


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 JUL -4 P3:08

SENATE
S.B. 1096

RECEIVED BY: 

Introduced by Sen. Loren Legarda

EXPLANATORY NOTE


The tourism industry in the Philippines plays a significant role in the country's economy. It generates revenues that can be used by the government for other development purposes. In 1997, tourism contributed 8.7% to the country's GDP. In that same year, the industry generated 2.3 million jobs or one in every nine jobs, nationwide. Having this in mind, we can see the importance that tourism plays in our economy.

There is a problem though for funds for the implementation of the programs and projects of the Philippine Tourism Authority are inadequate considering the policy of the present administration to promote the Philippines as a tourist and investment haven in Asia. There is a pressing need to increase our tourism budget if we are to make improvements in our tourism industry.

This bill, therefore, seeks to allocate the entire collection of the travel tax to the Philippine Tourism Authority in order to ensure that continuing programs and special projects are adequately addressed.

This bill also provides for the mechanism for the effective collection of the travel tax to minimize tax avoidance.

Premises considered, approval of this bill is earnestly recommended.




LOREN LEGARDA

Senator

7 JUL -4 P3:08

FOURTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session

RECEIVED BY: 

SENATE
S.B. 1096

Introduced by Sen. Loren Legarda

AN ACT
ALLOCATING THE COLLECTIONS FROM THE TRAVEL TAX TO THE
PHILIPPINE TOURISM AUTHORITY, AMENDING FOR THE PURPOSE
PRESIDENTIAL DECREE NO. 1183, AS AMENDED, AND REPUBLIC ACT NO.
7722, AND FOR OTHER PURPOSES

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

SECTION 1. Title. - This Act shall be cited as the TRAVEL TAX REFORM ACT
OF 2007.

SEC. 2. State Policy. - The State shall provide adequate funds for the promotion,
growth and development of Philippine tourism domestically and internationally.

**SEC. 3. Allocation of Travel Tax Collections to the Philippine Tourism
Authority.** - Pursuant to the aforesaid state policy, all proceeds of the travel tax shall
be utilized exclusively for the tourism projects of the Philippine Tourism Authority
(PTA).

SEC. 4. Agencies Authorized to Collect the Travel Tax. - All carriers or their
authorized agents issuing international passenger tickets shall collect the travel tax
thereon, except as provided under Section 5 of the Act. This shall include carriers that
engage in the transport of passengers through chartered flights or shipping agreements
although no tickets are issued in connection therewith.

In case of travel involving non-commercial carriers, the charterer, or the owner of
the private aircraft or vessel shall be responsible for the collection of the travel tax due.

SEC. 5. Foreign-issued Tickets. - In cases where tickets were issued and/or purchased abroad and are taxable under P.D. No. 1183, as amended, the travel tax shall be paid directly to the PTA prior to the departure of the passenger from the Philippines and shall not be collected abroad by the carriers or their duly authorized agents. Carriers or their duly authorized agents shall not validate the bookings or reservations of the passenger/s holding foreign-issued tickets unless payment of the travel tax has been made to the PTA or that a Travel Tax Exemption Certificate (PTA Form 354) from the PTA has been submitted.

SEC. 6. Remittance of Travel Tax Collections and Submission of Reports. - Travel tax collections shall be remitted by the carriers and other authorized collecting agents directly to the PTA in the following manner:

- (1) Collections for the first 15 days of the month shall be remitted not later than the 15th day of the succeeding month;
- (2) Collections from the 16th day to the end of the month shall be remitted not later than the 30th day of the succeeding month.

Travel taxes collected by the charterers or owners of non-commercial carriers/vessels shall be remitted to the PTA not later than fifteen (15) days after the completion of the flight or voyage arrangement.

The PTA shall remit collections from the travel tax to the Bureau of the Treasury on a quarterly basis. The needs of the PTA shall be funded through the usual budgetary fund release mechanism, which shall be done on an annual basis for the current operating expenditures, and on a case to case basis for special projects and capital outlays.

SEC. 7. Travel Tax Exemptions. - No travel tax exemption certificate shall be issued without the authority and approval of the General Manager of the PTA, or his duly authorized representative.

SEC. 8. Refund of Travel Tax. - No travel tax shall be refunded without the authority and approval of the General Manager of the PTA or his duly authorized representative. However, authorized collecting agents may refund collected travel tax only when there is a cancellation of tickets, chartered flights or voyage agreements.

