The incentive schemes set forth in  
19 Sections 86, 87 and 88 shall be in effect for a period of **SEVENTEEN (17)** years from  
20 the effectivity of this Act, which period is subject to review by the Joint Congressional  
21 Oversight Committee on Tourism."

22 X X X

23 SECTION 2. **Repealing Clause.** - All laws, decrees, orders, rules and regulations or other  
24 issuances or parts thereof inconsistent with Section 1 of this Act are hereby repealed or  
25 modified accordingly.

26

27 Section 3. **Effectivity Clause.** - This Act shall take effect after fifteen (15) days following the  
28 completion of its publication either in the Official Gazette or in a newspaper of general  
29 circulation in the Philippines.

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31 Approved,