



## **IMPLEMENTING RULES AND REGULATIONS OF R. A. 9593, OTHERWISE KNOWN AS THE TOURISM ACT OF 2009**

Pursuant to the authority vested in the Secretary of the Department of Tourism under Section 107 of the Act, otherwise known as the Tourism Act of 2009, the following Implementing Rules and Regulations (IRR) are hereby promulgated:

### **Rule I – General Provisions**

#### Section 1 - Declaration of Policy.

The State declares 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. Towards this end, the State shall seek to:

- (a) Ensure the development of Philippine tourism that is for and by the Filipino people, conserve and promote their heritage, national identity and sense of unity;
- (b) Recognize sustainable tourism development as integral to the national socio-economic development efforts to improve the quality of life of the Filipino people, providing the appropriate attention and support for the growth of this industry;
- (c) Promote a tourism industry that is ecologically sustainable, responsible, participative, culturally sensitive, economically viable and ethically and socially equitable for local communities;
- (d) Create a favorable image of the Philippines within the international community, thereby strengthening the country's attraction as a tourism destination and eventually paving the way for other benefits that may result from a positive global view of the country;
- (e) Develop the country as a prime tourist hub in Asia, as well as a center of world congresses and conventions, by promoting sustainable tourism anchored principally on the country's history, culture and natural endowments, and ensuring the protection, preservation and promotion of these resources; and
- (f) Encourage private sector participation and agri-tourism for countryside development and preservation of rural life.

## Section 2 - Objectives.

To pursue the above declaration, the following objectives are hereby adopted:

- (a) Develop a national tourism action plan and work for its adoption and implementation by national and local governments;
- (b) Encourage activities and programs which promote tourism awareness, preserve the country's diverse cultures and heritage, and instill a sense of history and a culture of tourism among the youth and the populace;
- (c) All things being equal, grant preferential treatment to the employment of Filipino nationals in tourism-related enterprises;
- (d) Provide full government assistance by way of competitive investment incentives, long-term development fund and other financing schemes extended to tourism-related investments;
- (e) Ensure that tourism development protects and promotes the general well-being of the Filipino people, particularly in the area of investment, to include the monitoring and prevention of any act of profiteering or speculation to the detriment of local residents, as well as the exploitation of women and children in tourism;
- (f) Encourage competition in the tourism industry and maximize consumer choice by enhancing the continued viability of the retail travel industry and independent tour operation industry;
- (g) Enhance the collection, analysis and dissemination of data which accurately measure the economic and social impact of tourism in the country to facilitate planning in the public and private sectors;
- (h) Ensure the right of the people to a balanced and healthful ecology through the promotion of activities geared towards environmental protection, conservation and restoration;
- (i) Develop responsible tourism as a strategy for environmentally sound and community participatory tourism programs, enlisting the participation of local communities, including indigenous peoples, in conserving bio-physical and cultural diversity, promoting environmental understanding and education, providing assistance in the determination of ecotourism sites and ensuring full enjoyment of the benefits of tourism by the concerned communities;
- (j) Strengthen the role of tourism councils and encourage the participation of non-governmental organizations (NGOs), people's organizations (POs) and the private sector in initiating programs for tourism development and environmental protection;
- (k) Promote the progressive development of existing civil aviation, land and sea transportation policies as they relate to tourism, in consonance with existing bilateral agreements and inter-agency pronouncements;
- (l) Promote and ensure the convention-handling capability of the country as a world-class convention center;

- (m) Achieve a balance in tourism development between urban and rural areas in order to spread the benefits of tourism and contribute to poverty alleviation, better access to infrastructure and to a reduction in regional imbalances;
- (n) Enhance capability-building of local government units (LGUs), in partnership with the private sector, in the management of local tourism projects and initiatives, thereby ensuring accessible and affordable destinations throughout the country, especially in areas which have shown strong comparative advantage;
- (o) Maintain international standards of excellence in all tourism facilities and services, and promote the country as a safe and wholesome tourist destination;
- (p) Enhance international business relations for the support of tourism projects of the private sector, through partnership, joint ventures and other cooperative undertakings involving local and foreign investors;
- (q) Support the establishment of Tourism Enterprise Zones (TEZs), 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; and
- (r) Ensure a sustainable funding mechanism for the implementation of tourism policies, plans, programs, projects and activities.

### Section 3 – Definition of Terms.

For purposes of this implementing rules and regulations, the following terms, words, phrases shall mean and be understood as follows:

- (a) Accreditation – a certification issued by the Department to a tourism enterprise that officially recognizes it as having complied with the minimum standards for the operation of tourism facilities and services.
- (b) Act – Republic Act 9593, otherwise known as the “Tourism Act of 2009”.
- (c) Brownfield Tourism Zone - an area with existing infrastructure or development as determined by the TIEZA.
- (d) Culture of Tourism – a sustainable tourism development principle that binds national and local governments, local communities, private sector and stakeholders to work together in creating pride of place and sustaining a tourist friendly destination.
- (e) Department – the Department of Tourism created pursuant to Presidential Decree No. 189, as amended.
- (f) Ecotourism – a form of sustainable tourism within a natural and cultural heritage area where community participation, protection and management of natural resources, culture and indigenous knowledge and practices, environmental education and ethics, as well as economic benefits are fostered and pursued for the enrichment of host communities and the satisfaction of visitors.

- (g) Executive Management Committee – a policy and program coordinating and monitoring body composed of the Department Secretary and the heads of attached agencies and corporations.
- (h) Foreign visitors – all passengers who are non-residents of the Philippines traveling to and within as well as staying in the country for a period of not more than one year for leisure, business, and other purposes and whose visit is not intended for the exercise of an activity remunerated from the place visited.
- (i) Goods – unless otherwise specified in this Rules, are merchandise used by a registered enterprise in the normal operation of its business within the TEZs.
- (j) Greenfield Tourism Zone – a new or pioneer development as determined by the TIEZA.
- (k) Duty Free Philippines (DFP) – government entity created pursuant to Executive Order No. 46, Series of 1986.
- (l) Duty Free Philippines Corporation (DFPC) – corporate body created pursuant to Chapter VI of the Act which has exclusive authority to operate or franchise out stores and shops that would sell among others, duty- and tax-free merchandise, goods and articles to service the requirements of international tourists and travelers.
- (m) Intramuros Administration (IA) – government agency created pursuant to Presidential Decree No. 1616, as amended which is attached to the Department pursuant to the Act.
- (n) Philippine Convention and Visitors Corporation (PCVC) – corporate body created pursuant to Presidential Decree No. 867, as amended which is attached to the Department pursuant to the Act.
- (o) Philippine Retirement Authority (PRA) – government agency created pursuant to Executive Order No. 1037, as amended which is attached to the Department pursuant to the Act.
- (p) Philippine Tourism Authority (PTA) – corporate infrastructure arm of the Department of Tourism created pursuant to Presidential Decree No. 189, as amended.
- (q) Primary Tourism Enterprises – facilities and services that are directly related to tourism such as, but not limited to, travel and tour services: inbound travel agencies and tour operators, local tour operators, ecotour operators and tour guides; tourist transport services whether for land, sea and air transport exclusively or majority of its seats are for tourist use, including airport taxis and tourist drivers; accommodation establishments such as but not limited to hotels, resorts, apartment hotels, tourist inns, motels, pension houses, private homes used for homestay, ecolodges, condotels, serviced apartments, and bed and breakfast facilities; hotel and tourism estate management services; meetings, incentives, conventions and exhibition organizers and facilities; sports and recreational facilities such as but not limited to dive shops, amusement parks, adventure and ecotourism facilities; foreign exchange dealers and such enterprises as may be identified by the Secretary, after due consultation with concerned sectors.
- (r) Registered Enterprise – an enterprise located within a TEZ that is duly-registered with the TIEZA.

- (s) Rules – this rules and regulations implementing the Act.
- (t) Secondary Tourism Enterprises – facilities and services that may be related to tourism such as, but not limited to, restaurants; specialty shops and department stores; sports facilities and recreational centers such as museums and galleries, theme parks, zoos; health and wellness facilities such as but not limited to spas, tertiary hospitals, ambulatory clinics and medical concierge; rest areas in gas stations; agri-tourism farms and facilities; tourism training centers or institutes, including tourism trainers; outbound travel agencies; and such other enterprises as may be identified by the Secretary after due consultation with concerned sectors.
- (u) Secretary – Secretary of Tourism.
- (v) Services – unless otherwise specified under this Rules, logistic support procured and secured by a registered enterprise for the normal operation of its business within the TEZ.
- (w) Standards – set of written functional, aesthetic and technical requirements in the form of specifications or guidelines to ensure that a product and service complies with the rules and regulations set forth by the Department.
- (x) Sustainable Tourism Development – the management of all resources that meet the needs of tourists and host regions while protecting the opportunities for the future, in such a way that economic, social and aesthetic needs can be fulfilled while maintaining cultural integrity, essential ecological processes, biological diversity and life support systems.
- (y) TEZ Administrator – a person appointed by the Board of Directors of a TEZ Operator, who shall be responsible for implementing the policies, plans and projects of the TEZ operator.
- (z) TEZ Operator – an entity duly incorporated under Batas Pambansa Bilang 68, otherwise known as The Corporation Code of the Philippines, and other relevant laws, whose capital may be provided by LGUs and/or private entities, and which shall administer and supervise each TEZ.
- (aa) Tourism Congress – a private sector consultative body which assists the Department in the development, implementation and coordination of Philippine tourism policies, composed of aggrupations of primary and secondary tourism enterprises as well as aggrupations of allied and relevant enterprises of the tourism industry duly registered with the Securities and Exchange Commission, such as, but not limited to, accommodation, travel and tours, tourist transport services, meetings, incentive travel, conventions, exhibitions/events services and facilities, and tourism estate development and management services, including former Secretaries of Tourism.
- (bb) Tourism Development Plan – a strategic framework that provides for the orderly and rational development of the tourism sector within a given area, providing the policy and approaches to develop, promote and integrate various programs and projects such as but not limited to accessibility, including infrastructure and transportation; investments and businesses; environment; cultural heritage; tourism products; marketing; human resources development; community development, among others.

- (cc) Tourism Enterprises –facilities, services and attractions primarily engaged in whole or in part in tourism and for the purpose of attracting visitors to and within the Philippines, such as, but not limited to enterprises provided for under the primary and secondary tourism enterprises.
- (dd) Tourism Enterprise Zone (TEZ) – Tourism Enterprise Zone created pursuant to Chapter IV-A, Section 59 of the Act.
- (ee) Tourism Infrastructure and Enterprise Zone Authority (TIEZA) – a government corporation created pursuant to Chapter IV-B of the Act.
- (ff) Tourism Promotions Board (TPB) – body corporate created pursuant to Chapter III of the Act, which under this Rules shall also be referred to as the Philippine Tourism Promotions Board (PTPB).

## **Rule II – The Department of Tourism and Attached Agencies**

### Chapter I – The Department of Tourism

#### Section 4 – Mandate.

The Department shall be the primary planning, programming, coordinating, implementing and regulatory government agency in the development and promotion of the tourism industry, both domestic and international, in coordination with its attached agencies and other government instrumentalities. It shall instill in the Filipino the industry’s fundamental importance in the generation of employment, investment and foreign exchange.

#### Section 5 – Powers and Functions.

The Department shall have the following powers and functions:

- (a) Formulate tourism policies, plans and projects for the development of tourism as an engine of socio-economic and cultural growth;
- (b) Supervise and coordinate the implementation of tourism policies, plans and projects;
- (c) Call upon all agencies of government to properly carry out their programs in relation to and in coordination with the policies, plans and projects of the Department and to assist in the implementation thereof;
- (d) Communicate to the President, and the heads of departments, agencies and instrumentalities of the government, the impact upon tourism and the economy of proposed governmental actions;
- (e) Provide an integrated market development program to attract people to visit the Philippines and enhance the prestige of the country and the Filipino people in the international community;

- (f) Represent the government in all domestic and international conferences and fora, and in all multilateral or bilateral treaties and international agreements concerning tourism, and ensure the government's implementation thereof and compliance with all obligations arising therefrom;
- (g) Request the President for representation in all government agencies, offices, boards, commissions, and committees that may affect tourism;
- (h) Call upon relevant government departments, agencies and offices, in consultation with the private sector, to provide access to travel, to facilitate the process of obtaining and extending visas, to integrate and simplify travel regulations and immigration procedures and to ensure their efficient, fair and courteous enforcement to assure expeditious and hospitable reception of all visitors;
- (i) Support, advance and promote the protection, maintenance and, preservation of historical, cultural and natural endowments, in cooperation with appropriate government agencies and the private sector, and take appropriate measures against acts and omissions contrary to these objectives;
- (j) Monitor conditions of any community in the Philippines and, in consultation with the LGUs and law enforcers, issue timely advisories on the safety or viability of travel to particular places within the Philippines and on patronage of entities engaged in tourism-related activities and of tourism products;
- (k) Evaluate tourism development projects for the issuance of permits and the grant of incentives by appropriate government agencies, establish a databank of tourism areas and projects for investment purposes, and encourage private sector investment and participation in tourism activities and projects;
- (l) Formulate and promulgate, in consultation with the LGUs, the private sector industries and other tourism stakeholders, rules and regulations governing the operation and activities of all tourism enterprises including, but not limited to, a national standard for licensing, accreditation and classification of tourism enterprises, prescribing therein minimum levels of operating quality and efficiency for their operation in accordance with recognized international standards, impose reasonable penalties for violation of accreditation policies and recommend to the LGUs concerned the suspension or prohibition of operation of a tourism enterprise;
- (m) Monitor the LGUs' compliance to national standards in the licensing of tourism enterprises, receive and investigate complaints concerning these enterprises, and act on such complaints to properly implement the provisions of the Act;
- (n) Ensure the proper coordination, integration, prioritization and implementation of local tourism development plans with that of the national government;
- (o) Provide technical assistance to LGUs in destination development, standard setting and regulatory enforcement;
- (p) Undertake continuing research studies and surveys to analyze economic conditions and trends relating to tourism and travel, and compile and integrate a statistical databank on the tourism industry;

- (q) Delegate to regional offices, in coordination with LGUs, specific powers and functions in the implementation of tourism policies, plans and projects;
- (r) Collect necessary fees and charges for the proper implementation of tourism policies, plans and projects; and
- (s) Exercise such other powers and functions as are necessary for the implementation of the Act.

#### Section 6 – Structure of the Department.

- (a) The Department shall consist of the Department Proper, Department offices, services and units, and the regional and foreign offices.
- (b) The Department shall establish a staffing pattern with the corresponding job description and qualification standards in accordance with the guidelines and rules and regulations, as prescribed by the Department of Budget and Management (DBM) and the Civil Service Commission (CSC).

#### Section 7 – Department Proper.

The Department Proper shall consist of the Offices of the Secretary, Undersecretaries, Assistant Secretaries, Directors and various operating units.

#### Section 8 – Office of the Secretary.

The Office of the Secretary shall consist of the Secretary and his or her immediate staff.

#### Section 9 – Office of the Undersecretary for Tourism Development.

- (a) The Undersecretary for Tourism Development shall be responsible for the Office of Product Development, the Office of Tourism Development Planning, Research and Information Management and the Office of Industry Manpower Development.
- (b) The Undersecretary shall be assisted by an Assistant Secretary to oversee the day-to-day operation of the sector and to perform such other tasks as may be delegated.

#### Section 10 – Office of Product Development.

The Office of Product Development shall have the following functions:

- (a) Conceptualize and develop new products which will enhance tourism sites and facilities;
- (b) Undertake tests on the viability and acceptability of new tourism-related products and programs;
- (c) Encourage and promote joint undertakings with the private sector for the development of new tourism-related products and programs; and
- (d) Perform such other functions as may be assigned to it by the Secretary.

The Office of Product Development shall consist of the following divisions:

- (a) Product Planning and Development Division which shall:
  - (1) Plan and conceptualize the development of new and upgrading of existing products in tourist destinations based on current market trends and approved national and local tourism development plans;
  - (2) Formulate guidelines on product planning and development to guide the industry stakeholders;
  - (3) Prepare product development plans to conserve and protect areas covered under the National Integrated and Protected Areas System Act (NIPAS) for their declaration as TEZs;
  - (4) Undertake pilot tests of new tourism products and programs together with the private sector and the PTPB to ascertain its viability, acceptability and marketability; and
  - (5) Perform such other functions as may be delegated to it.
- (b) Product Monitoring and Evaluation Division which shall:
  - (1) Develop a system for the monitoring and evaluation of tourism products and programs;
  - (2) Monitor and evaluate periodically tourism products;
  - (3) Provide technical assistance to LGUs, local communities and private sector on the development of new product concepts;
  - (4) Maintain a databank of tourism products and operators for planning and marketing purposes; and
  - (5) Perform such other functions as may be delegated to it.

Section 11 – Office of Tourism Development Planning, Research and Information Management.

The Office of Tourism Development Planning, Research and Information Management shall have the following functions:

- (a) Prepare a National Tourism Development Plan identifying geographic areas with potential tourism value and outlining approaches to developing such areas;
- (b) Formulate policies and programs for global competitiveness and national tourism development, and approve local government tourism development plans;
- (c) Monitor and evaluate the implementation of policies, plans and programs of the Department;
- (d) Formulate an integrated marketing and promotions plan, identifying strategic market areas and niches;

- (e) Conduct research and studies, disseminate all relevant data on tourism, monitor and analyze the socio-economic impact of tourism upon affected local communities and the nation to maximize the benefits of tourism throughout affected local communities and to avoid or mitigate possible negative impacts of the industry;
- (f) Provide technical assistance to the TIEZA and other government agencies, including LGUs in the preparation of tourism development plans for TEZs as well as local tourism development plans with the end in view of integrating such plans with other sector plans for the area while ensuring adherence to national policies and programs;
- (g) Coordinate with, together with the Office of Tourism Coordination, government agencies, LGUs, NGOs and other private entities for the development and implementation of the national tourism plans and policies and other relevant concerns;
- (h) Source grants or loans from local and foreign funding institutions to implement tourism policies, plans and projects;
- (i) Develop, coordinate, and supervise the Department's information systems strategic plan;
- (j) Pursue the Department's interests in multilateral, bilateral, international and regional tourism cooperation, agreements and treaties; and
- (k) Perform such other functions as may be assigned to it by the Secretary.