SEC. 9. Rules and Regulations. - The General Manager of the PTA, in coordination with the Secretary of the Department of Finance, shall, within sixty (60) days from the approval of this Act, promulgate the necessary rules and regulations for the effective implementation of its provisions.

SEC. 10. Civil Remedies. - The civil remedies for the collection of travel tax, fees, interest, surcharges or other increments thereto resulting from the non-collection, non-remittance and delinquency shall be:

- a) By distraint of goods, chattels or effects, and other personal property of whatever nature and character, including interest in and rights to personal property, and by levy upon real property and interest in or rights to real property; and
- b) By civil and criminal action.

Either of these remedies or both simultaneously may be pursued by the PTA; Provided, that these remedies shall not be availed of where the amount of travel tax involved is not more than one thousand pesos (P1,000.00).

The PTA shall advance the amount needed to defray the costs of collection by means of these remedies, including the preservation or transportation of personal properties distrained, as well as property, including the improvements thereon.

SEC. 11. Constructive Distraint of Property of the Collecting Agent. - In order to safeguard the interest of the Government, the General Manager of the PTA, may place under constructive distraint the property of the delinquent collecting agent, upon showing of prima facie evidence, that said collecting agent is retiring from any business, or is intending to leave the country or remove his property therefrom or to hide or

conceal his property or to perform any act tending to obstruct the collection of the travel tax.

The constructive distraint of property shall be effected by requiring the collecting agent or any person having possession or control of such property to sign a receipt covering the property, and obligate himself to preserve the same unaltered, and not to dispose the same in any manner without the express authority of the General Manager of the PTA.

SEC. 12. Summary Civil Remedies. -

(A) Distraint of Personal Property. - Upon the failure of the collecting agents to collect and remit the travel tax at the time required, the General Manager of the PTA or his duly authorized representative, if the amount involved is in excess of five hundred thousand pesos (P500,000), shall seize and distraint any goods, chattels, or effects and the personal property, including any interest and rights to personal property of such collecting agents in sufficient quantity to satisfy the delinquent travel tax or charges, together with any other surcharges and increments thereto incident to the delinquency, and the expenses incurred in the distraint and to the cost of the subsequent sale. A written report shall be made by the authorized distraining officer to the General Manager of the PTA.

(B) Levy on Real Estate Property. - Upon the expiration of the time required by law to pay the delinquent travel tax, real property may be levied upon before, simultaneously or after the distraint of personal property belonging to the delinquent collecting agent. The authorized officer duly designated by the General Manager of the PTA shall prepare an authenticated certificate showing the name of the delinquent collecting agent and the amount of the unpaid travel tax,

charges, surcharges, and all other increments thereto. Said certificate shall operate with the force of legal execution throughout the country.

Levy on real estate property shall be effected by (1) writing upon said certificate a description of the real estate property; (2) the corresponding written notice to the Register of Deeds of the province or city. Levy shall be effected upon the delinquent collecting agent or, if he be absent from the country, to the agent or manager of the business from which the travel tax liability arose. In the absence of an agent or manager, levy shall be effected upon the present occupant of the real estate property.

Within ten (10) working days after receipt of the levy on real estate property, the levying officer duly designated by the General Manager of the PTA shall render a written report of said levy. The General Manager shall have the power to lift the warrants of levy on real estate property.

SEC. 13. Sale of Personal Property Distrained and Disposition of Proceeds. -

The distraining officer duly designated by the General Manager of the PTA shall cause a notification to be exhibited in not less than two (2) public places in the municipality, province or city where the distraint is made. The notification shall specify the time and place of sale and the articles distrained. The time of sale shall be not less than fifteen (15) days after notice to the owner or possessor of the property as above specified. The publication or posting of such notice is indispensable, including a notice to the office of the mayor of the municipality or city where the property distrained is located.

At the time and place fixed in such notice the said distraining officer shall sell the goods, chattels, or effects, or other personal properties, at the public auction, to the highest bidder for cash. Any excess over and above what is required to pay the entire delinquent travel tax, charges and other increments, including expenses actually incurred in the seizure and preservation of said property pending the public auction shall be returned to the owner of the personal property sold. No additional chargers

shall be imposed for the services of the distraining officer; Provided, however, that, if all the delinquent travel taxes, charges and other increments are fully paid prior to the public auction to the distraining officer, the goods, chattel and personal property distrained shall be restored to the owner.

