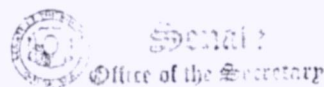


SENATE



Senate Bill No. 631

'19 JUL 22 A9:01

Introduced by Senator **FRANCIS N. PANGILINAN**

AN ACT  
ABOLISHING THE TRAVEL TAX

EXPLANATORY NOTE

The Philippine travel tax has evolved from a tool to curtail unnecessary foreign travels, promote domestic tourism, and conserve foreign exchange to becoming a major and reliable source of funding for the government, particularly for tourism-related programs and projects. Republic Act No. 1478 provided for the imposition of the now 63-year old tax on all citizens of the Philippines, permanent resident aliens, and non-immigrant aliens who have stayed in the country for more than one year, who are departing or leaving the country.

The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) is the government agency mandated by law to collect the travel tax. The present travel tax rates are as follows:

Particulars	Rates (In Philippine Peso)	
	First Class	Economy Class
Full Travel Tax	2,700.00	1,620.00
Standard Reduced Travel Tax	1,350.00	810.00
Privileged Reduced Travel Tax for Dependents of Overseas Filipino Workers (OFWs)	400.00	300.00

According to the TIEZA, the average annual travel tax collection from 2000 to 2014 is P2.56 billion, with an average annual growth rate of 7.65 percent. For the same period, the travel tax collections' average annual share to GDP is 0.04 percent.

Republic Act No. 9395 or the Tourism Act of 2009 provides that: 50% of the annual travel tax collections will be allocated to the TIEZA; 40% will be allocated to the Higher Education Development Fund administered by the Commission on Higher Education (CHED); and the remaining 10% will be allocated to the National Commission for Culture and the Arts (NCCA).<sup>1</sup>

This bill proposes to abolish the travel tax. The undersigned believes that the travel tax is an additional and unnecessary burden for Filipinos who want to travel abroad. Further, government must not shift the burden of funding tourism infrastructure to the

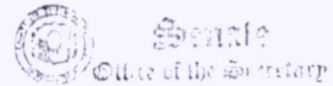
<sup>1</sup> Fronteras, Lianne Carmeli B. (2016). A Comprehensive Review of the Philippine Travel Tax. *NTRC Tax Research Journal*, 28 (1). Available at <http://www.ntrc.gov.ph/images/journal/2016/j20160102a.pdf>. Accessed on 15 June 2019.

people. The portions of the collection allocated to the CHED and the NCCA, although provided by law to be utilized in tourism-related programs and courses, are extraneous. These must be directly funded from the General Appropriations Act.

In view of the foregoing, the passage of this bill is earnestly sought.

A handwritten signature in black ink, consisting of several overlapping loops and horizontal strokes, positioned above the printed name.

FRANCIS N. PANGILINAN



SENATE

Senate Bill No. 631

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Introduced by Senator FRANCIS N. PANGILINAN

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AN ACT  
ABOLISHING THE TRAVEL TAX

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

1        **SECTION 1. *Repeal.*** - Provisions of laws relating to the authority to collect or  
2 receive funding from the collection or receive funding from the collection of Travel Tax,  
3 including but not limited to, Republic Act No. 1478, as amended, Republic Act No. 7356,  
4 Republic Act No. 7722, and Republic Act No. 9593, are hereby repealed.

5        **SEC. 2. *Effect of Repeal.*** - The collection of travel taxes will be prohibited after the  
6 effectivity of this Act. For flights that are scheduled on or after the effectivity of this Act  
7 and the travel taxes due were collected prior to the effectivity of this Act, the travel taxes  
8 paid shall be refunded immediately.

9        **SEC. 3. *Appropriations.*** - The amount necessary for the programs funded by the  
10 travel tax collections and for the implementation of this Act shall be charged to the  
11 respective appropriations under the current General Appropriations Act (GAA) of the  
12 Department of Tourism for the Tourism Infrastructure and Enterprise Zone Authority,  
13 the Commission on Higher Education for the Higher Education Development Fund, and  
14 the National Commission for Culture and the Arts for the National Endowment Fund for  
15 Culture and the Arts. Thereafter, such sums as may be necessary shall be included in the  
16 annual GAA.

1           **SEC. 4. *Implementing Rules and Regulations.*** – Within sixty (60) days from the  
2 promulgation of this Act, the Tourism Infrastructure and Enterprise Zone Authority shall  
3 formulate the implementing rules and regulations in connection with the immediate  
4 refund provided in Section 2 hereof.

5           **SEC. 5. *Separability Clause.*** – Should any provision of part of this Act be declared  
6 unconstitutional, the other provisions or parts not affected thereby shall remain valid and  
7 effective.

8           **SEC. 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication  
9 in the Official Gazette or in two (2) newspapers of general circulation.

*Approved,*