The Office of Tourism Development Planning, Research and Information Management shall consist of the following divisions:

- (a) Statistics, Economic Analysis and Information Management Division which shall:
  - (1) Formulate and implement a strategic statistical development plan that would enable the Department to respond not only to its data requirements but also to make tourism statistics accessible, reliable and continually updated to the needs of the tourists and general public;
  - (2) Compile and generate reports on tourism such as, but not limited to foreign arrivals, domestic travelers, tourist receipts, employment, accommodation occupancy rates, room capacity, and investments;
  - (3) Conduct research, studies and surveys on international and domestic tourism as well as organize forum to share information on the results of said undertakings for policy formulation, planning, product development, regulation and marketing;
  - (4) Establish and maintain a tourism statistical database and a library as repository of all information in the Department and to allow access to information by the general public;
  - (5) Provide technical assistance to LGUs in the collection of statistics and establishment of tourism databank at the local destinations;
  - (6) Prepare economic and market analysis of the trends and performance of the tourism industry at the national and local destinations, including the periodic accomplishments of the Department and its attached agencies;

- (7) Establish alliances and network with concerned government agencies, statistical organizations, private sector, academe and research institutions to broaden and deepen awareness of tourism research and statistics as well as address bottlenecks on gathering and compiling of tourism data;
  - (8) Disseminate tourism statistics and reports on a regular basis as well as hold end-users forum to provide update and elicit inputs to enhance the statistical generation capacity of the Department;
  - (9) Conduct research and studies on the effectiveness and efficiency of the tourism promotions programs and activities as well as undertake market intelligence on trends and competitor analysis in existing markets;
  - (10) Formulate an integrated marketing plan, identifying direction and market priorities, for both international and domestic tourism in close consultation with the PTPB, foreign and regional offices as well as the private sector; and
  - (11) Perform such other functions as may be delegated to it.
- (b) Tourism Development Planning Division which shall:
- (1) Formulate an annual and five-year National Tourism Development Plan to provide the direction for the development and promotion of tourism;
  - (2) Prepare an annual tourism infrastructure program based on the national and local tourism development plans in coordination with the Department of Public Works and Highways, the Department of Transportation and Communications, and other infrastructure agencies, including the attached agencies and corporation for approval by the Tourism Coordinating Council;
  - (3) Review and approve local tourism development plans by the LGUs to ensure adherence to national policies and programs;
  - (4) Coordinate with NGAs, LGUs, NGOs and private sector the implementation of National Tourism Development Plan;
  - (5) Monitor and evaluate plans, programs and projects of the Department and its attached agencies as well as the LGUs;
  - (6) Provide technical assistance to TIEZA and LGUs in the preparation of tourism development plans;
  - (7) Monitor and analyze the socio-economic, environmental and cultural impacts of tourism on local destinations and affected communities;
  - (8) Formulate, together with Financial and Management Service, guidelines for the preparation of the Department's annual work and financial plans; and
  - (9) Perform such other functions as may be delegated to it.

(c) International Relations Division which shall:

- (1) Pursue, together with the appropriate offices, the Department's interests in multilateral, international and regional as well as bilateral tourism cooperation, agreements and treaties;
- (2) Formulate negotiating positions in coordination with relevant government agencies and tourism stakeholders to ensure consistency with the national policies and industry's interests;
- (3) Develop strategic plan on enhancing the benefits and gains as well as strengthen the institutional mechanism to carry out the arrangements for agreed cooperation and treaties;
- (4) Provide technical assistance to the Department's negotiating panel and representatives to international organizations, agreements and treaties;
- (5) Coordinate, monitor and evaluate the implementation and impacts of tourism cooperation, agreements and treaties; and
- (6) Perform such other functions as may be delegated to it.

(d) Information Technology Division which shall:

- (1) Formulate an annual and five-year Information Systems Strategic Plan for the Department;
- (2) Coordinate, monitor and evaluate the implementation of the Information Systems Strategic Plan;
- (3) Oversee the Department's information, communication and technology networking as well as maintain and enhance the Department's portal and website, hardware, software, and application systems to keep them at par with industry and international standards and practices;
- (4) Conduct studies on the information technology needs of the Department and evaluate the feasibility of transforming to electronic and other medium acceptable the various information and transactions of the operating units; and
- (5) Perform such other functions as may be delegated to it.

Section 12 – Office of Industry Manpower Development.

The Office of Industry Manpower Development shall have the following functions:

- (a) Develop training modules and conduct multi-skills training seminars, including continuing education programs for the industry manpower, in coordination with appropriate government agencies and tourism enterprises and associations, thereby upgrading their quality, competence and excellence in the delivery of tourism services, which shall include topics on Philippine history, culture, environment and related subjects, in coordination with appropriate government agencies and the private sector, specifically educational institutions;

- (b) Develop training courses and apprenticeship programs, in coordination with the Office of Tourism Standards and Regulation, for tourist guides and other similar workers jointly with appropriate government agencies and the private sector;
- (c) Enlist the participation of experts for the training and education programs to LGUs;
- (d) Develop, in conjunction with the Technical Education and Skills Development Authority, programs for the training and certification of tourism professionals; and
- (e) Perform such other functions as may be assigned to it by the Secretary.

The Office of Industry Manpower Development shall consist of the following divisions:

- (a) Manpower Planning and Monitoring Division which shall:
  - (1) Formulate, coordinate and monitor the implementation of the annual and five-year Tourism Industry Manpower Development Plan in consultation with the Technical Educational and Skills Development Authority and the private sector;
  - (2) Conduct training needs analysis and develop training modules and continuing education programs to upgrade the competencies and skills of the industry manpower and the LGUs;
  - (3) Work with the Commission on Higher Education for the development of curriculum and regulation of colleges and universities that grant undergraduate and postgraduate degrees on tourism and related fields;
  - (4) Develop, in conjunction with the Technical Education and Skills Development Authority, programs for the training and certification of tourism professionals; and
  - (5) Develop, implement and monitor job-placement and career programs for trained tourism professionals as well as registered and qualified industry manpower;
  - (6) Develop a comprehensive tourism capability building program for LGUs; and
  - (7) Perform such other functions as may be delegated to.
- (b) Manpower Training Division which shall:
  - (1) Conduct regular training and continuing education programs for industry manpower and tourism officers of the LGUs which shall include topics on Philippine history, culture, environment and related subjects;
  - (2) Implement an apprenticeship program for tour guides and other similar workers in the tourism sector in close coordination with the private sector;
  - (3) Implement a tourism capacity building program for tourism officers and LGUs;
  - (4) Enlist the support and participation of experts in the conduct of training for LGUs and tourism manpower; and

(5) Perform such other functions as may be delegated to it.

Section 13 – Office of the Undersecretary for Tourism Regulation, Coordination and Resource Generation.

- (a) The Undersecretary for Tourism Regulation, Coordination and Resource Generation shall be responsible for the Office of Tourism Standards and Regulations, the Office of Tourism Coordination, the Office of Tourism Resource Generation and all regional and foreign offices.
- (b) There shall be created a support group or unit under the Office of the Undersecretary to provide liaison and coordination work for the regional and foreign offices with other government agencies and private sector at the national level.
- (c) The Undersecretary shall be assisted by an Assistant Secretary to over see the day-to-day operation of the sector and to perform such other tasks as may be delegated.

Section 14 – Office of Tourism Standards and Regulations.

The Office of Tourism Standards and Regulations shall have the following functions:

- (a) Formulate and enforce standards for the operation and maintenance of tourism enterprises, prescribing minimum and progressive levels of operating quality and efficiency consistent with local and international standards;
- (b) Coordinate with relevant tourism enterprise associations, including adventure sports associations, in the formulation and enforcement of the rules and regulations for the accreditation of tourism enterprises;
- (c) Develop and enforce a comprehensive system for mandatory accreditation for primary tourism enterprises, and voluntary accreditation for secondary tourism enterprises, in accordance with prescribed guidelines and standards;
- (d) Establish a system of registration, information, linkage and mutual assistance among accredited tourism enterprises to enhance the value of accreditation and improve the quality of service rendered by such enterprises;
- (e) Evaluate tourism projects in accordance with standards and endorse the same to appropriate government agencies such as, but not limited to, Board of Investments, Department of Environment and Natural Resources, Department of Agrarian Reform, and Land Transportation Franchising and Regulatory Board, for availment of incentives, permits, clearances and franchises and provide technical assistance to incentive-giving institutions and concerned government agencies in the formulation of tourism incentives and the administration of their functions; and
- (f) Perform such other functions as may be assigned to it by the Secretary.

The Office of Tourism Standards and Regulations shall consist of the following divisions:

(a) Standards Development Division which shall:

- (1) Formulate and implement a national standard for the operation and maintenance of primary and secondary tourism enterprises, prescribing minimum levels of quality and efficiency in order to ensure that facilities and services are maintained in accordance with acceptable local and international standards;
- (2) Promulgate rules and regulations governing the operation, classification and activities of all persons, firms and enterprises engaged in tourism, including the imposition of fines and penalties for violation of said rules and regulations;
- (3) Undertake continuing research on the development of standards for tourism enterprises; and
- (4) Perform such other functions as may be delegated to it.

(b) Standards Monitoring and Enforcement Division which shall:

- (1) Ensure that tourism enterprises comply with the prescribed rules and regulations in the operation and maintenance of facilities and services;
- (2) Ensure that personnel in the regional offices are equipped with the necessary knowledge and facility to implement the prescribed standards and classification of primary and secondary tourism enterprises;
- (3) Assess the performance of the regional offices in relation to the regulation of tourism enterprises in their respective areas of responsibility and reverse their findings and/or take over the functions of regulating tourism enterprises at the local level should there be a determination that a regional office is unable to satisfactorily perform its function;
- (4) Act on complaints regarding accredited tourism enterprises, and after due notice and hearing, impose fines, downgrade, suspend or revoke the accreditation, for violation of the terms thereof;
- (5) Issue public notices and advisories pertaining to tourism enterprises found to have violated the terms of their accreditation;
- (6) Notify the LGU concerned when a tourism enterprise locating in their area fails to obtain or loses its accreditation and monitor the appropriate action taken by the LGU concerned in relation to said enterprise's license and permit to operate; and
- (7) Perform such other functions as may be delegated to it.

(c) Project and Investment Evaluation Division which shall:

- (1) Evaluate applications of new tourism development projects, including the renovation and expansion of existing projects, and endorse the same to appropriate government agencies for the availment of incentives and/or grant of permits, clearances and franchises;

- (2) Monitor the compliance of approved projects with the development timetable and other terms and conditions of the endorsement;
- (3) Establish a databank and monitor the purchase, sale or lease of tourism enterprises;
- (4) Coordinate with the PTPB and TIEZA during the conduct of investment promotion activities to ensure that prospective investors are properly guided with the current tourism investment laws;
- (5) Extend technical assistance to approved tourism projects and prospective investors on their proposed tourism development projects; and
- (6) Perform such other functions as may be delegated to it.

#### Section 15 - Office of Tourism Coordination.

The Office of Tourism Coordination shall have the following functions:

- (a) Maintain close coordination with national government agencies, LGUs, NGOs and other private entities for the development and implementation of national tourism plans and policies;
- (b) Call upon the assistance and support of any or all of the government agencies in the implementation of the policies of the Department;
- (c) Support the private sector in all tourism activities requiring governmental coordination; and
- (d) Perform such other functions as may be assigned to it by the Secretary.

The Office of Tourism Coordination shall consist of the following divisions:

- (a) Government Coordination Division which shall:
  - (1) Coordinate the implementation of national tourism development plan and tourism infrastructure program with concerned government agencies;
  - (2) Develop education and advocacy programs together with concerned agencies to instill the culture of tourism;
  - (3) Develop a system, in coordination with appropriate agencies, to provide access to travel, facilitate the process of obtaining and extending visas, integrate and simplify travel regulations and immigration procedures, and ensure the efficient, fair and courteous enforcement of laws, rules and regulations to assure the expeditious and hospitable reception of all visitors;
  - (4) Develop a system of monitoring ongoing tourism projects of both government and private sector entities, including a communication and information sharing system through which all government and private sector entities can monitor ongoing tourism activities;

(5) Provide secretariat support to the Tourism Coordinating Council; and

(6) Perform such other functions as may be delegated to it.

(b) Industry and Media Coordination Division which shall:

(1) Enlist the support of the private sector and media in all tourism programs and activities as well as the implementation of tourism development plans and policies;

(2) Develop a communication plan to inform and educate the publics on the importance of tourism and to mitigate the impacts of global, regional and national phenomena directly and indirectly affecting the tourism industry;

(3) Monitor conditions of tourism destinations and issue appropriate and timely advisories in consultation with the LGUs and concerned agencies on the safety or viability of travel to said places as well as the patronage of entities engaged in tourism-related activities and of tourism products; and

(4) Perform such other functions as may be delegated to it.

Section 16– Office of Tourism Resource Generation.

The Office of Tourism Resource Generation shall have the following functions:

(a) Ensure a sustainable funding mechanism for the implementation of tourism plans, policies, programs and activities of the Department and its attached agencies;

(b) Establish the Tourism Development Fund and formulate guidelines, rules and regulations for its equitable allocation among projects relating to the development and promotion of tourism;

(c) Collect tourism charges and fees, as may be deemed necessary in relation to the mandate of the Department; and

(d) Perform such other functions as may be assigned to it by the Secretary.

The Office of Tourism Resource Generation shall consist of the following divisions:

(a) Revenue Research Division which shall:

(1) Conduct researches and studies on the imposition of specific charges and fees, such as, but not limited to foreign tourists, tourism enterprises and other entities providing and consuming tourism resources and services;

(2) Promulgate rules and regulations on the imposition of tourism charges and fees as may be determined by the Department;

(3) Formulate guidelines on the collection, allocation and utilization of tourism revenues accruing to the Tourism Development Fund;

- (4) Monitor the utilization of Tourism Development Fund;
- (5) Coordinate with the Financial and Management Affairs Service the processing and release of funds to appropriate entities, including the attached agencies; and
- (6) Perform such other functions as may be delegated to it.

(b) Revenue Collection Division which shall:

- (1) Develop and establish a system for the efficient and effective collection of tourism charges and fees;
- (2) Set targets for the collection of tourism charges and fees;
- (3) Collect and turn-over the charges and fees to the Cashier's Office for deposit; and
- (4) Perform such other functions as may be delegated to it.

Section 17 – Regional Offices.

- (a) The Department shall establish, operate and maintain a regional office in each administrative region in the country. The regional offices shall have the following functions:
  - (1) Implement laws, policies, plans, programs, rules and regulations of the Department;
  - (2) Accredite tourism enterprises in accordance with set standards, rules and regulations promulgated by the Department;
  - (3) Collect and remit tourism charges and fees in accordance with the Department's policies and guidelines;
  - (4) Coordinate with the LGUs the formulation and submission for approval of local tourism development plans;
  - (5) Coordinate with regional offices of other departments, bureaus and agencies, LGUs, NGOs and private sector the implementation of national tourism development plan;
  - (6) Undertake research and gather data on local tourism trends and other relevant tourism information;
  - (7) Coordinate the establishment of tourism information and assistance centers ~~at~~ by LGUs in strategic locations as are necessary to disseminate relevant information pertaining to the tourist locations and products, and to assist tourists and tourism enterprises;
  - (8) Provide technical assistance to the LGUs, local communities and tourism enterprises on tourism planning, product development, standard setting, promotions, formulation and enforcement of laws, rules and regulations, among others;

- (9) Conduct seminars and information campaigns as well as organize forum to inform the publics on subject matters pertaining to the functions of the Department, tourism traffic and new tourism sites;
  - (10) Supervise the implementation of the domestic tourism promotions programs as well as provide information in the preparation of domestic promotions plan;
  - (11) Make recommendations to the Secretary on all matters relating to tourism in the region; and
  - (12) Perform such other functions as may be assigned to it by the Secretary.
- (b) The regional offices shall be headed by a regional director. It shall have three operating units responsible for tourism planning, tourism regulation, and administration.

Section 18 – Foreign Offices.

- (a) The Department shall establish foreign offices based on market analysis and planning. The foreign offices shall have the following functions:
- (1) Undertake research and gather data on tourism market trends and other relevant tourism information;
  - (2) Coordinate the implementation of plans, policies and programs of the Department, including multilateral and bilateral agreements, with the National Tourism Organizations and other international associations;
  - (3) Supervise the implementation of international tourism promotion programs in their respective areas of responsibility as well as provide information in the preparation of international promotions plan;
  - (4) Make recommendations to the Secretary on all matters relating to tourism within their respective jurisdiction; and
  - (5) Perform such other functions as may be assigned to it by the Secretary.
- (b) The creation, operation and supervision of a foreign office shall be vested on the Department of Tourism.
- (c) The Secretary shall designate and assign personnel in the foreign offices from the pool of tourism service staff officers within the Department and attached agencies. For this purpose, the Department through the Undersecretary for Tourism Regulation, Coordination and Resource Generation shall formulate a manual with detailed guidelines for the creation and operation of foreign offices, including the assignment, entitlement, conduct and accountability of personnel of the Department and attached agencies assigned in the foreign offices.

