

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

THIRTEENTH CONGRESS
First Regular Session

House Bill NO. 2343



Introduced by HON. EDGAR M. CHATTO
1ST DISTRICT, BOHOL

EXPLANATORY NOTE

Reorganized under Executive Order N0. 120, series of January 30, 1987, the Department of Tourism is mandated to encourage, promote and develop tourism as a major socio-economic activity to generate foreign currency and employment, spread the benefits of tourism to a wider segment of the population with the support and cooperation of both the private and public sectors, and assure the safe, convenient, enjoyable stay and travel of both foreign and local tourists in the country.

On the other hand, the Philippine Tourism Authority is mandated under Presidential Decree N0. 189 as amended by P.D. N0. 564, series of May 11, 1973 to develop identified priority areas for tourism purposes, operate, maintain and promote facilities in a pioneering capacity, provide technical and financial assistance to qualified tourism projects, and generate revenues to fund national and corporate development undertakings. These are in line with PTA's mission to implement sustainable tourism development undertakings as guided by the following national development thrusts: cultural awakening, countryside development, environmental conservation, foreign exchange generation, employment creation and poverty alleviation.

In line with the legal mandates of the DOT and PTA, there is a need to augment the funds of these agencies since 40% of travel tax collections are allocated to the Higher Education Development Fund (HEDF), an undertaking which is not related to tourism. This practice has adversely affected the full development of the tourism industry.

This bill seeks to stabilize the financial resources for tourism and improve the industry which is considered one of the major factors for the country's economic recovery.

Support for the enactment of this bill is earnestly requested.


REP. EDGAR M. CHATTO

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HOUSE BILL NO. 2343

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AN ACT
PROVIDING FOR TRAVEL TAX COLLECTION REFORMS AND THE
EQUITABLE DISTRIBUTION THEREOF

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

1 SECTION 1. *Title.* - This Act shall be known as the "Travel Tax Reform Act of
2 2004."

3
4 SEC. 2. *Statement of Policy.* - It is hereby declared the policy of the State to
5 promote, encourage and develop Philippine tourism, both domestically and internationally,
6 and for this purpose, to stabilize the financial resources for tourism, particularly the
7 revenue from the travel tax.

8
9 SEC. 3. *Allocation of the Travel Tax Collections .* - Pursuant to the
10 aforementioned state policy, the government's contribution to the Higher Education
11 Development Fund (HEDF), equivalent to forty percent (40%) annual share on the total
12 gross collections of the travel tax, shall be gradually reduced to twenty percent (20%),
13 with an annual reduction rate of ten percent (10%) for the first two (2) years after the
14 effectivity of this Act. The allocation of the Philippine Tourism Authority (PTA) shall
15 then be correspondingly increased to include the reductions herein provided for;
16 *Provided*, That the share of the HEDF from the travel tax shall immediately be made
17 available and shall be remitted to the HEDF as a trust fund.

18
19 SEC. 4. *Utilization of the Re-allocated Share of the Philippine Tourism*
20 *Authority from the Travel Tax.* - The full re-allocated share of the PTA from the total
21 gross collection of the travel tax shall be utilized for purposes of tourism infrastructure
22 development and promotions; *Provided*, That a minimum of forty percent (40%) of the
23 re-allocated share shall be utilized equitably for the development of social projects in all
24 congressional districts in the country.

1 SEC. 5. *Agencies Authorized to Collect Travel Taxes.* - All carriers or their
2 authorized agents issuing international passenger tickets shall collect the travel taxes
3 corresponding thereto, except as provided for under Section 6 of this Act. This shall
4 include carriers which engage in the transport of passengers through chartered flights or
5 shipping agreements although no tickets are issued in connection therewith.
6

7 In case of travel involving non-commercial carriers, the charterer or the owner of
8 the private aircraft or vessel, shall be responsible for the collection of the travel tax due.
9

10 SEC. 6. *Foreign Issued Tickets.* - In cases where tickets issued and/or
11 purchased abroad are taxable under Presidential Decree No. 1183, as amended, the travel
12 tax shall be paid directly to the PTA prior to departure of the passenger from the
13 Philippines and shall not be collected abroad by the carriers or their authorized agents.
14 Carriers or their duly authorized agents shall not validate the bookings or reservations of
15 passengers holding foreign issued tickets unless payment of travel tax had been made or a
16 travel tax exemption certificate from the PTA has been submitted.
17

