

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

SENATE

S.B. NO. 2130

Introduced by Senate President Manny Villar

EXPLANATORY NOTE

Considered the number one global industry with direct revenue amounting to 523-billion U.S. dollars, tourism has become a potent vehicle towards achieving global economic growth, fostering goodwill and greater understanding among people has become more apparent in the light of the emerging world order where liberalization, facilitation, open trade and regional cooperation are the dominant forces.

For instance, Thailand used tourism as a tool for economic recovery during the Asian financial crisis and for building and strengthening past initiatives which have produced positive results for tourism. It used the slogan "Amazing Thailand" to promote its tourism program through a massive marketing and promotional strategies designed to position Thailand as a haven for those who escape from a stressful, fast-moving world and its success was greatly attributed to the infusion of funds from the government. Thus, recent tourists arrivals in Thailand has exceeded the 17 millionth mark in spite of a military take-over in September 2006 and the continuing insurgency problem in Southern Thailand .

Compared with Thailand and other ASEAN countries in terms of tourist arrivals, Philippines is still far below. During the last three years, foreign tourists arrivals in the Philippines did not exceed 3.09-million which is the highest in the country's history and a breakthrough for the Philippine tourism industry. Even with our "WOW Philippines", an aggressive tourism campaign which focused on showcasing the wealth of wonders in the country that contributed significantly to the high rate of tourists arrivals, still we paled greatly .

Tourism has long been recognized as a major contributor to the country's economic growth and development through the generation of foreign exchange earnings, investments and revenues. It is considered a catalyst for construction, manufacturing and other economic activities and a creator of human resource-intensive jobs, thereby helps in alleviating poverty which has plagued our society for decades. Likewise, it is the only industry that can fully utilize the country's history, culture, and natural environment in a sustainable manner.

This bill, therefore, seeks to further promote the tourism industry in the country by establishing a National Tourism Development Program thereby creating the Tourism Consultative Council which shall serve as a recommendatory body to the Department of Tourism (DOT). It shall formulate programs that shall determine, monitor and review the participation of all

concerned agencies in tourism development; closely coordinate and work with all government agencies to ensure the smooth implementation of tourism plans and programs, among others. Consular offices in all Philippine embassies worldwide shall be tasked to conduct a massive marketing promotional campaign through a partnership endeavor with the marketing agencies in other countries. Likewise, additional tax incentives of double deductions shall be granted to hotel, tour operators and private companies on expenditures incurred for promotional activities overseas. Moreover, an EVAT refund shall be granted to overseas tourists on any purchases made during their stay which shall be claimed at the airport Customs office upon leaving the country. A comprehensive annual report shall be submitted to the President at the end of every year.

Taking into consideration the fact that the success of "Amazing Thailand" was achieved with high costs on its environment and culture, this proposed measure shall strengthen the policies and programs geared towards creating an environment that foster competition, efficiency and conservation.

In view of the foregoing, early approval of this measure is earnestly requested.



MANNY VILLAR
Senate President

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**AN ACT
TO FURTHER PROMOTE THE TOURISM INDUSTRY IN THE COUNTRY,
ESTABLISHING FOR THE PURPOSE THE NATIONAL TOURISM
DEVELOPMENT PROGRAM, CREATING THE TOURISM CONSULTATIVE
COUNCIL, APPROPRIATING FUNDS THEREFOR AND FOR OTHER
PURPOSES**

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

SECTION 1. Short Title. - This Act shall be known as the "**National
Tourism Development Program Act of 2008.**"

SEC. 2. Statement of Policy. - It is hereby declared the policy of the
State to promote, encourage and develop tourism as a major national activity
in which non-governmental organizations, people's organizations and private
sector's investments, efforts and initiatives are fostered and supported in order
to realize the economic potential of tourism for national development.
Towards this end, there is a need to strengthen the tourism policies and
programs through the establishment of a National Tourism Program and the
Tourism Consultative Council.

Sec. 3. Definition of Terms. - As used in this Act, the following terms
shall be defined as follows:

a. Ecotourism - sustainable tourism that contributes actively to the
conservation of natural and cultural heritage which includes local and
indigenous communities in its planning; development and operation,
contributing to their well-being; interprets the natural and cultural heritage of

the destination to visitors; and lends itself better to independent travelers, as well as to organized tours for a small size group;

b. Sustainable tourism – a responsible industry, ecologically and culturally sensitive, thus, attempts to make a low impact on the natural environment and local culture, while helping to generate income and employment for locals, as well as to promote the conservation of local ecosystems.

c. Medical Tourism - the traveling of persons to other countries for the purpose of availing health care services, treatment of illnesses and other health problems in order to maintain one's health and wellness;

d. Culture of Tourism - ensuring quality tourism-related industry products such as a sustained cleanliness and beautification drive in every locality; standard pricing for accommodation and amenities; warm welcome reception to group tours; adoption of accreditation scheme for facilities; and values orientation programs, among others.