Section 19 – Undersecretary for Special Concerns and Administration

- (a) The Undersecretary for Special Concerns and Administration shall be responsible for the Office of Special Concerns, the Financial and Management Service, Administrative Affairs Service, and Legal Affairs Service, also referred to in this Rules as Office of Financial and Management Affairs, Office of Administrative Affairs, and Office of Legal Affairs, respectively, the Office of Internal Audit Service, and the Legislative Liaison Unit.
- (b) The Undersecretary shall be assisted by an Assistant Secretary who shall over see the day-to-day operation of the sector.

Section 20 - Office of Special Concerns.

The Office of Special Concerns shall have the following functions:

- (a) Coordinate and monitor the implementation of the various directives, pronouncements and issuances of the President pertaining to the priorities of the government and the Department; and
- (b) Perform such other functions as may be assigned to it by the Secretary.

Section 21 – Office of Financial and Management Affairs.

The Financial and Management Service also referred to in this Rules as the Office of Financial and Management Affairs, shall have the following functions:

- (a) Advise and assist the Secretary on budgetary, financial and management matters; and
- (b) Assist the Secretary, together with the Office of Tourism Development Planning, Research and Information Management, in the review of budget proposals of the attached agencies to ascertain consistency with the Department's priorities;
- (c) Organize technical budget hearing, in coordination with Office of Tourism Development Planning, Research and Information Management, of the budget proposals of various operating units;
- (d) Organize workshops and trainings for regional accountants and budget officers on latest budgeting, accounting and auditing systems, procedures, rules and regulations;
- (e) Perform such other functions as may be assigned to it by the Secretary.

The Financial and Management Service shall consist of the following divisions:

- (a) Budget Division which shall:
  - (1) Conduct technical budget hearing, in coordination with Office of Tourism Development Planning, Research and Information Management, of the budget proposals of various operating units;

- (2) Consolidate and prepare the Department's Budget Proposal/Estimate based on approved plans and programs and in consonance with the national government thrusts and priorities as provided in the Budget Call;
  - (3) Review and prepare the Department's Annual Work and Financial Plan to ensure efficient programming and utilization of funds;
  - (4) Obligate valid claims of projected expenditures in support of the Department's programs, projects and activities;
  - (5) Monitor the utilization of funds and implementation of planned programs, projects and activities;
  - (6) Conduct periodic reconciliation of funds commitment vis-à-vis the obligation to preclude discrepancies;
  - (7) Manage the monthly cash allocation;
  - (8) Prepare and submit accountability reports to fiscal agencies and higher authorities; an
  - (9) Provide technical assistance to subordinate budget units in the application and utilization of budgetary methods and the budget system; and
  - (10) Perform such other functions as may be delegated to it.
- (b) Accounting Division which shall:
- (1) Certify as to the availability of funds;
  - (2) Process claims for payments;
  - (3) Undertake bookkeeping and maintain basic financial records, books of accounts, general and subsidiary ledgers;
  - (4) Advise management on financial matters;
  - (5) Prepare and submit financial reports, including special reports to management and other government agencies;
  - (6) Ensures that all accounting records, books of accounts, financial statements and reports for all types of funds and transactions reflect accurate financial information required in compliance with accounting and auditing rules and regulations; and
  - (7) Perform such other functions as may be delegated to it.
- (c) Management Division which shall:
- (1) Develop plans and programs on management improvement;
  - (2) Examine the administrative organization of the Department and provide recommendation for improvement;

- (3) Maintain and update the Department's organization structure and other manuals;
- (4) Conduct regular management surveys of the organization structure, manpower and operations, and perform studies on special problems as assigned;
- (5) Review existing methods, systems and procedures/processes and provide recommendations for improvement;
- (6) Develop new and improved management systems and provide staff supervision over the implementation of such improvements, as well as conduct training on the application of the system/s; and
- (7) Perform such other functions as may be delegated to it.

Section 22 – Office of Administrative Affairs.

The Administrative Affairs Service, also known in this Rules as Office of Administrative Affairs, shall have the following functions:

- a) Advise and assist the Secretary on all matters pertaining to personnel and general services administration;
- b) Provide the Department with centralized and integrated services relating to personnel information, work environment, records, communications, supplies, equipment, collection, disbursements, security and other custodial work; and
- (c) Perform such other functions as may be assigned to it by the Secretary.

The Office of Administrative Affairs shall consist of the following divisions:

- (a) Human Resources Division which shall:
  - (1) Advise management on policies relative to personnel administration and human resources development;
  - (2) Develop and administer a personnel program which shall include recruitment, selection and placement, training and development, compensation, employee welfare, incentives and benefits, performance appraisal, personnel information systems/records, employee relations, and other personnel services;
  - (3) Recommend modification of staffing pattern and manpower requirements, vis-à-vis the Department's goals and objectives, plans and programs, in accordance with existing CSC, DBM, and COA rules and regulations and other issuances;
  - (4) Act on all matters concerning appointments, promotions, transfers, reassignment, attendance, leaves of absence, compensation and benefits, and other personnel actions/transactions, in accordance with existing CSC, DBM, and COA rules and regulations and other issuances;

- (5) Develop and implement a human resource development plan, based on identified needs, which will provide the enhancement of the competencies and skills of employees as well as their physical, social and spiritual well-being;
  - (6) Develop and implement a performance evaluation system;
  - (7) Maintain and update personnel records; and
  - (8) Perform such other functions as may be delegated to it.
- (b) General Services Division which shall:
- (1) Develop and administer a cash management program;
  - (2) Prepare a list of account payables to support request for NCA release;
  - (3) Prepare collection and disbursement reports as required under accounting and auditing rules;
  - (4) Develop and administer an efficient, economical and effective property and supply management program;
  - (5) Ensure transparent procurement of office equipment, supplies and materials, spare parts, and the like in collaboration with the Bids and Awards Committee;
  - (6) Formulate policies on the proper control, utilization, storage, and disposal of equipment, property, supplies and materials, in accordance with government prescribed standards, rules and regulations;
  - (7) Coordinate with inspection committee regarding the inspection of the delivery of purchased materials, supplies and equipment;
  - (8) Conduct periodic inspection and inventory of existing supplies and equipment and reconcile records with Accounting Division;
  - (9) Prepare the Department's Annual Procurement Plan based on the requirements of the operating units of the Department;
  - (10) Develop and administer maintenance program for building, grounds, facilities, equipment, repair, improvement and/or enhancement as well as security programs and measures;
  - (11) Coordinate the transportation, communication, messengerial, security and janitorial services of the Department;
  - (12) Develop and implement a centralized records management and tracking system;
  - (13) Develop and maintain a records retention and disposition policy congruent with existing government rules and regulations;

- (14) Classify, catalog, index and store archival documents for ready reference of the operating units; and
- (15) Perform such other functions as may be delegated to it.

Section 23 – Office of Legal Affairs.

The Legal Affairs Service, also known in this Rules as the Office of Legal Affairs, shall have the following functions:

- (a) Advise and assist the Secretary on all legal matters involving the Department;
- (b) Review and finalize all issuances, circulars, and rules and regulations to be promulgated by the Department, as well as all legislative instruments to which the Department is a party;
- (c) Hear, investigate and adjudicate administrative cases involving employees of the Department;
- (d) Coordinate with relevant agencies on legal concerns affecting the Department;
- (e) Organize and/or conduct workshops, seminars and similar trainings on legal procedures for the Department and its employees; and
- (f) Perform such other functions as may be assigned to it by the Secretary.

The Office of Legal Affairs shall consist of the following divisions:

- (a) Legislation, Research and Documentation Division which shall:
  - (1) Interpret laws and rules in relation to the operations of the Department;
  - (2) Maintain a compendium of international and local legislations, decrees and issuances, relevant to tourism, as well as international and local agreements to which the Department is a party;
  - (3) Review and finalize all issuances, circulars, and rules and regulations to be promulgated by the Department;
  - (4) Prepare/ review contracts, other legal instruments, and international agreements to which the Department is a party;
  - (5) Conduct researches and prepare comments, opinions and position papers on proposed legislations affecting the mandate of the Department and the tourism industry; and
  - (6) Perform such other functions as may be delegated to it.
- (b) Administrative Investigation, Adjudication and Counseling Division which shall:
  - (1) Receive, investigate and act on complaints involving tourists in coordination with the Philippine National Police and other relevant agencies;

- (2) Conduct investigation of cases involving administrative charges against the Department's personnel as well as provide counseling services to its employees;
- (3) Represent the Department in collaboration with the Office of Solicitor General in litigations before any judicial, quasi-judicial or administrative body/ tribunal;
- (4) Organize and/ or conduct seminars, workshops and similar trainings on legal procedures for the Department and its personnel; and
- (5) Perform such other functions as may be delegated to it.

Section 24 – Internal Audit Service.

The Internal Audit Service shall have the following functions:

- (a) Advise the Secretary on all matters relating to management control and operations audit;
- (b) Institute and conduct operations and financial performance audit to ensure compliance with existing rules and regulations for an effective and efficient fiscal administration, internal control and performance of Department affairs; and
- (c) Perform such other functions as may be delegated to it by the Secretary.

The Internal Audit Service shall consist of the following divisions:

- (a) Operations Audit Division which shall:
  - (1) Conduct performance audit, in coordination with the other division, of the Department's organizational units to determine overall effectiveness and efficiency in the delivery of services;
  - (2) Conduct studies on any phase of management activity, survey work and special assignment as may be instructed by the Secretary or his duly legal representative;
  - (3) Review and appraise the operation of the Department's offices and organizational units to determine the extent of compliance with established policies, systems and procedures;
  - (4) Conduct special audit of the Department's foreign assisted, locally funded and inter-agency projects to appraise standards of performance and ascertain whether the projects have achieved the goals and objectives;
  - (5) Recommend improvements and corrective actions on operational deficiencies, deviations or variances from the programs/ projects, targets and objectives;
  - (6) Review work plans, accomplishments and status reports of all Department's projects and programs to determine whether results are consistent with established goals and objectives and whether the programs are implemented as planned;
  - (7) Formulate and implement performance indicators and standards related to special audit; and

(8) Perform such other functions as may be delegated to it.

(b) Financial Audit Division which shall:

- (1) Conduct financial audit of the Department's income, expenditures, payrolls, books of accounts, financial reports, vouchers and other relevant files of the agency to determine the degree of compliance with established objectives, policies, rules and regulations;
- (2) Review and analyze financial statements, reports of the Department's organizational units, projects, programs, regional and foreign offices to ascertain the reliability and usefulness of accounting, financial and statistical data/ information;
- (3) Appraise the effectiveness or economy with which money, manpower, property and other agency assets are utilized;
- (4) Develop and implement performance indicators and standards related to financial audit;
- (5) Recommend improvements or corrective actions on operational deficiency related to financial matters; and
- (6) Perform such other functions as may be delegated to it.

Section 25 – Legislative Liaison Unit.

The Legislative Liaison Unit shall have the following functions:

- (a) Establish and maintain regular coordination and liaison with Congress;
- (b) Monitor the passage of legislative measures that are in the Department's agenda;
- (c) Provide relevant information and technical support to Members of Congress;
- (d) Represent the Department in meetings and hearings of both Houses of Congress;
- (e) Liaise with both Houses of Congress regarding the Department's inputs, opinions and recommendations on legislative matters in consultation with appropriate offices of the Department; and
- (f) Perform such other functions as may be assigned to it by the Secretary.

## Chapter II – The Tourism Development Fund

Section 26 - Establishment of the Fund.

- (a) Pursuant to Section 16 of the Act, the Department shall establish a special account in the National Treasury to be called the Tourism Development Fund, the proceeds of which shall accrue directly and automatically to the Department.
- (b) The Fund shall be sourced from the fees and charges that may be imposed by the Department in pursuant of its mandate.

- (c) The Fund shall be used to implement tourism policies, plans, programs, projects and activities of the Department and its attached agencies and corporations.

Section 27 – Fees and Charges.

- (a) As may be determined in furtherance of its mandate, the Department shall collect appropriate fees and charges.
- (b) The said fees and charges shall be deposited in the Tourism Development Fund.
- (c) The fees currently collected by the Department from accreditation and conduct of trainings for the industry shall form part of the said Fund effective immediately.

Section 28 – Fund Allocation.

- (a) The Fund shall be allocated by the Department for the following purposes:
  - (1) Promotion and marketing efforts of the PTPB;
  - (2) Development of infrastructure facilities, utilities and services of the TIEZA;
  - (3) Market research, planning, product development, training, and enforcement of standards, rules and regulations by the Department's operating units; and
  - (4) Other projects of the Department that will boost tourism.
- (b) The Department shall issue specific guidelines, and rules and regulations on the collection, allocation and disbursements of the Fund in coordination with concerned agencies.

Chapter III - Attached Agencies and Corporations

Section 29 – Attached Agencies and Corporations.

The following agencies and corporations shall be attached to the Department and shall be under the supervision of the Secretary for policy and program coordination while continuing to operate under their respective charters:

- (a) Philippine Tourism Promotions Board (PTPB);
- (b) Tourism Infrastructure and Enterprise Zone Authority (TIEZA);
- (c) Duty Free Philippines Corporation (DFPC);
- (d) Intramuros Administration (IA);
- (e) National Parks Development Committee (NPDC);
- (f) Nayong Pilipino Foundation (NPF);
- (g) Philippine Retirement Authority (PRA); and
- (h) Philippine Commission on Sports Scuba Diving (PCSSD).

Section 30 – Supervision over Attached Agencies and Corporations.

Pursuant to the charters of the agencies and corporations attached to the Department, the Secretary, as Chairperson of the governing boards and authorities of the attached agencies and corporations, shall exercise the following authority to ensure policy and program coordination:

- (a) Appoint the Chief Operating Officers of the PTPB, the TIEZA and the DFPC as elected by the respective governing Boards from the list of qualified applicants;
- (b) Ensure the compliance of attached agencies to the approved plans and programs in the National Tourism Development Plan;
- (c) Prescribe standards and guidelines to effectively and efficiently carry out their mandates;
- (d) Without prejudice to the powers and functions of each Board of Directors of attached agencies, approve the annual budget and work plan of the attached agencies as conforming to the Department's priorities;
- (e) Monitor and evaluate the agencies' performance to determine compliance with the Department's policies, standards and guidelines;
- (f) Take appropriate action as may be necessary for the proper performance of official functions, including rectification of violations, abuses and other forms of mal-administration; and
- (g) Other forms of supervisory authority by a Secretary over its attached agencies as provided under Executive Order No. 292 or the Administrative Code of 1987.

#### Section 31 – Executive Management Committee.

To ensure an effective policy and program coordination between and among the Department and its attached agencies and corporations, an Executive Management Committee shall be established to be composed of the following:

- (a) Department Secretary as Chairperson;
- (b) DOT Undersecretary for Tourism Development as Member;
- (c) DOT Undersecretary for Tourism Regulation, Coordination and Resource Generation as Member;
- (d) DOT Undersecretary for Special Concerns and Administration as Member;
- (e) PTPB Chief Operating Officer as Member;
- (f) TIEZA Chief Operating Officer as Member;
- (g) DFPC Chief Operating Officer as Member;
- (h) IA Administrator as Member;
- (i) NPDC Executive Director as Member;
- (j) NPF Executive Director as Member;
- (k) PCSSD Executive Director as Member; and
- (l) PRA General Manager as Member.

The Secretary shall issue the appropriate directive defining the functions, meetings and conduct of the Executive Management Committee.

#### Section 32 – Budget Approval.

- (a) All attached agencies and corporations of the Department shall submit their annual budgets and work plans as well as their supplemental budgets to the Secretary for determination as to the consistency with the Department's priorities.

- (b) The Secretary through the heads of attached agencies and Chief Operating Officers of the corporations shall submit the recommended annual budgets and work plans for the ensuing year to the respective governing boards and authorities of said agencies within the last quarter of the preceeding calendar/ fiscal year for final consideration and approval.
- (c) Upon approval of the governing boards, copies of the approved budgets of the attached agencies and corporations shall be furnished the Oversight Committee. The budgets of the PTPB, the TIEZA and the DFPC reported to the Oversight Committee shall contain detailed information on the compensation and benefits received by their employees.

#### Section 33 – Operation of TEZ.

- (a) The IA, NPDC and NPF may operate TEZs within their respective jurisdictions under the supervision of the TIEZA as provided in the rules and regulations governing the creation and operation of TEZs.
- (b) Any restoration activity undertaken by the IA, NPDC and NPF within the TEZs shall be entitled to a tax deduction equivalent to the full cost of the restoration activity directly incurred in accordance with the provisions of the National Internal Revenue Code, as amended.

#### Section 34 – Scuba Diving Rules and Regulations.

The PCSSD, in consultation with the Office of Tourism Standards and Regulations shall undertake measures to provide the standard basic dive rules to all levels or kinds of divers, regulate scuba sports and technical diving, and formulate policies to ensure the safety of the sports, including the regulation of accredited scuba sports and technical diving establishments.

### **Rule III – The Tourism Promotions Board**

#### Chapter I – The Tourism Promotions Board

#### Section 35 - Reorganization.

- (a) The Philippine Convention and Visitors Corporation is reorganized as the Tourism Promotions Board (TPB), also to be referred to in this Rules as the Philippine Tourism Promotions Board (PTPB).
- (b) The Bureaus of Domestic and International Tourism Promotions and the Office of Tourism Information of the Department, pursuant to the Act and as modified under Executive Order No. 366, otherwise known as the Rationalization Program, are hereby absorbed into the PTPB.

