

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



23 MAY -9 A8 :47

SENATE
S. No. 2148

RECEIVED BY: 

Introduced by Senator Jinggoy Ejercito Estrada

AN ACT
CREATING A VAT REFUND MECHANISM FOR NON-RESIDENT TOURISTS,
ADDING FOR THE PURPOSE A NEW SECTION 112-A TO THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED

EXPLANATORY NOTE

In 2019, the tourism industry accounted for 12.9% of Gross Domestic Product (GDP), establishing itself as one of the key drivers of the Philippine economy. However, the COVID-19 pandemic resulted in a substantial decline in its contribution to the economy. In 2020, the tourism industry's Gross Value Added declined to 5.1% of GDP, increasing marginally to 5.2% of GDP in 2021. Although preliminary data suggests a rebound in 2022, it is likely to be a far cry from its pre-pandemic level.

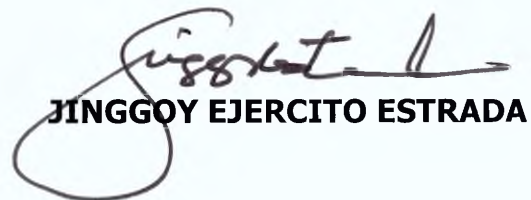
According to the Department of Tourism, the industry breached its target of 1.7 million international visitors for 2022 at 2.65, though still below the 8.26 million tourists in 2019. This translated to P209 billion in tourism revenue, registering a 2,466% increase from the previous year's revenue. Furthermore, for the same year the tourism industry has resulted in the generation of 5.23 million tourism-related jobs.

This measure is expected to boost the tourism industry's growth and energize recovery following the COVID-19 pandemic through the creation of a VAT Refund

mechanism for tourists. Under the bill, tourists shall be eligible for a VAT refund on goods costing at least P3,000 purchased from authorized retailers in the Philippines, within sixty (60) days from date of purchase.

Many studies have pointed out the multiplier effect of tourism. Direct spending may be the predominant contributor to GDP, but indirect effects are also significant, suggesting a strong linkage with the local economy and in job generation.

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



JINGGOY EJERCITO ESTRADA

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**AN ACT
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ADDING FOR THE PURPOSE A NEW SECTION 112-A TO THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED**

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

1 Section 1. A new Section 112-A is hereby inserted after Section 112 of the
2 National Internal Revenue Code of 1997, as amended, to read as follows:

3 **"SEC. 112-A. TOURIST VISA REFUND. – A TOURIST SHALL**
4 **BE ELIGIBLE FOR A VALUE-ADDED TAX (VAT) REFUND ON**
5 **GOODS PURCHASED FROM ACCREDITED RETAILERS IN THE**
6 **PHILIPPINES IF SUCH GOODS ARE TAKEN OUT OF THE**
7 **COUNTRY WITHIN SIXTY (60) DAYS FROM THE DATE OF**
8 **PURCHASE, AND THE VALUE OF GOODS PURCHASED PER**
9 **TRANSACTION AMOUNTS TO AT LEAST THREE THOUSAND**
10 **PESOS (P3,000.00): PROVIDED, THAT SUCH THRESHOLD MAY**
11 **BE ADJUSTED CONSIDERING THE ADMINISTRATION COST FOR**
12 **REFUND, THE CONSUMER PRICE INDEX, OR OTHER MARKET**
13 **CONDITIONS, AS DETERMINED BY THE SECRETARY OF**
14 **FINANCE UPON RECOMMENDATION OF THE SECRETARY OF**
15 **TOURISM AND THE COMMISSIONER OF INTERNAL REVENUE:**
16 **PROVIDED, FURTHER, THAT THE ADMINISTRATION OF THE**

1 **REFUND PROCESS SHALL BE CONDUCTED THROUGH ONE OR**
2 **MORE SERVICE PROVIDERS.**

3 **“FOR PURPOSES OF THIS SECTION, A ‘TOURIST’ SHALL**
4 **REFER TO A FOREIGN PASSPORT HOLDER, WHO IS A NON-**
5 **RESIDENT INDIVIDUAL NOT ENGAGED IN TRADE OR**
6 **BUSINESS IN THE PHILIPPINES.”**

7 *Sec. 2. Implementing Rules and Regulations.* – Within thirty (30) days from the
8 effectivity of this Act, the Department of Finance shall promulgate the necessary rules
9 and regulations for its effective implementation.

10 *Sec. 3. Separability Clause.* – Should any provision herein be declared
11 unconstitutional, the other provisions not affected shall remain in full force and effect.

12 *Sec. 4. Repealing Clause.* – All laws, decrees, orders, rules and regulations or
13 other issuances or parts inconsistent with the provisions of this Act are hereby
14 repealed, amended, or modified accordingly.

15 *Sec. 5. Effectivity.* – This Act shall take effect fifteen (15) days after its
16 publication in the *Official Gazette* or in at least two (2) national newspapers of general
17 circulation.

Approved,