SEC. 4. National Tourism Program. A National Tourism Program shall be established to formulate policies, strategies and plans that shall provide a progressive tourism industry in the country. To ensure the effective implementation of this program, the following strategies shall be undertaken:

a) Improve accessibility to key tourist destinations;

b) Liberalize civil aviation, land and sea transportation policies as they relate to tourism in order to cope with expected additional tourism traffic, and facilitate greater access and capacity for trade on a level playing field to that of its main competitors;

c) Formulate an investment promotion plan for the tourism sector to encourage greater local and foreign investments;

d) Upgrade existing tourism products to ensure the development of a highly competitive and affordable market offering for tourist and introduce “Manila Grand Sales” showcasing the best locally made products from the different regions of the country;

e) Invest in human resources development by providing manpower training to ensure that the quality of services provided by the country’s tourism staff to visiting guests are in accord with international standards;

f) Ensure effective law enforcement to provide a peaceful and secured environment for tourists;

g) Develop a culture of tourism among Filipinos to foster a greater sense of national identity, pride and commitment among its citizens;

h) Allocate promotional and marketing budget for the promotions and marketing activities such as confidence building campaign that will inform all markets of the current security situation and the measures being taken to ensure the safety of tourists;

i) Promote ecotourism which strikes a balance between socio-economic growth and protection of the environment;

j) Promote local tourism, medical tourism, sports tourism, agricultural tourism and sustainable tourism, among others;

k) Facilitate the accreditation of prime tourists destinations;

l). Provide updated technology communication to facilitate transactions and information needed by tourists;

m) Create a program that shall apply business skills, training and expertise in planning, finance and marketing to tourism projects throughout the country;

n) Provide specialized technical assistance to the development and expansion of tourism enterprises both local and foreign; and

o) Promote specialized tours, dive sites and other historical locations for the indigenous perspective.

SEC. 5 . Creation of a Tourism Consultative Council (TCC). – To carry out the provisions of this Act, the Tourism Consultative Council (TCC), hereinafter referred to as the Council, is hereby created. The Council shall serve as a recommendatory body to the Department of Tourism (DOT), which shall continue to be the primary government agency tasked with tourism program formulation and implementation, strategic marketing, promotional planning, and regulatory control of the tourism industry sector.

Sec. 6. Composition of the Council. - The Council shall be headed by the Secretary of the Department of Tourism (DOT) as ex-officio Chairman. The General Manager of the Philippine Tourism Authority (PTA) shall be the Vice- Chairman and the following, as members :

1. Undersecretary, Department of Environment and Natural Resources (DENR);
3. Undersecretary, Department of Transportation and Communications (DOTC);
4. Undersecretary, Department of Public Works and Highways (DPWH);
5. Undersecretary, Department of Trade and Industry (DTI);
6. Undersecretary, Department of Interior and Local Government (DILG);
7. Head, Philippine Convention and Visitors Corporation (PCVC);
8. President, Hotel and Restaurant Association of the Philippines (HRAP);
9. President, Philippine Tour Operators Association (PHILTOA);
10. President, Philippine Travel Agencies Association (PTAA);

SEC. 7. Meetings. - The Council shall meet at least six (6) times a year. Special meetings shall be held upon the call of the Chairman or a majority of its members. A member who is unable to attend a session of the Council may designate an alternate who must be of sufficient rank and properly authorized to make decisions on behalf of the agency that is represented.