### Section 36 – Mandate.

The PTPB shall be responsible for marketing and promoting the Philippines domestically and internationally as a major global tourism destination, highlighting the uniqueness and assisting the development of its tourism products and services, with the end in view of increasing tourist arrivals and tourism investments; marketing the Philippines as a major Meetings, Incentives, Conventions and Exhibitions (MICE) destination; attracting, promoting, facilitating and servicing large scale events, international fairs and conventions, congresses, sports competitions, expositions and the like; ensuring the regular local and international advertisement of the country's major tourism destinations and other tourism products, including TEZs; and providing incentives to travel agencies, tour operators, wholesalers and investors abroad capable of drawing a sizeable number of tourists and tourism investments to the country.

### Section 37 - Powers and Functions.

The PTPB shall have all the general powers of a corporation as provided under the Corporation Code. In addition, the PTPB shall have the following functions:

- (a) Organize the PTPB in a manner most efficient and economical for the conduct of its business and the implementation of its mandate;
- (b) Develop and implement a plan to market the Philippines as a premier tourist destination;
- (c) Direct and coordinate the resources and efforts of the government and the private sector in the tourism and allied fields for the full realization of the tourism marketing plans and programs;
- (d) Develop and promote the Philippines as a center for international meetings, incentive programs, conventions, exhibitions, sports and wellness, medical tourism and other special events;
- (e) Engage in the business of tourism and perform acts in consonance therewith, such as, but not limited to, creating subsidiaries in support of its marketing functions in partnership with the private sector; as well as attending conventions and other events abroad in representation of the country, encouraging sales promotions and advertising, and implementing programs and projects with the objective of promoting the country and enticing tourists to visit its tourism destinations and to enjoy its tourism products;
- (f) Contract loans, indebtedness and credit, and issue commercial papers and bonds, in any local or convertible foreign currency from international financial institutions, foreign government entities, and local or foreign private commercial banks or similar institutions under terms and conditions prescribed by law, rules and regulations;
- (g) Execute any deed of guarantee, mortgage, pledge, trust or assignment of any property for the purpose of financing the programs and projects deemed vital for the early attainment of its goals and objectives, subject to the provisions of the Constitution (Article VII, Section 20 and Article XII, Section 2, paragraphs (4) and (5));
- (h) Receive donations, grants, bequests and assistance of all kinds from local and foreign governments and private sectors and utilize the same;

- (i) Extend loans through government banks and financial assistance for manpower training, heritage preservation, infrastructure development and other programs of the Department;
- (j) Obtain the services of local and foreign consultants and enter into contracts locally and abroad in the performance of its functions; and
- (k) Perform all other powers and functions of a corporation.

## Chapter II – The Tourism Board

### Section 38 - Board of Directors.

The PTPB shall be governed and its powers exercised by a Board of Directors to be called the “Tourism Board”, which shall be composed of the following:

- (a) The Department Secretary as Chairperson;
- (b) The PTPB Chief Operating Officer as Vice-Chairperson;
- (c) The TIEZA Chief Operating Officer as Member;
- (d) The Department of Foreign Affairs (DFA) Secretary as Member;
- (e) The Department of Trade and Industry (DTI) Secretary as Member;
- (f) The Department of Transportation and Communications (DOTC) Secretary as Member; and
- (g) Five (5) representative directors to be appointed by the President upon the recommendation of the Tourism Congress from a list of three (3) nominees coming from its members, from each of the following sectors:
  - (1) Accommodation enterprises;
  - (2) Travel and tour services;
  - (3) Land, air and sea tourist transport services;
  - (4) Conventions, meetings, incentive travel, exhibitions and events services and facilities; and
  - (5) Other accredited tourism enterprises.

The Secretaries of the DFA, the DTI and the DOTC shall each designate a permanent representative in the Board who must possess relevant experience and whose position must be at least Assistant Secretary or equivalent rank. The permanent representative shall be duly authorized in writing to act on behalf of the Secretary in his or her absence.

### Section 39 – Representative Directors.

- (a) The members of the Tourism Congress as convened pursuant to Section 137 of this Rules, shall nominate at least three (3) candidates from each of the following sectors to represent the tourism industry in the Tourism Board:
  - (1) Accommodation enterprises;
  - (2) Travel and tour services;
  - (3) Land, air and sea tourist transport services;
  - (4) Conventions, meetings, incentive travel, exhibitions and events services and facilities; and
  - (5) Other accredited tourism enterprises.

- (b) The nominees must be:
  - (1) Filipino citizens;
  - (2) With recognized competence in business management, marketing, finance, tourism and other related fields;
  - (3) Must represent an accredited tourism enterprise as of the date of selection and appointment;
  - (4) Must be a high ranking official of an accredited tourism enterprise; and
  - (5) Must be duly authorized by the governing Board of the tourism enterprise he/she is representing.
- (c) The term of office of the representative directors of the Tourism Board shall be three (3) years to commence upon the appointment by the President. Each director may be reappointed at most for one additional term upon expiration date of his/her original term. Upon the expiration of their term, the directors' offices shall be deemed vacated.
- (d) If a representative director ceases to be connected with the sector he or she represents, a new representative director shall be appointed to serve the unexpired portion of his/her predecessor's term. The new representative shall be chosen by the President from the rest of the nominees as recommended by the Tourism Congress.

#### Section 40 - Powers and Duties of the Tourism Board.

The Tourism Board shall have the following powers and duties:

- (a) Promulgate policies, approve programs and prescribe rules and regulations necessary to implement the intents and purpose of the Tourism Promotions Board;
- (b) Approve the annual Budget and such supplemental Budget as may be submitted by the Chief Operating Officer;
- (c) Approve the utilization of the Special Contingency Fund to meet the adverse effects of emergencies;
- (d) Create committees and sub-committees as may be necessary;
- (e) Appoint a Corporate Board Secretary;
- (f) Authorize contracts or agreements as may be necessary for the proper, efficient and stable administration of the PTPB and for the attainment of the purposes and objectives of the Act;
- (g) Approve the compensation, allowances, and benefits of PTPB officers and employees, including the compensation and benefits scheme which shall be comparable with the prevailing compensation plans in the private sector and which shall be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law, as well as other laws, rules and regulations on salaries and compensations;
- (h) Render through its Chairperson annual reports to the President and such other special reports that may be required from time to time;

- (i) Exercise all powers necessary or incidental to the attainment of the intent or purpose of the Act.

#### Section 41 - Meetings of the Board.

- (a) The Tourism Board, shall meet at least once a month at the principal office of the PTPB, unless the Tourism Board previously agrees in writing to meet at another location. The Chairperson may *motu proprio* call for a special meeting or at the instance of a majority of the members of the Board.
- (b) Immediately after its organization, the Tourism Board shall adopt the rules and procedures for the conduct of its meetings.
- (c) The presence of the majority of the Tourism Board, including the Chairperson or the Vice-Chairperson, shall constitute a quorum for the transaction of the business of the Board.
- (d) The Chairperson of the Tourism Board shall have voting rights in case of a tie.
- (e) The Corporate Secretary shall prepare the agenda for Tourism Board meetings in consultation with the Chairperson.

#### Section 42 - Compensation of the Board of Directors.

- (a) Subject to existing constitutional and legal prohibitions on double compensation, members of the Tourism Board in an *ex officio* capacity or his/her permanent representative shall not be entitled to receive compensation in any form for their services but may receive reasonable per diems, to be determined by the Tourism Board, for attendance at regular and special Board meetings.
- (b) The private sector members of the Tourism Board shall not be entitled to compensation but are entitled to receive reasonable per diems for attendance at regular and special meetings. They shall not be allowed other benefits whether in cash or in kind on top of the per diem, except when specifically provided by law.
- (c) Attendance in meetings of any Committee created by and composed of members of the Tourism Board shall be considered as attendance in Board meetings, provided, that in regular meetings of the Board, no proxies shall be allowed.

### Chapter III – The Chief Operating Officer

#### Section 43 - The Chief Operating Officer.

- (a) The PTPB shall have a Chief Operating Officer (COO) who shall be elected by the Board from a list of qualified applicants and appointed by the Secretary.
- (b) The Chief Operating Officer shall have a term of office of six (6) years, unless removed for cause in accordance with law. In the event the COO is unable to complete his/her term of office, the Secretary shall appoint a replacement as elected by the Board, who shall serve the unexpired portion of the term of office.

(c) The Chief Operating Officer must:

- (1) Be a Filipino citizen;
- (2) Have a bachelor's degree in any of the following fields: business, law, tourism, public administration or other relevant fields and have demonstrated expertise therein; and
- (3) Have occupied a managerial position for at least five (5) years.

Section 44 - Powers and Functions of the Chief Operating Officer.

The PTPB Chief Operating Officer shall have the following powers and functions:

- (a) Execute and administer the policies and measures approved by the Tourism Board;
- (b) Direct, manage and supervise the operation of the PTPB and be responsible for the efficient and effective conduct thereof;
- (c) Formulate the general work program of the PTPB and ensure its strictly and timely implementation in accordance with its mandate;
- (d) Represent the PTPB in all dealings with all other government offices, agencies and private organizations whether foreign or domestic in accordance with its mandate and as may be authorized by the Tourism Board;
- (e) Prepare and submit to the Tourism Board, for final approval, the annual budget and other supplemental budgets as approved by the Secretary pursuant to Section 32 of this Rules;
- (f) Convene a PTPB Executive Committee at least once a month;
- (g) Prepare and submit to the Tourism Board the annual report including statements of finances covering the operation of the PTPB; and
- (h) Perform such other duties and responsibilities to implement the policies and programs of the PTPB as the Tourism Board may authorize.

#### Chapter IV – Organization

Section 45 - Organizational Set-up.

- (a) Subject to the approval of the Tourism Board, the PTPB may consist of the following offices: Office of the Chief Operating Officer, Office of Tourism Promotions, Office of Marketing Services, Office of Corporate Affairs and such other offices as may be deemed necessary to carry out its mandate, powers and functions.
- (b) The PTPB shall prepare an annual work and financial plan based on the priorities and identified markets of the Department of Tourism and in close consultation with the DOT foreign and regional offices.

#### Section 46 - Marketing Coordinators.

As may be necessary, the Tourism Board shall determine and authorize the designation and assignment of marketing coordinators in the Department's foreign and regional offices to coordinate and implement the international and domestic tourism promotions program.

#### Section 47 - Strategic Marketing Plan.

- (a) The PTPB shall draft comprehensive short, medium and long term marketing plans for the Philippines as a destination for travel, business and investment, particularly tourism investment. Said plans shall be in consonance with the policies of the Department. It shall coordinate, insofar as practicable, with relevant agencies of the government and the private sector in the preparation of such plans. The plans shall be duly approved by the Tourism Board.
- (b) The Chief Operating Officer shall ensure that the marketing plans are duly implemented. The Chief Operating Officer shall also coordinate with relevant agencies of the government and the private sector to ensure the successful implementation of the plan as well as periodically report to the Tourism Board the status of plan implementation.

#### Section 48 - Membership.

- (a) The PTPB shall be open for membership to entities, groups and individuals with economic, social or cultural interest in travel trade directly related to accommodation, transport services and tour operations, MICE and other activities related to Philippine tourism.
- (b) Annual membership dues to PTPB shall be determined by the Tourism Board and shall be subject to review whenever necessary.

### Chapter V – Funding

#### Section 49 - Capitalization.

The PTPB shall have an authorized capital of Two Hundred Fifty Million Pesos (Php 250,000,000.00) which is fully subscribed by the national government and shall be released by the Department of Budget and Management to PTPB in two equal tranches within two years upon promulgation of this Rules.

#### Section 50 - Tourism Promotions Trust.

The Tourism Promotions Trust shall be established from the proceeds of the sale or lease of the assets of PTA. The trust shall be managed by a government-owned bank or financial institution selected by the Tourism Board. Said bank or institution shall report the status and profitability of the trust on a quarterly basis to the Tourism Board, the Secretary, and the Joint Congressional Tourism Oversight Committee created under the Act.

Section 51 - Tourism Promotions Fund.

- (a) The proceeds of the following shall be placed in a special Tourism Promotions Fund to finance the Activities of the PTPB:
- (1) Investment earnings from the Tourism Promotions Trust;
  - (2) An appropriation from the national government of not less than Five Hundred Million Pesos (Php 500,000,000.00) annually for at least five (5) years from the time of its constitution;
  - (3) Seventy percent (70%) of the fifty percent (50%) net income of the DFPC accruing to the Department, in lieu of its statutory remittance to the national government under Republic Act No. 7656, otherwise known as the Dividends Law of 1994;
  - (4) At least twenty five percent (25%) of the fifty percent (50%) national government share remitted by the Philippine Amusements and Gaming Corporation (PAGCOR) to the National Treasury pursuant to Republic Act No. 7656; and
  - (5) At least twenty five percent (25%) of the fifty percent (50%) national government share remitted by international airports and seaports to the National Treasury pursuant to Republic Act No. 7656.
- (b) Remittance of the 70% of the 50% of the share of the DOT from the DFPC annual net profits shall be made directly by the DFPC to the PTPB; Provided, however, That the Secretary is directly and officially informed of transactions every time that said remittance is made.
- (c) Funds for item (a) sub-items (4) and (5) shall be directly remitted to PTPB on a quarterly basis.
- (d) In no case shall promotions and marketing activities receive less than fifty percent (50%) of the annual utilization of the Fund. Not more than ten percent (10%) of the Fund shall be used for all other administrative and operating expenses of the PTPB.
- (e) The unallocated portion of the Fund shall be earmarked by the PTPB for the following purposes:
- (1) Development of TEZs by the TIEZA;
  - (2) Programs for development planning, heritage preservation and infrastructure development, and manpower training including, but not limited to, scholarships for trainings abroad, among others of the Department; and
  - (3) Such other purposes as may contribute to the development of the tourism industry.

Section 52 - Special Contingency Fund.

At the beginning of each year, ten percent (10%) of the allocation for promotions and marketing shall be set aside as a Special Contingency Fund of the PTPB. This shall be used in the event of emergencies to provide the PTPB with sufficient resources to undertake marketing and promotions activities that will encourage sustained tourism interest in the Philippines and that will address the adverse effects of these emergencies.

## **Rule IV – The Tourism Infrastructure and Enterprise Zone Authority**

### **Chapter I – The Tourism Infrastructure and Enterprise Zone Authority**

#### **Section 53 – Reorganization.**

The Philippine Tourism Authority (PTA) created pursuant to Presidential Decree No. 189, as amended by Presidential Decree No. 564, is hereby reorganized as the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), attached to the Department of Tourism for purposes of policy and program coordination.

#### **Section 54 - Mandate.**

The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) shall:

- (a) Designate, regulate and supervise the Tourism Enterprise Zones (TEZs) established under the Act;
- (b) Develop, manage, and supervise tourism infrastructure projects in the country;
- (c) Supervise and regulate the cultural, economic and environmentally sustainable development of TEZs towards the primary objective of encouraging investments therein;
- (d) Ensure strict compliance by the TEZ operator with the approved development plan. Pursuant thereto, the TIEZA shall have the power to impose penalties for failure or refusal of the tourism enterprises to comply with the approved development plan, which shall also be considered a violation of the terms of registration; and
- (e) Continue to exercise functions previously exercised by the PTA under Presidential Decree No. 564, not otherwise inconsistent with the other provisions of the Act.

### **Chapter II – The TIEZA Board**

#### **Section 55 – The TIEZA Board.**

The powers and functions of TIEZA shall be exercised by a Board of Directors to be composed of the following:

- (a) The Department Secretary as Chairperson;
- (b) The TIEZA Chief Operating Officer as Vice-Chairperson;
- (c) The PTPB Chief Operating Officer as Member;
- (d) The Department of Public Works and Highways (DPWH) Secretary as Member;
- (e) The Department of Environment and Natural Resources (DENR) Secretary as Member;
- (f) The Department of Interior and Local Government (DILG) Secretary as Member; and
- (g) Five (5) representative directors to be appointed by the President upon the recommendation of the Tourism Congress from a list of three (3) nominees coming from its members, from each of the following sectors:
  - (1) Tourism estate development and management services;
  - (2) Accommodation enterprises;
  - (3) Air, land and sea tourist transport services;
  - (4) Travel and tours enterprises; and
  - (5) Other accredited tourism enterprises.

The Secretaries of the DPWH, the DENR and the DILG shall each designate a permanent representative in the Board who must possess relevant experience and whose position must be at least Assistant Secretary or equivalent rank. The permanent representative shall be duly authorized in writing to act on behalf of the Secretary in his or her absence.

#### Section 56 – Representative Directors.

- (a) The members of the Tourism Congress as convened pursuant to Section 137 of this Rules, shall nominate at least three (3) candidates from each of the following sectors to represent the tourism industry in the TIEZA Board:
  - (1) Tourism estate development and management services;
  - (2) Accommodation enterprises;
  - (3) Air, land and sea tourist transport services;
  - (4) Travel and tours enterprises; and
  - (5) Other accredited tourism enterprises.
- (b) The nominees must be:
  - (1) Filipino citizens;
  - (2) With recognized competence in business management, marketing, finance, tourism and other related fields;
  - (3) Must represent an accredited tourism enterprise as of the date of selection and appointment;
  - (4) Must be a high ranking official of an accredited tourism enterprise or registered enterprise; and
  - (5) Must be duly authorized by the governing Board of the company he/she is representing.
- (c) The term of office of the representative directors of the TIEZA Board shall be three (3) years to commence upon the appointment by the President. Each director may be reappointed at most for one additional term upon expiration date of his/her original term. Upon the expiration of their term, the directors' offices shall be deemed vacated.
- (d) If a representative director ceases to be connected with the sector he or she represents, a new representative director shall be appointed to serve the unexpired portion of his/her predecessor's term. The new representative shall be chosen by the President from the rest of the nominees as recommended by the Tourism Congress.

