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SENATE

Senate Bill No. 527 RECEIVED BY: 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

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 in sourcing funds for the implementation of the programs and projects of the Philippine Tourism Authority. The present is inadequate for the promotion of 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 improvement in our tourism industry.

The bill seeks to allocate the travel tax collection to the Philippine Tourism Authority in order to ensure that its continuing programs and special projects are adequately funded.

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

The approval of this bill is earnestly sought.


JINGGOY EJERCITO ESTRADA
Senator

FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

SECRETARY

10 JUL -7 49:19

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Senate Bill No. 527

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

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

SECTION 1. Short Title. – This Act shall be known as the “*The Travel Tax Reform Act of 2010*”.

SEC. 2. State Policy. - The State shall provide adequate funds for the promotion, encouragement 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 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 non-tickets are issued in connection therewith.

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

SEC. 5. - Foreign-Issued Tickets - In cases where tickets were issued and/or purchased abroad 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 passengers 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) Collection 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 charters 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 engagement.

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 Exemption. - No travel tax exemption shall be issued without the authority and approval of the General Manager of the PTA, or his duly authorized representative.

SEC. 8. - Refund of the 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 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 non-collection, non-remittance and delinquency shall be;

- a) By distraint of goods, chattel 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 (PHP 1,000.00).

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 real property, including the improvement 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 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 (P 500,000.00), shall seize and distraint any goods, chattels, or effects, and other 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 authorized distraining officer to the General Manager of PTA.
- (B) *Levy on real Estate Property*- Upon the expiration required by law to pay the delinquent travel tax, real property may be levied upon before, simultaneously or after the distraint or 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 Registry 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 liability arose. In absence of an agent or manager, levy shall be effected upon 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 the Personal Property Distrainted 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 distrainted. The time of sale shall not be less than fifteen (15) days after notice to the owner or possessor of the property 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 distrainted 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 charges 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. - Public and Sale. - After fifteen (15) days upon levy on the real property, the levying officer shall proceed with the publication of said property for sale to satisfy the claim for delinquent 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 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 auction, the owner of the 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 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 determined, 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 thereon from the date of the delinquency to the date of the public sale, together with 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 the public sale to the time of the 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 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 Deeds concerned, upon registration before the his office of any such declaration of forfeiture, to transfer the title of the subject real property forfeited to the Government, without 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, interest, other increments, and penalties together with interest thereon and the cost of sale. However, if the property after the expiration of the 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 repealed if necessary until the full satisfaction of the delinquent travel taxes, charges, and 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 the 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 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 these Act shall be held unconstitutional or invalid, 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 days after the completion of its publication in a newspaper of general circulation or in the *Official Gazette*, whichever comes first.

Approved,