

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
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SENATE  
P.S. Resolution No. 113

BY:

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Introduced by **Senator Richard "Dick" J. Gordon**

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**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**

*WHEREAS*, Republic Act No. 9593 otherwise known as the Tourism Act of 2009 was passed and signed into law on May 12, 2009, and its implementing rules and regulations duly adopted on November 10, 2009;

*WHEREAS*, in section 1, the Tourism Act 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."

*WHEREAS*, the Tourism Act oriented the tourism industry of the country toward sustainable tourism development, restating the mandate of the Department of Tourism (DOT), and reorganizing and redirecting the Philippine Tourism Authority (PTA) as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) and the Philippine Conventions and Visitors Corporation (PCVC) as the Tourism Promotions Board (TPB);

*WHEREAS*, 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 on page viii set as a target over 10 million international arrivals and 163 million domestic tourist trips by 2016;

*WHEREAS*, 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 Enterprise Zones under 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;

*WHEREAS*, 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";

*WHEREAS*, under section 64, 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 supervise and regulate the cultural, economic and environmentally sustainable development of TEZs toward the primary objective of encouraging investments therein."

*WHEREAS*, under section 84, TIEZA was empowered to grant tax incentives to spur investment in sustainable tourism developments, and that TIEZA "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."

*WHEREAS*, other government agencies merely had coordinative functions with TIEZA in the latter's exercise of its incentives powers, as stated also in section 84 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 "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."

*WHEREAS*, among the incentives tourism enterprises within a TEZ can enjoy are income tax holidays; gross income taxation of five percent; 100 percent 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;

*WHEREAS*, the TIEZA and the Bureau of International Revenue (BIR) entered into a memorandum of agreement signed in June 29, 2010 in the BIR's Office in Quezon City where it was agreed that BIR will issue the revenue regulations which should facilitate the grant of incentives within 60 days from the signing date;

*WHEREAS*, 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. 9593;

*WHEREAS*, the BIR refused to issue necessary revenue regulations, claiming the absence of the IRR on incentives and that there were pending bills before the Congress to rationalize all fiscal incentives, despite the fact that it had already executed a memorandum of agreement committing to issue the regulations;

*WHEREAS*, the BIR's refusal to issue revenue regulations and frustrate 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 law and which should not;

*WHEREAS*, because of BIR's intransigence, TIEZA has been unable to grant incentives to the three tourism enterprise zones it has already designated and approved – Ciudad de Victoria in Sta. Maria Bocaue, Bulacan, Resorts World Manila in Newport City, Pasay and Queen's Castle in Medellin, Cebu – and has stalled and delayed the development plans of many others;

*WHEREAS*, during the Senate committee meeting on February 17, 2015, TIEZA sought the support of the Oversight Committee on Tourism with regard to the issuance of the necessary revenue regulations by the BIR;

*WHEREAS*, because of the non-implementation of tax incentives for tourism, out of the 25,000 jobs projected for several projects under TIEZA, only 1,500 individuals were employed due to the delayed and slowed down development;

*WHEREAS*, 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 target for 2016,

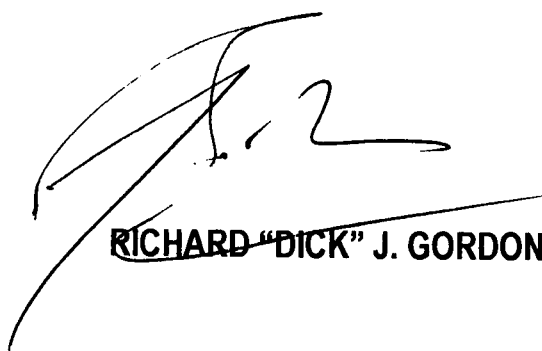
*WHEREAS*, the implementation of tax incentives under TIEZA would have greatly contributed to attaining the goal by encouraging the rapid yet sustainable development of accessible tourist zones complete with accommodations, attractions, activities and amenities at competitive prices;

*WHEREAS*, 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;

*WHEREAS*, there is a need to immediately investigate this matter to create measures on preventing further damages and losses resulting from misfeasance, malfeasance and nonfeasance of certain government officials;

*NOW THEREFORE, BE IT RESOLVED*, as it is hereby resolved, to direct 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 said government agencies in the implementation of Republic Act No. 9593 otherwise known as the Tourism Act of 2009.

*Adopted,*



**RICHARD "DICK" J. GORDON**