#### Section 57 – Powers and Functions of the TIEZA Board.

The TIEZA Board of Directors, herein also referred to as the TIEZA Board, shall serve as the policy-making body of the TIEZA and shall hold and exercise the powers of a corporation as provided under the Corporation Code. Likewise, it shall perform the following functions:

- (a) Organize, reorganize, and determine the organizational structure and staffing pattern of the TIEZA; abolish and create offices and positions; fix the number of its officers and employees; and transfer and realign such officers and employees, necessary for the efficient and economical conduct of its business and the implementation of its mandate;

- (b) Approve the compensation, allowances, and benefits of the TIEZA officers and employees and adopt a compensation and benefits scheme which shall be comparable with the prevailing compensation plans in the private sector and which shall be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law, as well as other laws, rules and regulations on salaries and compensations;
- (c) Adopt and prescribe guidelines for the employment of personnel on the basis of merit, technical competence and moral character;
- (d) Approve the annual budget of the TIEZA;
- (e) Develop policies, plans and programs in coordination with the Department for the development and operation of TEZs and adopt rules and regulations necessary for the implementation of the provisions of the Act;
- (f) Approve TEZ development plans;
- (g) Authorize contracts or agreements as may be necessary for the proper, efficient and stable administration of the TIEZA and for the attainment of the purposes and objectives of the Act;
- (h) Contract loans, indebtedness and credit, issue commercial papers and bonds, in any local or convertible foreign currency from international financial institutions, foreign government entities and local or foreign private commercial banks or similar institutions under such terms and conditions prescribed by law, rules and regulations;
- (i) Execute any deed of guarantee, mortgage, pledge, trust or assignment of its property(ies) for the purpose of financing the programs and projects deemed vital for the early attainment of its goals and objectives subject to the provisions of Article VII, Section 20 and Article XII, Section 2, paragraphs 4 and 5 of the Constitution;
- (j) Construct, own or lease, operate and maintain infrastructure facilities or enter into joint ventures, and grant franchises for and supervise the operation of public utilities within TEZs, in coordination with LGUs and agencies concerned;
- (k) Undertake or authorize the undertaking of reclamation projects within TEZs;
- (l) Preserve, restore or reconstruct all national cultural treasures and shrines located within TEZs, in coordination with the National Museum and other concerned agencies;
- (m) Receive donations, grants, bequests, and assistance of all kinds from local and foreign governments and the private sector, and utilize the same;
- (n) Exercise eminent domain and police power including, but not limited to, the power to recommend to the Department the removal of structures which may be considered nuisances per se or which impede or impair the enjoyment of historical, cultural and natural endowments;
- (o) Coordinate with LGUs and other government agencies for the provision of basic services, utilities and infrastructure required by TEZ;

- (p) Review and approve applications for designation of TEZs based on the criteria provided herein; approve, facilitate and assist in the organization of TEZ Operators; and grant incentives thereto;
- (q) Regulate and supervise the operations of TEZ Operators, review and ensure their compliance with the approved development plans and establish and implement other policies, plans and programs for the development and operation of TEZs;
- (r) Register, monitor and regulate enterprises seeking to invest and operate within TEZ and approve and grant incentives to such registered enterprises as provided under the Act, provided that new and expanding tourism enterprises located within the TEZs shall be accredited by the Department;
- (s) Periodically check and verify, either by inspection of the books or by requiring regular reports, the compliance by registered enterprises with the relevant provisions of this Rules and terms and conditions of designation of TEZ and registration of enterprises;
- (t) Collect such fees and charges as may be imposed and assigned to it under the Act or other laws;
- (u) Appoint a Corporate Secretary whose functions shall include the preparation of the agenda for board meetings in consultation with the Chairperson; and
- (v) Exercise such other powers and functions as may be necessary to accomplish the mandate as provided in the Act.

#### Section 59 - Meetings of the TIEZA Board.

- (a) The TIEZA Board shall meet at least once a month at the principal office of the TIEZA, unless the Board previously agrees in writing to meet at another location. The Chairperson may *motu proprio* call for a special meeting or at the instance of a majority of members of the Board.
- (b) Immediately after its organization, the TIEZA Board shall adopt the rules and procedures for the conduct of its meetings.
- (c) The presence of the majority of the TIEZA Board, including the Chairperson or the Vice-Chairperson, shall constitute a quorum for the transaction of the business of the Board.
- (d) The Chairperson of the TIEZA Board shall have voting rights in case of a tie.
- (e) The Corporate Secretary shall prepare the agenda for board meetings in consultation with the Chairperson.

#### Section 60 – Per Diems.

- (a) Subject to existing constitutional and legal prohibitions on double compensation, members of the TIEZA Board in an *ex officio* capacity or his/her permanent representative shall not be entitled to receive compensation in any form for their services but may receive reasonable per diems, to be determined by the Board, for attendance at regular and special Board meetings.

- (b) The private sector members of the TIEZA Board shall be entitled to receive reasonable per diems for attendance at regular and special meetings. They shall not be allowed other benefits whether in cash or in kind in addition to the per diem, except when specifically provided by law.

### Chapter III – The Chief Operating Officer

#### Section 61 - The Chief Operating Officer.

- (a) The TIEZA shall have a Chief Operating Officer (COO) who shall be elected by the Board from a list of qualified applicants and appointed by the Secretary.
- (b) The Chief Operating Officer shall have a term of office of six (6) years, unless removed for cause in accordance with law. In the event the COO is unable to complete his/her term of office, the Secretary shall appoint a replacement as elected by the Board, who shall serve the unexpired portion of the term of office.
- (c) The Chief Operating Officer must possess the following qualifications at the time of appointment:
  - (1) Be a Filipino citizen;
  - (2) Have a bachelor's degree in any of the following fields: business, law, tourism, public administration or other relevant fields and have demonstrated expertise therein; and
  - (3) Have occupied a managerial position for at least five (5) years.

#### Section 62 – Powers and Functions of the Chief Operating Officer.

The Chief Operating Officer shall be the principal representative of the TIEZA and in such capacity shall exercise the following powers and functions:

- (a) Execute and/or administer the policies, decisions, and measures approved by the Board;
- (b) Direct, manage, and supervise the day-to-day operations and internal administration of the TIEZA, in accordance with the policies laid down by the Board;
- (c) Delegate any of his/her administrative responsibilities to other officials or employees of the Authority, subject to such rules and regulations as he/she, or the Board, may prescribe;
- (d) Sign all acts, memorials and resolutions of the Board;
- (e) Establish the internal organization of the TIEZA subject to such conditions as the Board may prescribe: Provided, That any major reorganization shall be subject to the approval of the Board;
- (f) Submit within thirty (30) days after the close of each fiscal year an annual report to the Board;
- (g) Recommend to the TIEZA Board the designation of TEZs in accordance with set policies and standards;

- (h) Coordinate with the PNP and other concerned agencies of the government for the maintenance of peace and order within the TEZs;
- (i) Ensure that all revenues and sources of funds of the TIEZA are collected and applied in accordance with law by issuing the appropriate circulars and guidelines therein to ensure its effective implementation;
- (j) Prepare and submit to the TIEZA Board, for final approval, the annual budget and other supplemental budgets as approved by the Secretary pursuant to Section 32 of this Rules;
- (k) Submit to the TIEZA Board ongoing and proposed projects, works and financial programs, annual and supplemental budgets, receipts and expenditures of the TEZs;
- (l) Receive protests, complaints and claims concerning TEZ Operators, tourism enterprises and residents and, after due investigation, make corresponding recommendations to the Board for its appropriate action;
- (m) Enforce all legal easements along lakeshores, riverbanks among others, as provided under existing laws, rules and regulations, to allow free and open access thereto and aid in the proper development of the national patrimony;
- (n) Take such emergency measures as may be necessary to avoid fires, floods and mitigate the effects of storms and other natural or public calamities;
- (o) Recommend to the TIEZA Board all necessary actions to properly supervise the operation of TEZ operators;
- (p) Coordinate with the PTPB for the promotion of tourism and the encouragement of investments in the TEZs;
- (q) Inquire into and investigate reported anomalies or irregularities alleged to have been committed within TEZs upon a written formal complaint made under oath, which upon its face shall provide a reasonable ground to believe that such acts or irregularities were committed by a TEZ Operator, registered enterprise, and/or their employees. For this purpose, the COO, or his authorized representative, may subpoena witnesses, administer oaths and compel the production of books, papers, and any other evidence. The TIEZA COO shall thereafter make a recommendation to the Board for appropriate action as the circumstances may warrant;
- (r) Represent the TIEZA in all dealings with other offices, agencies, and instrumentalities of the government and with all other persons and entities, whether public or private, domestic, foreign or international;
- (s) Authorize, with his signature, contracts concluded by the TIEZA, notes and securities issued by the TIEZA, and the annual reports, balance sheets, profit and loss statements, correspondence and other documents of the TIEZA. The signature of the Chief Operating Officer may be in facsimile whenever appropriate; and

- (t) Represent the TIEZA, either personally or through counsel, in any legal proceedings or actions.
- (u) Perform such other duties and responsibilities to implement the policies and programs of the TIEZA as the TIEZA Board may authorize.

#### Chapter IV - Funding

##### Section 63 – Capitalization.

The TIEZA shall have an authorized capital of Two Hundred Fifty Million Pesos (Php 250,000,000.00) fully subscribed by the National Government and shall be released to TIEZA in two equal tranches within two years upon promulgation of this Rules.

##### Section 64 – Funding.

Funds for operations, investments, and programs of TIEZA shall come from:

- (a) Fifty percent (50%) of the proceeds from travel tax collections;
  - Five percent (5%) of the total amount from this source shall be earmarked for the development of historic, cultural, religious and heritage sites as determined by appropriate agencies, and prime tourist destinations based on guidelines to be issued by the COO. Another five percent (5%) shall be for the development of ecotourism sites in depressed provinces with strong tourism potentials; Provided, that the allocation of these funds shall be included and specified in the total budget to be approved by the Board.
- (b) Reasonable share from the collections of the Office of Tourism Resource Generation, as determined by the Department of Tourism under Section 16 of the Act;
- (c) Income from projects managed by TIEZA;
- (d) One-third (1/3) of proceeds from back taxes to be paid under Section 39 of the Act;
- (e) Unallocated portion of the Tourism Promotions Fund under Section 55 of the Act;
- (f) One-third (1/3) of the 5% tax on gross income earned by new tourism enterprises under Section 86 of the Act;
- (g) Subsidies or grants from local and foreign sources; and
- (h) Other sources of funds.

##### Section 65 – Collection and Allocation of Travel Taxes.

- (a) The TIEZA shall be the principal agency responsible for the timely, effective and efficient collection of travel taxes. In pursuance thereof, the TIEZA shall station itself in strategic areas in all airports and seaports, including final check areas, to ensure full compliance with travel tax requirements by departing passengers. International airport and seaport authorities shall allow deployment of the TIEZA personnel to areas so designated.
- (b) The COO shall issue other appropriate circulars and guidelines whenever necessary for the implementation of the travel tax laws, rules and regulations.

Section 66 - Allocation of Travel Taxes.

(a) The amounts collected by the TIEZA shall be distributed, upon effectivity of the Act, as follows:

- 50% - TIEZA;
- 40% - CHED's Higher Education Development Fund; and
- 10% - National Commission for Culture and the Arts.

(b) The TIEZA shall retain its share as above specified and remit to the National Treasury on a quarterly basis the balance of the travel taxes pertaining to the Commission on Higher Education and the National Commission for Culture and the Arts.

(c) In the event of a phase-out of travel tax collection following international agreements, the national government shall ensure alternative funding sources and/or appropriate from the General Fund for programs funded from the collection of travel taxes.

Section 67 - Exemption from Payment of Corporate Income Tax and Other Taxes.

Notwithstanding any provisions of existing laws, decrees, or executive orders to the contrary, the TIEZA shall be exempt from the payment of corporate income tax as provided under the National Internal Revenue Code (NIRC).

Section 68 - Exemption from Statutory Remittance of Dividends.

The TIEZA's share from the collection of travel tax, together with the proceeds from back taxes, other fees and charges and other income which the TIEZA is authorized to collect and/or earn and which shall be used for the operations of the TIEZA, shall be exempt from statutory remittance of dividends as mandated by RA 7656.

## **Rule V – Tourism Enterprise Zones**

### **Chapter I - Designation of Tourism Enterprise Zones**

Section 69 - Survey of Resources.

The TIEZA shall, in coordination with appropriate authorities and neighboring cities and municipalities, conduct a survey of the physical and natural assets and potentials of the Tourism Enterprise Zone (TEZ) areas under its jurisdiction.

Section 70 - Designation of Tourism Enterprise Zones.

The TIEZA shall designate TEZs, upon the recommendation of any Local Government Unit (LGU) or private entity, or through joint ventures between the public and the private sectors. Such designation shall be subject to the provisions of the Act and to minimum requirements which the TIEZA shall subsequently promulgate.

## Section 71 - General Criteria for the Designation of TEZ.

Any geographic area where a Tourism Enterprise Zone may be established shall conform with the following general criteria to ensure that they will not proliferate in a manner that diminishes their strategic economic and developmental value to the national economy:

- (a) The area is capable of being defined into one contiguous territory;
- (b) It has historical and cultural significance, environmental beauty, or existing or potential integrated leisure facilities within its bounds or within reasonable distances from it;
- (c) It has, or it may have, strategic access through transportation infrastructure, and reasonable connection with utilities infrastructure systems;
- (d) It is sufficient in size, such that it may be further utilized for bringing in new investments in tourism establishments and services; and
- (e) It is in a strategic location such as to catalyze the socioeconomic development of neighboring communities.

## Section 72 - Specific Criteria.

The Board shall promulgate rules and regulations prescribing specific criteria and guidelines to define the general criteria in Section 71 of this Rules.

## Section 73 – Development Plan.

No TEZ shall be designated without a development plan duly approved by the TIEZA and without the prior approval, by resolution, of the concerned municipality or city. The development plan shall specifically identify the following:

- (a) Tourism focal points and resources available within the proposed TEZ and adjoining areas;
- (b) Features which satisfy the requisites for the designation of a TEZ enumerated under Section 59 of the Act;
- (c) Areas for infrastructure development, for investment, and for preservation, as well as the kind of development, nature of investment or sustainable activities allowed within preserved areas, respectively;
- (d) Medium and long-term studies on market trends, and corresponding development strategies for the TEZ;
- (e) Studies on the economic impact of development within the TEZ and in surrounding communities;
- (f) Studies on the environmental, cultural and social carrying capacity of the TEZ and surrounding communities;

- (g) Design plans for structures which incorporate design and sustainability principles from local architecture and the surrounding environment; and
- (h) Such other information that the TIEZA may require.

Any deviation or modification from the development plan shall require the prior authorization of the TIEZA. Any unauthorized deviation or modification may result in the suspension of granted incentives and withdrawal of recognition as a TEZ Operator. The TIEZA may likewise impose reasonable fines and penalties upon TEZ Operators and responsible persons for any failure to properly implement the approved development plan.

#### Section 74 - Exemption from Land Reform Laws.

Lands identified as part of a TEZ shall qualify for exemption from the coverage of Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of 1992, and Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Law, subject to rules and regulations to be crafted by the TIEZA, the Housing and Urban Development Coordinating Council and the Department of Agrarian Reform.

#### Section 75 - Relationship between Tourism Enterprise Zones and Economic Zones.

Where an area comprising a Tourism Enterprise Zone overlaps, falls within or encompasses that of an economic zone, the Department and the DTI shall promulgate rules and regulations to govern the relationship between TEZs created under the Act, and economic zones created under Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, and Republic Act No. 7916, as amended, otherwise known as the Special Economic Zone Act of 1995, provided, that such rules and regulations shall consider the special nature and requirements of tourism in relation to other industries, establishments and operations in economic zones.

### Chapter II - Registration of Tourism Enterprises

#### Section 76 - General Qualification for Registration.

- (a) Subject to the provisions of the Act and to minimum requirements which the TIEZA shall subsequently promulgate, any person, firm, association, partnership, corporation, or any other form of business organization may apply for registration as a tourism enterprise within the TEZ to avail of incentives and benefits.
- (b) Applicants for registration as tourism enterprise shall comply with the applicable nationality, control and/or ownership requirements of the working capital in accordance with the pertinent provisions of the Philippine Constitution, Foreign Investments Act of 1991 and other existing laws and regulations.

#### Section 77 – Fees and charges.

The TIEZA shall impose fees and other charges in pursuance of its powers and functions under the Act.

#### Section 78 - One-Stop Shop Center.

A one-stop shop center shall be established to facilitate the registration, licensing, issuance of permits and grant of incentives to TEZ enterprises. All government agencies involved shall assign their respective representatives for this purpose.

### Chapter III - TEZ Administration

#### Section 79 - TEZ Operator.

Each TEZ shall be administered and supervised by a TEZ Operator who shall be an entity duly incorporated under the Corporation Code and other relevant laws, unless the TEZ Operator is an LGU or any other instrumentality of the government in the pursuit of their mandates, where capital may be provided by LGUs and/or private entities.

#### Section 80 - Board of Directors and Consultative Bodies of TEZ Operators.

- (a) The seats of the Board of Directors of a TEZ operator shall be allocated pro-rata according to the respective capital contributions of the TEZ operator's shareholders.
- (b) TEZ Operators are encouraged to reserve seats on their Boards of Directors for relevant interest groups, such as those representing environmental, religious, and cultural, 'TEZ investors', 'TEZ residents' and other interests. In any case, TEZ Operators may form consultative bodies for such special interest groups to assist them in the formulation and implementation of policies, plans and projects.