18 SEC. 7. *Remittance of Travel Tax Collections and Submission of Reports.* -
19 Travel tax collections shall be remitted by the carriers and other authorized collecting
20 agents directly to the PTA in the following manner:
21

- 22 1. Collections for the first fifteen (15) days of the month shall be remitted not
23 later than the fifteenth (15th) day of the succeeding month;
- 24 2. Collections for the period from the sixteenth (16th) day to the end of the month
25 shall be remitted not later than the thirtieth (30th) day of the succeeding month.
26

27 Travel taxes collected by the owners of chartered flights or non-commercial
28 carriers or vessels shall be remitted to the PTA not later than fifteenth (15th) day after the
29 completion of the flight or voyage arrangement.
30

31 SEC. 8. *Travel Tax Exemptions.* - No travel tax exemptions certificate shall be
32 issued without the authority and approval of the PTA.
33

34 SEC. 9. *Travel Tax Refunds.* - No refund of the travel tax shall be granted
35 without the authority and approval of the PTA. The authorized collecting agents may ask
36 for a refund of the collected travel tax only when there is cancellation of tickets, chartered
37 flights or voyage agreements.
38

39 SEC. 10. *Remedies for the Collection of Travel Tax.* - The remedies to enforce
40 the collection of travel tax, fees, interest, surcharges or other increments thereto resulting
41 from the non-collection, non-remittance and delinquency of the same shall be:
42

- 43 a.) By distraint of goods, chattels, or effects, and other personal property of
44 whatever nature and character, including interest in and rights to personal

38 ~~consequent collecting agent and the amount of the delinquent travel tax,~~
39 charges, surcharges, and all other increments thereto. Said certificate shall
40 operate with the force of legal execution throughout the country.

41 Levy on real estate property shall be effected by writing upon said certificate a
42 description of the real estate property which is subject to the levy.

1 property, and by levy upon real property and interest in or rights to real
2 property; and
3 b.) By civil and criminal action.
4

5 Any of the aforementioned remedies may be pursued by the PTA, alternatively or
6 simultaneously. *Provided*, That these remedies shall not be availed of where the amount
7 of travel tax involved is not more than one thousand pesos (P1,000.00).
8

9 SEC. 11. *Constructive Distraint of Property of the Collecting Agent.* - In order
10 to safeguard the interest of the government, the PTA may place under constructive
11 distraint the property of the delinquent collecting agent, upon showing *prima facie*
12 evidence that said collecting agent is retiring from business, or is intending to leave the
13 country, or to remove his property therefrom or to hide or conceal his property or to
14 perform any act tending to obstruct the collection of the travel tax.
15

16 The constructive distraint of property shall be effected by requiring the collecting
17 agent or any person having possession or control of such property to sign a receipt
18 covering the property, and obligate himself to preserve the same unaltered and not to
19 dispose the same in any manner without the express authority from the PTA.
20

21 SEC. 12. *Summary of Remedies.* - A) Distraint of Personal Property - Upon
22 the failure of the collecting agents to remit the travel tax within the period prescribed
23 under this Act, and that the amount involved is in excess of Five Hundred Thousand
24 Pesos (P500,000.00), the PTA shall seize and subject to distraint any goods, chattels, or
25 effects, and the personal property, including any interest and rights to personal property of
26 such collecting agents in sufficient quantity to satisfy the delinquent travel tax or charges,
27 together with any other surcharges and increments thereto incident to the delinquency, and
28 the expenses incurred of the distraint and to the cost of subsequent sale. A written report
29 within ten (10) working days shall be made by the authorized officer undertaking the
30 distraint of goods to the PTA.
31

32 B) Levy on Real Estate Property - Upon the expiration of the time required by
33 law to pay the delinquent travel tax, real property may be levied upon before,
34 simultaneously or after the distraint of personal property belonging to the
35 delinquent collecting agent. The authorized officer duly designated by the
36 PTA shall prepare an authenticated certificate showing the name of the
37 delinquent collecting agent and the amount of the delinquent travel tax,
38 charges, surcharges, and all other increments thereto. Said certificate shall
39 operate with the force of legal execution throughout the country.
40

41 Levy on real estate property shall be effected by writing upon said certificate a
42 description of the real estate property which levy is made and the corresponding written
43 notice to the Register of Deeds of the province or city where said real estate property is
44 located and upon the delinquent collecting agent, or if he be absent in the country to his

1 agent or manager of the business from which the travel tax liability arose, or if there be
2 none, to the present occupant of the subject real estate property.