SEC. 14. Purchase by the Government at Public Auction. - When the amount bid for the property under distraint is not equal to the total amount of the delinquent taxes and other related charges or is very much less than the market value of the properties offered for public auction, the General Manager of the PTA or his duly authorized representative may purchase the same in behalf of the Government for the amount of the delinquent travel taxes, penalties, charges and costs due thereon. The General Manager of the PTA may resell properties so purchased by the Government.

SEC. 15. Publication and Sale. - After fifteen (15) days upon levy on the real property, the levying officer shall proceed with publication of said property for sale to satisfy the claim for delinquent travel taxes, charges and other increments and cost of the sale. Such publication/ advertisement shall cover a period of at least thirty (30) days. Such publication shall be made by: (1) posting a notice at the main entrance of the municipal hall building or city hall and in a public and conspicuous place in the barangay where the real property is situated; and by, (2) publication once a week for three (3) consecutive weeks in a newspaper of general circulation in the municipality or city where the subject real property is located. At any time before the public auction, the owner of said real property may pay the levying officer for the delinquent travel taxes, charges, including all related charges. The said levy will be lifted in favor of the owner of the real property and the proceedings shall be terminated, restoring all the rights over the real property to the said owner thereof. Otherwise the public auction of said real property shall continue.

Within five (5) days after the consummation of the public sale, the levying officer shall render a written report to the General Manager of the PTA regarding the

proceedings conducted. The levying officer shall make out and deliver to the purchaser a certificate from his records showing the proceedings of the sale, describing the real property sold, the name of the purchaser and setting out the interests; Provided, however, that, in case of excess, the same shall be turned over to the owner of the real property.

SEC. 16. Redemption of Real Property Sold. – Within one (1) year from the date of the public sale, the owner shall have the right to pay the PTA the amount of the delinquent travel taxes, charges, penalties, interest and other increments related thereto and the interest on said purchase price at the rate of twenty (20) percent per annum from the date of purchase to the date of redemption. Such payment shall entitle the owner to the delivery of the certificate issued to the purchaser and a certificate from the PTA that he has thus redeemed the property. The PTA shall forthwith pay to the purchaser the amount by which such property has been redeemed, and said property shall be free from the lien of such delinquent travel taxes, charges, interest and other penalties; Provided, further, that the owner shall not be deprived of possession of said property from the time of public sale to the time of redemption and shall be entitled to the rents and other income derived thereof until the expiration of the time allowed for its redemption.

SEC. 17. Forfeiture to the Government. – If there is no bidder to the public sale or the bid price is insufficient to pay the delinquent travel taxes, penalties and other costs, the officer conducting the public auction shall declare the real property forfeited to the Government in satisfaction of the claims over said real property. Within two (2) days, the officer shall make a written report to the General Manager of the PTA of the proceedings conducted. It shall be the duty of the Registry of Deeds concerned, upon registration before his office of any such declaration of forfeiture, to transfer the title of the subject real property forfeited to the Government, without the necessity of an order from a competent court.

Within one (1) year from the date of such forfeiture, the owner may redeem said property by paying the PTA the full amount of the delinquent travel taxes, charges, interests, other increments, and penalties together with interest thereon and the costs of sale. However, if the property after the expiration of herein period thus failed to redeem, the forfeiture shall be absolute.

SEC. 18. Repetition of Remedies. - The civil remedies for distraint of personal and levy on real property may be repeated if necessary until the full satisfaction of the delinquent travel taxes, charges, other increments, interest and penalties, is collected.

SEC. 19. Other Provisional Remedies Not Available. - No court of competent jurisdiction has the authority to grant an injunction, restraining order or other provisional remedies, to restrain the collection of travel taxes, related charges, interest, and penalties.

SEC. 20. Reportorial Requirement. - The General Manager of the PTA shall submit to Congress a quarterly report of the amount of collections and the respective projects financed by the proceeds from the travel tax.

SEC. 21. Repealing Clause. - Subparagraph 3 of paragraph a of Section 10 of Republic Act No. 7722, otherwise known as the Higher Education Act of 1994, is hereby specifically repealed, and all laws, presidential decrees, executive orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 22. Separability Clause. - If any part or provision of this Act shall be held unconstitutional or invalid, the other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC.23. Effectivity. - This Act shall take effect fifteen (15) days after the completion of its publication in a newspaper of general circulation or in the Official Gazette, whichever comes first.

Approved