#### Section 81 - TEZ Administrator.

- (a) The Board of Directors of each TEZ Operator shall appoint its TEZ Administrator, who shall be responsible for implementing the policies, plans and projects of the TEZ Operator's Board of Directors. The necessary educational and practical qualifications required of a TEZ Administrator are the following:
  - (1) Must have a bachelor's degree in any of the following fields: business, law, tourism, public administration or other relevant fields and have demonstrated expertise therein;
  - (2) Must have served in a managerial capacity for at least three (3) years prior to his or her appointment; and
  - (3) Must possess such other qualifications as may be prescribed by the TEZ Operator's Board of Directors.
- (b) In addition to such qualifications, all TEZ Administrators must undergo and pass a training program of the Department to provide them with knowledge and skills relevant to the operation of a TEZ.

#### Section 82 - Civil Dispute Resolution.

- (a) The TIEZA shall establish a civil dispute mediation office to effectively and efficiently resolve civil disputes concerning tourism enterprises and/or tourism-related issues within a TEZ where at least one of the parties to the dispute was residing in the TEZ at the time the dispute arose, and is still residing within the TEZ at the time the complaint is filed with the mediation office.

- (b) No civil dispute may be filed in court without having undergone mediation proceedings as provided under this section except in extraordinary cases where a party may suffer irreparable damage. The TIEZA shall charge reasonable fees for civil dispute mediation. This provision is without prejudice to the application of the rules pertaining to Katarungang Pambarangay with respect to other matters.

#### Section 83 - Labor Dispute Resolution.

To resolve disputes between workers and employers for any violation of Presidential Decree No. 442, as amended, otherwise known as the Labor Code of the Philippines, the TIEZA shall, in coordination with the Department of Labor and Employment (DOLE), establish a labor dispute resolution office to mediate between workers and employers.

#### Section 84 – Penalties.

The TIEZA shall have the power to impose penalties for failure or refusal of the tourism enterprises to comply with, among others, the approved development plan and the terms and conditions of its registration.

### **Rule VI – Tourism Incentives**

#### Section 85 - General Principles on the Grant and Administration of Incentives.

- (a) The TIEZA shall have the sole and exclusive jurisdiction in the grant and administration of incentives provided under this Rules. This shall not be impliedly repealed or modified.
- (b) In the grant of incentives, equal preference shall be given to large investments, those with great potential for employment and those of local small and medium enterprises.
- (c) Registered tourism enterprises owned and operated by overseas Filipino investors shall enjoy the same incentives granted to TEZ operators and registered enterprises in general.
- (d) The investment incentives offered under the Act shall be without prejudice to availing other incentives provided under other laws, decrees, and presidential issuances. However, for similar or identical incentive schemes provided in these laws, decrees or presidential issuances, the investor may only avail of the scheme provided under one particular law, decree or presidential issuance.
- (e) The minimum investment requirement for Greenfield tourism zones shall be determined by the TIEZA Board.
- (f) LGUs are likewise encouraged to provide incentives for tourism enterprises through, among others, reductions in applicable real estate taxes and waivers of fees and charges, among others. Should an LGU grant such incentives, it shall report the same to the Department and the PTPB to assist in the marketing and promotions of investment in that LGU.

Section 86 - Fiscal Incentives Available to TEZ Operators and Registered Tourism Enterprises within TEZs.

(a) Income Tax Holiday

- (1) New enterprises in Greenfield and Brownfield Tourism Zones shall, from start of business operations, be exempt from tax on income for a period of six (6) years.
- (2) The income tax holiday may be extended if the enterprise undertakes a substantial expansion or upgrade of its facilities prior to the expiration of the first six (6) years.
- (3) Existing enterprise in a Brownfield Tourism Zone shall be entitled to avail of a non-extendable income tax holiday if it undertakes an extensive expansion or upgrade of facilities. The cost of such expansion or upgrade in relation to the original investment shall be considered in the grant of said incentive.
- (4) These enterprises shall be allowed to carry-over as a deduction from the gross income for the next six (6) consecutive years immediately following the year of the loss, their net operating losses for any taxable year immediately preceding the current taxable year which had not been previously offset as deduction from gross income. Only such losses as have been incurred after registration may be carried over.

(b) Gross Income Taxation

- (1) Except real estate taxes and such fees as may be imposed by the TIEZA, a new enterprise shall be exempt from payment of all national and local taxes and license fees, imposts and assessments.
- (2) In lieu thereof, it shall pay a tax of five percent (5%) on its gross income earned which shall be distributed as follows:
  - (i) One-third to be proportionally allocated among affected cities or municipalities;
  - (ii) One-third to the national government; and
  - (iii) One-third to the TIEZA.

(c) Capital Investment and Equipment

A registered enterprise shall be entitled to an exemption of One Hundred Percent (100%) of all taxes and customs duties on importation of capital investment and equipment provided that these are directly and actually needed and will be used exclusively by the enterprise in its registered activity.

(d) Transportation and Spare Parts

Importation of transportation and the accompanying spare parts of new and expanding registered enterprises shall be exempt from customs duties and national taxes, provided that:

- (1) they are not manufactured domestically in sufficient quantity, of comparable quality and at reasonable prices;
- (2) they are reasonably needed; and
- (3) will be used exclusively by an accredited tourism enterprise.

(e) Goods and Services

- (1) Importation of goods actually consumed in the course of services actually rendered by or through registered enterprises within a TEZ shall enjoy One Hundred Percent (100%) exemption from all taxes and customs duties: Provided, however, That no goods shall be imported for the purpose of operating a wholesale or retail establishment in competition with the DFPC; and
- (2) A tax credit shall be granted equivalent to all national internal revenue taxes paid on all locally-sourced goods and services directly or indirectly used by the registered enterprise for services actually rendered within the TEZ.

(f) Social Responsibility Incentive

A registered enterprise shall be entitled to a tax deduction equivalent to a reasonable percentage, not exceeding fifty percent (50%), of the cost of environmental protection or cultural heritage preservation activities, sustainable livelihood programs for local communities, and other similar activities.

Section 87 - Non-fiscal Incentives Available to TEZ Operators and Registered Tourism Enterprises.

(a) Employment of Foreign Nationals

A registered enterprise may employ foreign nationals in executive, supervisory, technical or advisory positions, for such reasonable periods and under such terms as may be provided by the TIEZA Board.

(b) Special Investor's Resident Visa

- (1) A foreign national who invests at least Two Hundred Thousand Dollars (\$200,000.00) in a registered enterprise shall be entitled to a special investor's resident visa enabling the foreign national to reside in the Philippines while his or her investment subsists.
- (2) Subject to regulations to be issued by the Bureau of Immigration (BI), the TIEZA shall issue working visas renewable every two (2) years to foreign personnel and other aliens possessing highly-technical skills which no Filipino within the TEZ possesses, after they have secured Alien Employment Permits (AEP) from the Department of Labor and Employment (DOLE).

(c) Foreign Currency Transactions

Subject to the provisions of Section 72 of Republic Act No.7653, as amended, otherwise known as the New Central Bank Act:

(1) Repatriation of Investment

In case of foreign investments, the right to repatriate the entire proceeds of the liquidation of the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of repatriation.

(2) Remittance of Foreign Exchange

The right to remit earnings from foreign investments in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance.

(3) Foreign Loans and Contracts

The right to remit at the exchange rate prevailing at the time of remittance such sums as may be necessary to meet the payments of interest and principal on foreign loans and foreign obligations arising from technological assistance contracts.

(d) Requisition of Investment

There shall be no requisition of the property of the registered enterprise, except in the event of war or national emergency and only for the duration thereof. In such case, the affected person shall be entitled to just compensation, and shall have the right to repatriate such compensation as provided for in Section (c) above.

(e) Lease and Ownership of Land

(1) Without prejudice to existing laws regulating the ownership of land by individuals and corporations, and consistent with the provisions of Republic Act 7652, otherwise known as the Investor's Lease Act, lands and buildings in each TEZ may be leased to foreign investors for a period not exceeding fifty (50) years, renewable once for a period of not more than twenty-five (25) years.

(2) The leasehold right acquired under long-term contracts may be sold, transferred or assigned, subject to the conditions set forth under the Investor's Lease Act.

Section 88 - Incentives Available to Tourism Enterprise Outside TEZs.

(a) Upon compliance with the requirements provided by law, they shall be entitled to avail of any economic incentives found under existing laws, such as Executive Order No. 226 (1987), otherwise known as the Omnibus Investments Code; Republic Act No. 7042, as amended by Republic Act No. 8179, otherwise known as the Foreign Investments Act; the Special Economic Zone Act; and the Bases Conversion and Development Act, among others, subject to the last paragraph of Section 86(a), at the option of the said enterprises.

(b) An existing accommodation establishment not located within a TEZ shall be entitled to:

(1) Avail of income tax holiday for up to six (6) years for any significant expansion, renovation or upgrade in its facilities in relation to the amount of the original investment; and

(2) Import capital equipment free of taxes and duties when necessary for such expansion, renovation, or upgrade.

- (c) Tourism enterprise may avail of incentives under the Omnibus Investments Code provided that :
- (1) Tourism activities shall always be included in the Investment Priorities Plan;
  - (2) Rules and regulations concerning the grant of incentives to tourism enterprises shall be jointly formulated by the Board of Investments and the Department;
  - (3) The income tax holiday provided under Section 39.1 of the Omnibus Investments Code shall also apply to existing accommodation enterprises undergoing substantial upgrade of facilities; and
  - (4) Accredited tourism enterprises shall be entitled to import transportation and accompanying spare parts free of taxes and duties provided:
    - (i) it shall be exclusively used by the enterprise in its operations; and
    - (ii) they are not manufactured domestically in sufficient quantity, comparable quality and prices.

#### Section 89 – Rationalization of Incentives.

- (a) Tourism enterprises located in special economic zones created under the Special Economic Zone Act or by special charter shall continue to be governed by the same.
- (b) Incentives offered under the Act shall be without prejudice to the availment of other incentives provided in other laws. However, where such laws provide for similar incentives schemes as those contained herein, the investor may elect to avail of the scheme provided only under one particular law, decree, or issuance.

#### Section 90 – Annual Review

- (a) Within six (6) months from the issuance of this Rules, the TIEZA shall, in consultation with government agencies concerned, formulate the necessary mechanisms/guidelines to implement the provisions of Rules V and VI of this Rules.
- (b) The TIEZA Board shall conduct an annual review of the registrable activities and incentives as provided in this Rules, and issue appropriate guidelines, rules and regulations to govern the grant of incentives.

### **Rule VII – The Duty Free Philippines Corporation**

#### Chapter I – Mandate

#### Section 91 – Mandate.

Duty Free Philippines Corporation (DFPC) is hereby organized as a government corporation which shall be a body corporate to operate the duty and tax-free merchandising system in the Philippines to augment the service facilities for tourists and returning Filipino travelers to generate foreign exchange and revenue for the government. In the performance of its mandate, the DFPC shall have the following powers and functions:

- (a) Exclusive authority to operate and/or franchise out the operation of stores and shops that shall sell, among others, duty and tax free merchandise, goods and articles in international airports and seaports, other ports of entry throughout the country and in Tourism Enterprise Zones (TEZs).
- (b) Authorize to operate stores and shops within the immediate vicinity of international airports and seaports to service the requirements of arriving and departing passengers.
- (c) Operate without prejudice to any privatization in the future, subject to existing laws on privatization and procedures on public bidding.

## Chapter II – Board of Directors

### Section 92 – Board of Directors.

- (a) The corporate powers and functions of DFPC shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board.
- (b) The DFPC Board of Directors, herein also referred to as the DFPC Board, shall be composed as follows:
  - (1) The DOT Secretary as Chairperson;
  - (2) The Chief Operating Officer of the DFPC as Vice-Chairperson;
  - (3) The Department of Finance (DOF) Secretary as Member;
  - (4) The Department of Trade and Industry (DTI) Secretary as Member; and
  - (5) Three (3) representative directors, to be appointed by the President upon the recommendation of the Tourism Congress from a list of at least six (6) nominees coming from its members.
- (c) The Secretaries of the DOF and the DTI shall each designate a permanent representative in the Board with a rank not lower than Assistant Secretary or equivalent rank and who must possess relevant experience and shall be duly authorized to act on behalf of the Secretary in his or her absence.

### Section 93 - Term of Office.

The term of office of the representative directors of the DFPC Board shall be three (3) years to commence upon the appointment by the President. Each director may be reappointed at most for one additional term upon expiration date of his/her original term. Upon the expiration of their term, the directors' offices shall be deemed vacated.

### Section 94 - Qualification of Representative Directors.

- (a) Each representative director recommended by the Tourism Congress for appointment by the President must be:
  - (1) A Filipino citizen;
  - (2) With recognized competence in business management, marketing, finance, tourism and other related fields; and
  - (3) Must be a high ranking official of an accredited tourism enterprise or registered enterprise.

- (b) Each director appointed by the President shall have no conflict of interest in any matter concerning the operations of the DFPC.

#### Section 95 - Vacancy before Expiration of Term.

Any member appointed to fill a vacancy in the Board occurring prior to the expiration of the term to which his predecessor was appointed shall serve only for the unexpired portion of the term of his predecessor. He/She shall likewise be appointed by the President from the rest of the nominees as recommended by the Tourism Congress.

#### Section 96 - Meetings of the DFPC Board.

- (a) The DFPC Board shall hold a regular meeting once every calendar quarter, at the principal place of business of DFPC unless the Board previously agrees in writing to meet at another location. The Chairperson may *motu proprio* call for a special meeting or at the instance of a majority of the members of the Board.
- (b) Immediately after its organization, the DFPC Board shall adopt the rules and procedures for the conduct of its meetings.
- (c) The DFPC Board shall appoint a Corporate Secretary whose functions shall include the preparation of the agenda for board meetings in consultation with the Chairperson.

#### Section 97 – Quorum.

- (a) The presence of a majority of the members of the DFPC Board, including the Chairperson or the Vice-Chairperson, shall constitute a quorum for the transaction of the business of the Board.
- (b) The Chairperson of the DFPC Board shall have voting rights in case of a tie.

#### Section 98 - Per Diems.

- (a) Subject to existing constitutional and legal prohibitions on double compensation, members of the DFPC Board in an *ex officio* capacity or his/ her permanent representative shall not be entitled to receive compensation in any form for their services but may receive reasonable per diems, to be determined by the Board, for attendance at regular and special Board meetings.
- (b) The private sector members of the DFPC Board shall not be entitled to compensation but are entitled to receive reasonable per diems for attendance at regular and special meetings. They shall not be allowed other benefits whether in cash or in kind in addition to the per diem, except when specifically provided by law.

#### Section 99 – Powers and Functions of the DFPC Board.

The DFPC Board shall be vested in and exercise the following powers and functions:

- (a) Organize the DFPC in a manner most efficient and economical for the conduct of its business and the implementation of its mandate;

- (b) Adopt by-laws, promulgate policies, approve plans and programs and prescribe rules and regulations necessary to implement the intents and purpose of the DFPC;
- (c) Approve the annual corporate budget and such supplemental budget as may be submitted by the Chief Operating Officer;
- (d) Approve the compensation, allowances, and benefits of DFPC officers and employees, including the compensation and benefits scheme which shall be comparable with the prevailing compensation plans in the private sector and which shall be exempt from Republic Act No. 6758, otherwise known as the Salary Standardization Law, as well as other laws, rules and regulations on salaries and compensations;
- (e) Appoint a Corporate Secretary;
- (f) Authorize contracts or agreements as may be necessary for the proper, efficient and stable administration of the DFPC and for the attainment of the purposes and objectives of the Act;
- (g) Exercise all powers necessary or incidental to the attainment of the intent or purpose of the Act.
- (h) Contract loans, indebtedness and credit, issue commercial papers and bonds in any local or foreign currency from international financial institutions, foreign entities and local or foreign private commercial banks or similar institutions under such terms and conditions prescribed by law, rules and regulations;
- (i) Construct, own or lease, operate and maintain stores, warehouses and other facilities necessary to support its operations;
- (j) Grant franchises and concessions for the operation of tax and duty free stores and/or product categories and/or brands;
- (k) Create subsidiaries in support of its retail functions;
- (l) Exercise all powers necessary or incidental to the attainment of the intent or purpose of the Act.

### Chapter III – The Chief Operating Officer

#### Section 100 - Qualifications.

The DFPC shall have a Chief Operating Officer who must be:

- (a) A Filipino citizen;
- (b) With a bachelor's degree in any of the following fields: business management, law, tourism, public administration or other relevant fields directly related to the operation of a retail establishment and have demonstrated expertise therein; and
- (c) Have occupied a managerial position for at least five (5) years.

### Section 101 – Appointment and Term of Office.

- (a) The DFPC shall have a Chief Operating Officer (COO) who shall be elected by the Board from a list of qualified applicants and appointed by the Secretary.
- (b) The Chief Operating Officer shall have a term of office of six (6) years, unless removed for cause in accordance with law. In the event the COO is unable to complete his/her term of office, the Secretary shall appoint a replacement as elected by the Board, who shall serve the unexpired portion of the term of office.

### Section 102 - Powers and Functions of the Chief Operating Officer.

- (a) Execute and/or administer the policies and measures approved by the Board of Directors;
- (b) Establish the internal organization of DFPC in a manner most efficient for the conduct of its operations under such conditions that the Board may prescribe, provided that any major reorganization shall be subject to the approval of the Board;
- (c) Direct, manage and supervise the day-to-day operations and internal administration of the DFPC in accordance with policies laid down by the Board;
- (d) Represent the Corporation in all dealings with other offices, agencies and instrumentalities of the government and with all other persons and entities whether public or private, domestic, foreign or international;
- (e) Enter into, make, perform and carry out contracts of every class, kind and description which are necessary or incidental to the realization of its purposes with any person, firm or corporation, private or public, and with foreign entities as may be authorized by the Board;
- (f) Prepare and submit to the DFPC Board, for final approval, the annual corporate operating budget and other supplemental budgets as approved by the Secretary pursuant to Section 32 of this Rules;
- (g) Prepare and submit to the Board of Directors the annual report including statement of finances covering the operations of DFPC; and
- (h) Perform such other duties and responsibilities to implement the policies and programs of the DFPC as the DFPC Board may authorize.