SEC. 8. Powers and Functions. - The Council shall have the following powers and functions:

a) To formulate programs in accordance with the provisions of this Act;

b) To determine, monitor and review the participation of all concerned agencies in tourism development and coordinate the policies and programs affecting tourism, national heritage, and environmental and natural resource preservation;

c) To closely coordinate and work with all government agencies concerned, local government units (LGUs) and the private sector to ensure the smooth implementation of tourism plans and programs;

d) To encourage the maximum participation of the private sector in tourism development and to support the activities of local tourism councils;

e) To formulate and enforce a system of accountability for the short and long term adverse environmental impact of tourism projects, programs or activities, which shall include the setting up of a funding or guarantee mechanism for clean-up and environmental rehabilitation and compensation for personal damages;

f) To prepare a national ecotourism strategy or program which shall guide the development, promotion and management of sustainable ecotourism in the country, incorporating as among its main features the identification of ecotourism sites, involvement of local communities, protection of the rights of

indigenous people, environmental education and information campaign, and provision of technical and financial assistance to communities which are included in the network of tourism sites;

g) To call upon any government or private entity for assistance or support whenever deemed necessary to carry out the provision of this Act;

h) Whenever necessary, to create such committees to conduct studies for the formulation of plans, programs and activities for the attainment of the purpose of this Act;

i) To organize an Annual National Tourism Summit through the auspices of the DOT, as a means of ensuring wide and collective participation of all sectors involved in the sustainable development of tourism, as well as to carry out the provisions of this Act;

j) To exercise or perform such other powers and functions as may be deemed necessary, proper or incidental to the attainment of its objectives.

SEC. 9. Composition of the Secretariat. - The Secretariat of the Council shall be composed of the support staff from the DOT as appointed by the Secretary.

SEC. 10. Additional Incentives for the Tourism Industry. - In addition to the incentives provided for under the existing laws, the following shall be entitled to tax deductions or tax exemptions, as the case may be, under the following instances:

A. Hotels and tour operators shall be allowed to deduct from their income earned within the Philippines all expenditures incurred for promotional activities overseas such as:

a) expenditure on publicity and advertisements in any mass media outside the country;

b) expenditure on the publication of brochures, magazines and guide books, including delivery costs that are not charged to the overseas customers;

c) expenditure on market research into new markets overseas, subject to the approval of the Secretary of Tourism;

d) expenditure that includes fares to any country outside the country to negotiate or secure a contract for advertising or participating in trade fairs, conferences or forums as approved by the Secretary of Tourism;

e) expenditure in organizing trade fairs, conferences or forums approved by the Secretary of Tourism;

f) expenditure on the maintenance of sales offices overseas for purposes of promoting tourism in the country;

B. Companies shall be allowed to deduct all expenditures incurred in participating in an approved international trade fairs in the country;

C. Tour operators who bring in at least 500 foreign tourists in groups in a year inclusive of tours that enter and exit the country by air, sea or land transportation shall be exempted from tax in respect of income derived from the business of operating such tours. This incentive is only applicable to tour operators licensed by the DOT;

Companies that organized domestic tour packages for at least one hundred tourists per year get a tax exemption on the income earned.

D. Local companies which promote international conferences in the country shall qualify for tax exemption on the income earned from bringing at least 300 foreign participants in the country; and

E. Expenditures incurred by companies promoting and managing a musical or cultural group and sponsoring local and/or foreign cultural performances as approved by DOT, qualifies for deduction.

SEC. 11. Massive Promotion of Tourism in Coordination with the Philippine Embassies Abroad. - The consular officers and staff of the various Philippine embassies abroad shall be tasked to cooperate and conduct a massive promotional campaign of the country in coordination with local hotel

and tour operators abroad and other marketing agencies. It shall likewise disseminate and promote information regarding tourism in the country as their contribution towards a sustainable industrial growth.

SEC. 12. EVAT Refunds for Overseas Visitors. – Business establishments shall provide overseas visitors with EVAT refund forms for purchases they have made before leaving the country. Purchases must cost a minimum of P5,000.00 and receipts can be claimed at the airport. The said refund can be claimed at the airport before departure at the Bureau of Customs Office.

SEC 13. Participation of LGU's. - The Local government units shall likewise participate and provide support for the development, marketing and presentation of tourism attractions in every locality.

SEC. 14. Annual Report. – The Council shall submit a comprehensive and detailed report to the President for transmittal to Congress at the end of every year.

SEC. 15. Implementing Rules and Regulations. – The Council shall promulgate the necessary implementing rules and regulations within one month from the effectivity of this Act.

SEC. 16. Appropriations. – The amount of Twenty Million Pesos (P20,000,000.00) necessary for the implementation of this Act shall be included in the General Appropriations Act of the year following its enactment into law. Thereafter, the annual funding of Twenty Million Pesos (P20,000,000.00) shall be charged against the travel tax collections accruing to the national government.

SEC. 17. Separability Clause. – If for any reason, any provision of this Act is declared invalid or unconstitutional, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 18. Repealing Clause. All executive issuances, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 19. Effectivity Clause. – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) newspapers of general circulation.

Approved,