### Chapter III – Capitalization and Remittance

#### Section 103 - Capitalization.

The DFPC shall have an authorized capitalization of Five Hundred Million Pesos (Php 500,000,000.00) which shall be fully subscribed by the national government. The DFPC shall coordinate with the Department of Budget and Management for the release of the 50% of the authorized capital, or Php 250,000,000.00, directly to the DFPC within one year from the effectivity of this Rules. The balance of Php 250,000,000.00 shall be released within the second year of DFPC's operation

#### Section 104 - DFPC's Fiscal Year.

DFPC's fiscal year shall coincide with the calendar year, beginning on January 1 and ending on December 31.

#### Section 105 - Remittance of DOT's Share of Net Profit.

- (a) After the end of each fiscal year, a variable percentage of the net profit of the DFPC for that particular year shall be remitted to the Office of the Secretary to fund tourism programs and projects, in lieu of its statutory remittance to the national government under Republic Act No. 7656.
- (b) The DFPC Board shall determine the percentage of DFPC's net profit for a given fiscal year that shall be remitted to the Office of the Secretary in accordance with the provisions of the Act; Provided, however, That at least 50% of the net income shall be automatically remitted to the Office of the Secretary as provided for in the Act.

#### Section 106 - Schedule of Remittance of Contributions Due DOT.

- (a) The determination of the Contributions Due DOT to the Office of the Secretary shall be based on the year-end financial statements of DFPC as audited by the Commission on Audit.
- (b) Until such time that the audited financial statements are issued by the Commission on Audit (COA), the unaudited financial statements shall be the basis for the determination of the Contributions Due DOT and this sum will be remitted to the Office of the Secretary on a quarterly basis. The first remittance shall be made no later than the 15<sup>th</sup> of March of each year with the succeeding remittances on the 15<sup>th</sup> day of the last month of each remaining quarter (June, September and December). Upon receipt by the DFPC of the COA audited financial statements, the balance of unremitted annual net profit shall be settled in full within fifteen (15) working days from the date of receipt.
- (c) In such case where the audited financial statements yield a lower net profit figure than the unaudited financial statements, any remittance of Contributions Due DOT made in excess of the Actual due amount due shall be credited as part of the remittance of Contributions Due DOT to be made for the succeeding year.

These provisions setting the procedures for the remittance of the Contributions Due DOT may be amended by the Board of Directors within the parameters set forth in the Act.

#### Section 107 - Retained Earnings.

Unless the DPFC Board provides otherwise, the DFPC shall retain a minimum of twenty five (25%) of its annual net profits to fund its operations, make allowances for possible future losses and fund any expansion program.

## Chapter IV - Operations

### Section 108 - Areas of Operation.

- (a) The DFPC shall have the exclusive authority to operate and/or franchise out the operation of stores and shops that shall sell, among others, duty and tax-free merchandise, goods and articles in and within the vicinity of international ports of entry, Tourism Enterprise Zones, and other areas as may be determined by the Board.
- (b) DFPC may likewise operate stores regardless of such store's proximity to a port of entry, provided that they meet all of the following qualifications:
  - (1) the store shall be in a physically secure facility that will prevent any form of leakage of duty and tax free merchandise into the tax-paid Customs territory;
  - (2) that the customers that shall be serviced by the stores referred to in this Section shall be strictly limited to any of the following:
    - (i) family members of qualified Overseas Filipino Workers (OFWs) that are entitled to the absentee buying program as permitted by RA 9174;
    - (ii) departing foreign tourists who shall purchase items at such store location and pick-up said item upon their departure from the Philippines, wherein the item shall be picked up at the departure section of an international airport or seaport;
    - (iii) upon the development of a "sealed bag" system in cooperation with the Bureau Of Customs, departing foreign tourists who shall purchase items at such store location and present the item in a sealed bag at the departure area of an international airport or seaport. The items, including the corresponding transaction receipt, must be presented no later than one month from the date of purchase and all items must remain sealed in its bag. Failure to do so will result in the payment by DFPC of the proper taxes and duties due on the entire transaction.

### Section 109 - Operation in Tourism Enterprise Zones.

- (a) DFPC stores located in Tourism Enterprise Zones may be registered with the TIEZA and entitled to all incentives available to registered tourism enterprises in the TEZs. The enjoyment of incentives shall be without prejudice to other incentives provided to DFPC under the Act.
- (b) The importation and resale of goods in direct competition with DFPC by registered enterprises within a TEZ shall be prohibited.

### Section 110 – Sales.

The following persons and entities are entitled to purchase tax and duty-free goods, articles and merchandise in DFPC stores:

- (a) Incoming passengers within 48 hours upon arrival from a foreign country for regular travelers;

- (b) Incoming balikbayans and OFWs, as defined in existing laws, within 15 days upon arrival from a foreign country and 30 days upon arrival beginning November 15 to January 15;
- (c) Departing passengers with confirmed bookings destined to foreign countries before boarding their flights or vessel at an international airport or seaport;
- (d) Diplomatic personnel as well as personnel of other governments and offices of international organizations, institutions, associations and agencies entitled to tax and/or duty exemptions pursuant to Philippine law or agreements to which the government of the Republic of the Philippines is a signatory as endorsed by the Department of Foreign Affairs;
- (e) The persons enumerated in Section 108 item (b)(2) of this Rules.

## Chapter VII – Tax and Duty Free Exemptions

### Section 111 - Exemption from Taxes and Duties.

To enable DFPC to compete in the international tax and duty free market and generate foreign exchange and revenue for the government, the sale and importation of goods, articles and merchandise in DFPC stores shall be exempted from all duties and taxes. DFPC shall be exempted from all taxes and duties arising from merchandise imported/purchased and subsequently sold by DPFC through its duty free shops.

### Section 112 - Merchandise for Sale.

Merchandise and articles to be sold at duty and tax free stores shall be imported and shall enter into DFPC's stores tax and duty free; the merchandise shall be exempt from all duties and taxes including excise and Value Added Tax. Importation of liquor and tobacco products made by DFPC shall automatically be exempt from the payment of the excise and Value Added Tax upon the effectivity of the Act. The purchase of locally sourced merchandise and articles to be sold at duty and tax free stores and shops shall likewise be exempt from Value Added Tax.

### Section 113 - Fixtures and Other Supplies & Materials.

Importation of fixtures and other supplies and materials required and necessary to ensure that the operation of the duty and tax free stores is at par with international standards, shall also be duty and tax free provided that they are of no commercial value and will not be subsequently sold and are directly related and necessary to the operation of the tax and duty free store outlet.

### Section 114 - Promotional Items, Advertising Materials and Samples.

Importation of promotional items, advertising materials, samples and other articles shall likewise be tax and duty free provided that they are accessories to the principal merchandise for sale or solely intended for promotional purposes as an essential part of the effort and are without commercial value.

### Section 115 – Local Taxes.

DFPC shall be exempt from the payment of local taxes and license fees, imposts and assessments as may be imposed by the Local Government Units.

## Section 116 – Corporate Income Tax.

DFPC shall be exempt from the payment of corporate income taxation as provided under the National Internal Revenue Code.

## Section 117 - Enjoyment of Tax and Duty-Free Exemptions.

The foregoing tax and duty-free exemptions granted pursuant to the Act shall be available to DFPC upon effectivity of the Act.

# **Rule VIII – Tourism Governance**

## Chapter I – Shared Responsibilities of National and Local Governments

### Section 118 – Coordination between National and Local Governments.

- (a) The Department and the Department of Interior and Local Government (DILG) shall integrate all local tourism development plans by LGUs in the formulation and annual updating of the national tourism development plan.
- (b) The Department shall provide assistance, training and other capacity-building measures to the LGUs in the formulation, implementation and monitoring of the national tourism development plans, gathering of statistical data and enforcement of tourism laws and regulations.
- (c) The Department, the PTPB and the TIEZA shall prioritize promotion and development assistance to LGUs which successfully adopt and implement their tourism development plans.

### Section 119 – National Tourism Development Planning.

The Department in coordination with its attached agencies, LGUs and the private sector shall continuously update the national tourism development plan taking into consideration the evolving needs and capabilities of LGUs, approved local tourism development plans as well as domestic and global tourism market trends.

### Section 120 – Local Tourism Development Planning.

- (a) Pursuant to Republic Act No. 7160, otherwise known as the Local Government Code of 1991, LGUs shall prepare, adopt, implement and monitor their local tourism development plans, enforce standards for tourism enterprises and the collect statistical data for tourism purposes.
- (b) LGUs shall adopt the principle of sustainable tourism development in the formulation of their local tourism development plans to give due regard to the conservation of natural endowments and preservation of cultural heritage while according opportunity for local communities to achieve a better quality of life. Local tourism plans shall, insofar as practicable, include zoning, land use, infrastructure development, standards, heritage and environmental protection, community development and investment.

- (c) LGUs shall submit their local tourism development plans to the Department for review and approval as to consistency of said local tourism plans with national policies and development plan.
- (d) LGUs shall coordinate and monitor the implementation of their local tourism development plans. Report on the status of the plan shall be rendered to the Department on a quarterly basis.

#### Section 121 – Reports.

- (a) As determined by the Department and the DILG, LGUs shall regularly provide a report on the status of tourism plans and programs, tourist arrivals and tourism enterprises and inventory of all the resources available in their areas of jurisdiction, among others, to the Department.
- (b) The Department and the DILG shall formulate and disseminate a standard system for the collection and reporting of tourism statistics, status of tourism plans and programs, as well as inventory of tourism resources by the LGUs.
- (c) LGUs which regularly provide reports to the Department shall be accorded priority in the provision of assistance for planning, product enhancement, standards development, enforcement of laws, promotions and capability building.

#### Section 122 – Accreditation.

- (a) National Standard

The Department shall prescribe the standards for the operation and maintenance of the tourism facilities and services. For this purpose, the Department in consultation with concerned sectors, shall formulate the minimum standards for accreditation thereof and promulgate the appropriate rules and regulations to govern the operation of primary and secondary tourism enterprises.

- (b) Accreditation System

- (1) The Department shall evolve a system for the accreditation of tourism enterprises in accordance with established international standards.
- (2) Primary tourism enterprises shall be periodically required to obtain compulsory and mandatory accreditation from the Department.
- (3) Accreditation shall be voluntary for secondary tourism enterprises.
- (4) Prior accreditation by the Department shall be required for the issuance of license or permit to operate primary tourism enterprises by the LGU.
- (5) The Department and LGUs shall ensure strict compliance by tourism enterprises with the accreditation rules and regulations.

- (6) The Department shall act on complaints regarding accredited tourism enterprises, and after notice and hearing, shall impose fines, or downgrade, suspend or revoke accreditation.
- (7) The Department shall notify the concerned LGU when a tourism enterprise in their locality has failed to obtain or loses its accreditation. The LGU shall issue the necessary closure order should the tourism enterprise fail to rectify its deficiencies despite being accorded a reasonable period to comply with the standards.
- (8) The Department shall issue tourism advisories pertaining to tourism enterprises found to have violated the terms of their accreditation, which shall include among others:
  - (i) complete identification of the pertinent tourism enterprise;
  - (ii) location of the entity;
  - (iii) its registered owner or proprietor and the business address;
  - (iv) the specific term or terms of accreditation violated; and
  - (v) the statement that the advisory shall only be lifted upon continued compliance of the enterprise with the terms of accreditation.

The tourism advisory shall be disseminated through effective means, such as but not limited to, the website of the Department, to the local government units and to widely-circulated publications of the tourism industry.

- (9) Primary tourism enterprises located in TEZs shall be accredited by the Department.
- (10) The Department may delegate the enforcement of the system of accreditation to LGUs that have adopted and successfully implemented their tourism development plans.
- (11) The Department shall promulgate the necessary implementing rules and regulations to enforce the accreditation of tourism enterprises.
- (12) The Department shall review on periodic basis the standards and accreditation system, in coordination with stakeholders in the said sector.

#### Section 123 – Value of Accreditation.

- (a) The Department shall develop a system to enhance the value of accreditation among primary and secondary tourism enterprises such as, but not limited to, the following:
  - (1) Only accredited enterprises shall be beneficiaries of promotional, training and other programs of the Department and its attached agencies and corporations; and
  - (2) Accredited enterprises shall give due preference to other accredited enterprises in obtaining relevant services.
- (b) The Department shall develop an integrated system of accreditation in coordination with concerned agencies and entities in order to reduce the regulatory and financial burden on tourism-related enterprises.

#### Section 124 – Local Government Capabilities.

The Department shall develop a comprehensive capacity-building program to enhance the capability of the LGUs to monitor and administer tourism activities, and enforce tourism laws, rules and regulations. Funding for this program shall be shared equitably between the Department and the LGUs concerned.

#### Section 125 – Tourism Officer.

- (a) The position of a tourism officer shall be created as a permanent item in every province, city or municipality in which tourism is a significant industry.
- (b) The tourism officer shall be appointed by a local executive based on the following qualifications:
  - (1) Must be a Filipino citizen permanently residing in the LGU where the position is available;
  - (2) Must obtain relevant bachelor's degree in tourism, business, law, economics, marketing, public administration or other related fields;
  - (3) At least five (5) years of substantial work experience and involvement in the tourism industry either in the private sector or government; and
  - (4) Must undergo and pass the training programs undertaken by the Department.
- (c) LGUs shall ensure the periodic attendance and completion by the tourism officers of the training programs conducted by the Department.
- (d) The tourism officer shall be responsible for the following functions at the local level:
  - (1) Prepare, implement, coordinate, monitor and update local tourism development plans;
  - (2) Ensure the proper enforcement of tourism standards, laws, rules and regulations;
  - (3) Submit regular reports on status of tourism plans and programs, tourist arrivals, employment, occupancy rates, investment and tourist products, among others, to the Department; and
  - (4) Coordinate with the Department and its attached agencies and corporations in regard to the development and promotion of tourism in their locality.
- (e) The Department of Tourism may issue appropriate guidelines to prescribe other relevant qualifications that will guide the LGU in the selection and placement of tourism personnel in their locality.

#### Section 126 - Tourism Assistance.

- (a) LGUs in which tourism is a significant industry shall establish a tourist information and assistance center to assist tourists and tourism enterprises.
- (b) The Department shall provide technical advice to the LGUs regarding the establishment and management of the said center.
- (c) LGUs shall allocate appropriate funds for the construction and maintenance of the tourist information and assistance center, including the provision of personnel to manage the center.

Section 127 – Tourism Site Classification.

- (a) The tourism councils in the administrative regions shall meet on a regular basis to classify and evaluate tourism destinations, sites and activities within their respective regions.
- (b) The classification and evaluation of the council may guide the Department and its attached agencies, LGUs and the private sector in the development and implementation of their respective programs for said destinations and sites.

Chapter II – Control and Supervision of Areas with Overlapping Jurisdictions

Section 128 - Rationalization of Tourism Areas, Zones and Spots.

(a) Organization into TEZ

Any other area specifically defined as a tourism area, tourist zone or tourist spot under any special or general law, decree or presidential issuance shall be organized into a TEZ under the supervision of the TIEZA, subject to relevant provisions of this Rules and subsequent regulations that may be issued by the TIEZA Board governing the creation and operation of TEZs.

(b) Transfer of Control

- (1) With respect to tourism zones, tourist areas or tourist spots not organized into TEZs, the Department through appropriate arrangements may transfer the control over the same or portions thereof, to another agency, office or to an LGU;
- (2) The transfer shall only be effected upon the submission by the appropriate agency, office or LGU of comprehensive development plan for the use, preservation and promotion of these zones, areas or spots, which the Department shall likewise approve;
- (3) Such transfer shall not have the effect of diminishing the jurisdiction of the Department over these zones, tourist areas or tourist spots;
- (4) The Department shall exercise supervisory powers over such agency, office or LGU in accordance with the terms of the transfer and the approved development plan for tourism zone, area or spot; and
- (5) The Department shall rescind the arrangement transferring control over the tourism zone, area or spot and regain such control thereof if a government agency, office or LGU failed to implement the comprehensive plan approved by the Department.

Section 129 - National Integrated Protected Areas System (NIPAS) and the National Ecotourism Policy.

- (a) The Department, in coordination with the Department of Environment and Natural Resources (DENR), shall identify areas covered by the National Integrated Protected Areas System (NIPAS) with ecotourism potentials and cultural heritage value, and prepare policies, plans and programs for their development, preservation, operation or conversion into TEZs.

- (b) The National Ecotourism Steering Committee (NESC) shall formulate the appropriate development plans for the designation of ecotourism sites in the National Ecotourism Strategy pursuant to Executive Order No. 111 into TEZs. The NESC shall also be responsible for finding the appropriate TEZ Operator for the said sites.
- (c) The Department together with the DENR, the NESC and the TIEZA shall promulgate the rules and regulations for the conversion into TEZs of the identified areas under the NIPAS and the ecotourism sites in the National Ecotourism Strategy.

### Chapter III – Tourist Access

#### Section 130 - International and Domestic Tourist Travel.

- (a) The Department in coordination with relevant government agencies shall formulate appropriate policies and develop joint programs to increase and improve the accessibility of the Philippines to domestic and foreign tourists.
- (b) Realizing the critical importance of the progressive development of the civil aviation environment in the advancement of the country's international and domestic tourism sector:
  - (1) The Secretary shall be the *ex officio* Vice-Chairperson of the Civil Aviation Board (or Civil Aeronautics Board pursuant to RA 776);
  - (2) The Secretary shall be the *ex officio* Vice-Chairperson of the governing boards of all international airports;
  - (3) The Secretary shall be authorized to appoint a representative to the board of directors of each international seaport of the Philippines; and
  - (4) The Secretary shall be a member of the Civil Aviation Authority of the Philippines Board.
- (c) The Department and other relevant government agencies shall develop an integrated, one-stop shop system for the speedy issuance of franchise and accreditation for tourism transport operators.

#### Section 131 – Tourism Infrastructure Program.

- (a) The Department, in accordance with the National Tourism Development Plan and local government initiatives, shall coordinate with the Department of Public Works and Highways (DPWH) and the Department of Transportation and Communications (DOTC) and their attached agencies in the establishment of a tourism infrastructure program in the respective work programs of said agencies, identifying therein vital access roads, airports, seaports and other infrastructure requirement in identified tourism areas.
- (b) The DPWH, DOTC and other relevant infrastructure agencies, including the Department of Budget and Management (DBM), shall accord priority status the funding of projects in the Tourism Infrastructure Program.

## Section 132 - Visas.

- (a) The Department, the Department of Foreign Affairs (DFA) and the Department of Justice (DOJ) shall develop a system of granting visas that encourages the arrival and longer stay of tourists in the Philippines.
- (b) Regular review of visa and entry policies shall be undertaken by the foregoing agencies to ensure the amendments of any laws, rules and regulations on this regard.

## Chapter IV – Culture of Tourism

### Section 133 - Tourism Coordinating Council.

A tourism coordinating council shall be established to serve as coordinating body for national tourism development effort. It shall be composed of the following:

- (a) Department Secretary as Chairperson;
- (b) PTPB Chief Operating Officer as Member;
- (c) TIEZA Chief Operating Officer as Member;
- (d) DFPC Chief Operating Officer as Member;
- (e) IA Administrator as Member;
- (f) NPDC Executive Director as Member;
- (g) NPF Executive Director as Member;
- (h) PRA General Manager as Member;
- (i) PCSSD Executive Director as Member;
- (j) Secretary of Department of Transportation and Communications (DOTC) as Member;
- (k) Secretary of Department of Public Works and Highways (DPWH) as Member;
- (l) Secretary of Department of Foreign Affairs (DFA) as Member;
- (m) Secretary of Department of Environment and Natural Resources (DENR) as Member;
- (n) Secretary of Department of Interior and Local Government (DILG) as Member;
- (o) Secretary of Department of Labor and Employment (DOLE) as Member;
- (p) Secretary of Department of Education (DepED) as Member;
- (q) Heads of the Philippine National Police (PNP) as Members;
- (r) Commissioner of the Bureau of Immigration (BI) as Member;
- (s) Executive Director of the National Historical Institute (NHI) as Member;
- (t) Executive Director of the National Commission on Culture and the Arts (NCCA) as Member;
- (u) Chief Executive Officer of the Philippine Amusement and Gaming Corporation (PAGCOR) as Member;
- (v) Executive Directors of the Leagues of LGUs as Members;
- (w) Representative from the Tourism Congress as Member;
- (x) Representative from accredited NGO or PO engaged in ecotourism as Member; and
- (y) Representative from recognized indigenous people's federation as Member.

The council shall carry out the following functions:

- (a) Prepare a five (5) year strategic plan to develop and enhance a culture of tourism;
- (b) Approve the annual tourism infrastructure program that shall promote access to and from airports and seaports, and TEZ and other tourism destinations; and
- (c) Create committees and technical working groups in pursuit of its functions.

Section 134 - Education.

- (a) The Department, in close coordination with the Department of Education (DepEd), shall develop basic education programs for in-school and out-of-school youth to promote a culture of tourism through the integration of tourism concepts and enhancement of education curriculum for languages, history and culture and the arts.
- (b) The Department shall work with the Commission on Higher Education (CHED) in the regulation of colleges and universities that grant undergraduate and postgraduate degrees in tourism.
- (c) The Technical Education and Skills Development Authority (TESDA), in conjunction with the Department, shall develop programs for the training of tourism entrepreneurs in languages, history and cultural appreciation, and small business management.

Section 135 - Peace and Order.

- (a) A tourism security force shall be established by the Philippine National Police (PNP) to assist in maintaining peace and order within areas of high tourism traffic.
- (b) A tourist police assistance desk shall be established by the Philippine National Police in its local offices within areas of high tourism traffic.
- (c) The Department shall coordinate with the DILG in training of the members of the tourism security force and tourism assistance desks on cultural sensitivity, languages and relevant laws, among others.

Section 136 - Funding for Tourism Grassroots Initiatives.

Government-owned and controlled banks and financial institutions shall provide microfinance schemes to assist the development of small- and medium-size enterprises in the tourism industry.

Section 137 -The Tourism Congress.

- (a) Within thirty (30) days from the publication of this Rules, the Secretary shall convene the Tourism Congress composed of representatives of accredited tourism enterprises and former government officials involved in tourism. Former government officials shall refer to former Secretaries of Tourism.
- (b) The Tourism Congress as convened herein, shall be composed of aggrupations of primary and secondary tourism enterprises as well as aggrupations of allied and relevant enterprises of the tourism industry duly registered with the Securities and Exchange Commission, such as, but not limited to, accommodation, travel and tours, tourist transport services, meetings, incentive travel, conventions, exhibitions/events services and facilities, and tourism estate development and management services, including former Secretaries of Tourism.

Each aggrupation composing the Tourism Congress shall designate one representative who shall be a high ranking official in good standing in a member-tourism enterprise accredited by the Department or other government regulatory bodies; Provided, That the representative shall be duly authorized by the aggrupation's governing Board.

- (c) The Tourism Congress as convened in accordance with this Rules shall elect its officers from among its members. The Tourism Congress shall elect at least a President; three (3) Vice-Presidents to represent Luzon, Visayas and Mindanao; a Secretary; and a Treasurer; Provided, That only high ranking officials of tourism enterprises accredited by the Department or other government regulatory bodies shall be elected officers of the Congress. The Tourism Congress shall establish a Secretariat.
- (d) The Tourism Congress as convened herein shall adopt and ratify its Constitution and By-laws; Provided, That the same are consistent with this Rules.
- (e) The Tourism Congress as convened herein shall nominate three (3) candidates from among its members, as far as practicable, providing for equal representation from Luzon, Visayas and Mindanao, from each of the following sectors to represent the tourism industry in the Tourism Board:
  - (1) Accommodation enterprises;
  - (2) Travel and tour services;
  - (3) Land, air and sea tourist transport services;
  - (4) Conventions, meetings, incentive travel, exhibitions and events services and facilities; and
  - (5) Other accredited tourism enterprises.
- (f) The Tourism Congress as convened herein shall recommend three (3) candidates from among its members, as far as practicable, providing for equal representations from Luzon, Visayas and Mindanao, from each of the following sectors to the TIEZA Board:
  - (1) Tourism estate development and management services;
  - (2) Accommodation enterprises;
  - (3) Travel and tour enterprises;
  - (4) Land, air and sea tourist transport services; and
  - (5) Other accredited tourism enterprises.
- (g) The Tourism Congress shall, from among its members, likewise nominate at least six (6) candidates to the DFPC Board.
- (h) In the selection of candidates to be nominated to the Tourism Board, the TIEZA Board, and the DFPC Board, the Tourism Congress shall ensure that the following minimum qualifications are complied with:
  - (1) Candidates must be Filipino citizens;
  - (2) With recognized competence in business management, marketing, finance, tourism and other related fields;
  - (3) Must represent an accredited tourism enterprise as of the date of selection and appointment;
  - (4) Must be a high ranking official of an accredited tourism enterprise or registered enterprise, as the case may be; and
  - (5) Must be duly authorized by the governing Board of the company he/she is representing.

- (i) The Tourism Congress shall designate its representative to the Tourism Coordinating Council from among its members who is a high ranking official of an accredited tourism enterprise or registered enterprise.
- (j) Within 30 days from the election of officers of the Tourism Congress, the nominations of the Congress to the Tourism Board, the TIEZA Board and the DFPC Board, as the case may be, shall be transmitted, through a Board Resolution, to the Secretary for endorsement to the President; Provided, That the Board Resolution shall state that the Congress certifies that the nominees possess the qualifications set forth in this Rules.
- (k) The Tourism Congress shall serve as the private sector consultative body to assist the government in the development, implementation and coordination of tourism policies, plans and programs.
- (l) The Tourism Congress as convened herein shall meet annually to carry out its mandate pursuant to this Rules.
- (m) The Tourism Congress as convened herein shall be open for membership to other aggrupations; Provided, That the applicant aggrupation has complied with the minimum criteria set forth under item (b) of this Rules.

### **Rule IX – Transitory and Miscellaneous Provisions**

#### Section 138 – Transfer of Powers, Assets, Liabilities and Rights.

- (a) In view of the reorganization of the PTA, the PCVC and the DFP, their powers and functions are hereby transferred to the TIEZA, the PTPB and the DFPC, respectively. All personnel performing such duties and responsibilities are hereby transferred to the reorganized agencies.
- (b) The PTPB, the TIEZA and the DFPC shall also be subrogated to all rights and assume all liabilities of the PCVC, the PTA and the DFP, respectively, in accordance with pertinent laws, rules and regulations. In addition, the properties, monies, assets, rights, choses in action, obligations, liabilities, records, and contracts of the defunct PCVC, PTA and DFP shall continue to be vested in and assumed by the PTPB, the TIEZA and the DFPC as government corporations, pursuant to the Act.
- (c) The transfer of functions of the defunct Bureaus of Domestic and International Tourism Promotions, and the Office of Tourism Information of the Department pursuant to the Act and as modified under Executive Order No. 366, otherwise known as the Rationalization Program, to the PTPB shall also include all applicable funds, personnel and records, as may be necessary.
- (d) Within one hundred and twenty (120) days from the effectivity of this Rules, an audit shall be conducted by the Commission on Audit (COA) to determine the true value of the assets and liabilities of the PTA. After such audit, the TIEZA and the Department, in coordination with the Privatization Council, shall determine which assets shall be put up for sale or lease, provided, that concerned LGUs interested to manage and operate said assets shall have the right of first refusal.

The TIEZA and the Department shall take into consideration the importance of maintaining and preserving the PTA assets which may already be considered cultural treasures and heritage sites, such as the Banaue Hotel and similar assets, which shall not be sold or in any way disposed of and shall be placed under the ownership of the TIEZA for their continued maintenance.

Proceeds from the sale or lease of the assets of the PTA shall be deposited in the Tourism Promotions Trust to be managed by a government-owned bank or financial institution selected by the Tourism Board. Said bank or institution shall report the status and profitability of the trust on a quarterly basis to the Tourism Board, the Secretary, and the Joint Congressional Tourism Oversight Committee.

#### Section 139 – Transition Committee

- (a) There shall be created an Inter-agency Transition Committee to be composed of the representatives from the Department, the PTPB, the TIEZA and the DFPC that will oversee the smooth and orderly implementation of this Rules.
- (b) The Transition Committee shall address the issues and concerns involving the placement, transfer and re-assignment of personnel as well as transfer of funds, records, properties and equipment, as may be deemed necessary.

#### Section 140 – Transition Period

- (a) To ensure the smooth transition into the new organizational structure, all officers and employees under the Department, the PCVC, the PTA and the DFP shall continue to function under their present mandates until such time as the new staffing pattern and manning shall have been approved and funded by the DBM for the Department and respective governing Boards for the PTPB, the TIEZA and the DFPC.
- (b) All officers currently serving in the PCVC, the PTA and the DFP Boards shall continue to serve the unexpired portion of the term of the position in the Boards of the PTPB, the TIEZA and the DFPC, respectively. The PCVC Executive Director, PTA General Manager, and DFP General Manager shall assume functions of the PTPB COO, TIEZA COO, and DFPC COO, respectively, and sit in the governing Boards as Vice-Chairpersons of the respective Boards, until such time that the COOs of the PTPB, the TIEZA and the DFPC are elected by the Boards and appointed by the Secretary in accordance with this Rules.
- (c) As soon as the staffing pattern of the Department, the PTPB, the TIEZA, and the DFPC is approved by the Department of Budget and Management (DBM), all officials and employees of the Department, the PCVC, the PTA, and the DFP shall be transferred and/or absorbed, as applicable, in the reorganized Department, the PTPB, the TIEZA, and the DFPC, subject to existing civil service rules and regulations.
- (d) Under its new organizational structure, the officials and employees of the PTPB, the TIEZA and the DFPC shall be exempt from the coverage of the Salary Standardization Law.
- (e) The Secretary and the heads of attached agencies shall institute anti-graft and corrupt mechanisms in their respective offices/ agencies.

#### Section 141 – Placement of Personnel.

- (a) The Transition Committee shall ensure that the following measures are adopted in the placement of affected personnel arising from the reorganization:
  - (1) Personnel occupying positions declared redundant on account of the reorganization shall be assigned, insofar as practicable, to similar positions within the Department, the PTPB, the TIEZA and the DFPC, taking into consideration their skills and experience, without loss of seniority or other rights and privileges.
  - (2) Position classification system and qualification standards for the Department, the PTPB, the TIEZA and the DFPC shall be established in accordance with the Civil Service Commission and Department of Budget and Management guidelines, rules and regulations.
  - (3) All relevant laws, decrees, executive orders, rules and regulations concerning the rights of government employees in the reorganization of an office shall be adhered to in the placement, transfer and reassignment of affected personnel.

#### Section 142 – Separation, Retirement and Re-employment.

- (a) The Department, the PCVC, the PTA, and the DFP shall ensure that no mandatory separation of any employee is made as a result of the reorganization.
- (b) An employee of the Department who elects to leave the service or retire shall be given entitlement to claim separation or retirement benefits as may be provided under existing laws governing the civil service or other laws and issuances whichever may be beneficial to the employee concerned.
- (c) The PTPB, the TIEZA and the DFPC, subject to the approval of its Board of Directors not contrary to existing laws, rules and regulations, may adopt and implement an Early Retirement/ Separation Package for those who may opt to voluntarily retire from the service within the period that may be provided for the purpose and for those who may be adversely affected thereby, such as, but not limited to, those whose positions will be declared redundant, without prejudice to other benefits provided under existing laws.
- (d) Affected officer/employee who avails of the benefits under the reorganization of the Department and the retirement/separation program of the PCVC, the PTA and the DFP shall not qualify for re-employment within the Department, the PTPB, the TIEZA and the DFPC.

#### Section 143 - Remittance of Contribution Due DOT for 2010.

Within the first calendar quarter of 2010, the Chief Operating Officer of DFPC shall present to the Board of Directors the estimated/projected net profit for 2010. In order to immediately assist in the Department's tourism promotions and development goals, an amount equivalent to twenty five percent (25%) of that estimated/projected net profit for 2010 shall be automatically remitted to the Office of the Secretary in the first quarter of 2010.

Upon the completion of fiscal/calendar year 2010, DFPC shall make a determination of its actual net profit and the corresponding Contributions Due DOT based on the procedures set forth on Rule VII, Chapter III of this Rules. Any sums disbursed/remitted to the DOT during 2010 shall be credited to the Contributions Due DOT for the fiscal/ calendar year 2010.

### **Rule X – Final Provisions**

Section 144 - Joint Congressional Oversight Committee on Tourism.

- (a) A Joint Congressional Oversight Committee shall be constituted composed of the following:
- (1) Chairpersons of the Committee of Tourism of both Houses of Congress;
  - (2) Chairperson of the Committee on Appropriations of the House of Representatives;
  - (3) Chairperson of the Committee on Finance of the Senate; and
  - (4) Three (3) additional members from each House to be designated by the Senate President and the Speaker of the House of Representatives.
- (b) The Secretary shall report to the Oversight Committee on a monthly basis the latest statistics on tourist arrivals and other relevant data. The Secretary shall also report on a quarterly basis the status of the implementation of the Act in accordance with the monthly report submitted thereto by all attached agencies of the Department with respect to the implementation of their respective programs.

Section 145 - Review.

The implementation of the Act and this Rules shall be subject to congressional review by Congress three (3) years after its approval and promulgation, respectively, and every three (3) years thereafter. The first congressional review of the Act and its Rules shall be undertaken on 13 August 2012.

Section 146 – No Injunction Clause.

No temporary restraining order or preliminary injunction shall be issued or be effective against the TIEZA unless the same is issued by the Supreme Court.

Section 147 - Repealing Clause.

- (a) The provisions of Executive Order No. 120; Executive Order No. 292; Presidential Decree No. 189, as amended; Presidential Decree No. 1448, as amended; Executive Order No. 46; Executive Order No. 30; Presidential Decree No. 37; Presidential Decree No. 1616; Presidential Decree No. 442, as amended; Republic Act No. 7160; Republic Act No. 7722; Republic Act No. 9497; and all other laws, presidential decrees, executive orders, proclamations and administrative regulations inconsistent with the provisions of the Act and this Rules are hereby amended, modified, superseded or repealed accordingly.
- (b) Nothing in the Act or this Rules shall diminish the powers of the LGUs under the Local Government Code, pertaining to the issuance of business permits, licenses and the like.

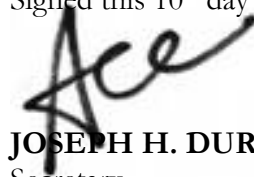
Section 148 - Separability Clause.

In the event that any provision of this Rules or parts thereof are declared unconstitutional, such declaration shall not affect the validity of the other provisions.

Section 149 - Effectivity Clause.

This Implementing Rules and Regulations shall take effect immediately upon publication in at least two (2) newspapers of general circulation. The Secretary shall furnish the Oversight Committee a copy of this Rules immediately after promulgation.

Signed this 10<sup>th</sup> day of November 2009 in Manila, Philippines.

A handwritten signature in black ink, appearing to read "Ace", is written over the printed name of Joseph H. Durano.

**JOSEPH H. DURANO**

Secretary