3
4 Within ten (10) working days after receipt of the levy on real estate property, the
5 levying officer duly designated by the General Manager of the PTA shall render a written
6 report of said levy. The General Manager of the PTA shall have the power to lift the
7 warrants of levy on real estate property.

8
9 SEC. 13. *Sale of Personal Property Distrained and Disposition of Proceeds.* -
10 The officer undertaking the distraint, duly designated by the PTA, shall cause a
11 notification to be exhibited in not less than two (2) public places in the municipality,
12 province or city where the distraint is made, specifying the time and place of sale and the
13 articles subject of the distraint. The time of sale shall not be less than fifteen (15) days
14 after notice to the owner or possessor of the property as above specified and the
15 publication or posting of such notice indispensable including a notice to the office of the
16 mayor of the municipality or city where the property subject of the distraint is located.

17
18 At the time and place fixed in such notice, the officer undertaking the distraint shall
19 sell the goods, chattels, or effects, or other personal properties at the public auction to the
20 highest bidder for cash. Excess over and above what is required to pay the entire
21 delinquent travel tax, charges and other increments, including expenses actually incurred in
22 the seizure and preservation of said property pending the public auction but with no
23 additional charges being imposed for the services of the officer undertaking the distraint,
24 shall be returned to the owner of the personal property sold; *Provided, however,* That if
25 all the delinquent travel taxes, charges and other increments are fully paid prior to the
26 public auction to the officer undertaking the distraint, the goods, chattel and personal
27 property subject of the distraint shall be restored to the owner.

28
29 SEC. 14. *Purchase of the Government at Public Auction.* - When the amount of
30 the bid for the property under distraint is not equal to the total amount of the delinquent
31 taxes and other related charges or is very much less than the market value of the
32 properties offered for public auction, the PTA or its duly designated representative may
33 purchase the same in behalf of the government for the amount of the delinquent travel
34 taxes, penalties, charges and costs due thereon. Properties so purchased may again be
35 sold by the PTA.

36
37 SEC. 15. *Publication and Sale.* - After fifteen (15) days upon levy on the real
38 property, the officer concerned shall proceed to cause publication of said property for sale
39 to satisfy the claim for delinquent travel taxes, charges and other increments and cost of
40 sale. Such publication or advertisement shall cover a period of at least thirty (30) days and
41 shall be made by posting a notice at the main entrance of the municipal hall building or city
42 hall and in a public and conspicuous place in the *barangay* where the real property is
43 situated and by publication once a week for three (3) consecutive weeks in a newspaper of
44 general circulation in the municipality or city where the subject real property is located. At
45 any time before the public auction, the owner of said real property may pay the levying

1 officer for the delinquent travel taxes, charges, including all related charges; the said levy
2 shall be lifted in favor of the owner of the real property and the proceedings shall be
3 terminated and restoring all the rights over the real property to the said owner thereof,
4 otherwise the public auction of said real property shall continue.

5
6 Within five (5) days after the public sale has been consummated, the officer
7 concerned shall render a written report to the General Manager of the PTA about the
8 proceedings conducted thereto and shall make out and deliver to the purchaser a
9 certificate from his records, showing the proceedings of the sale, describing the real
10 property sold, the name of the purchaser and setting out the interest: *Provided, however,*
11 That in the case of excess, the same shall be turned over to the owner of the real
12 property.

13
14 SEC. 16. *Redemption of Real Property Sold.* - Within one (1) year from the date
15 of the public sale, the owner shall have the right to pay the PTA the amount of the
16 delinquent travel taxes, charges, penalties, interest and other increments related thereto
17 and the interest thereon from the date of the delinquency to the date of the public sale,
18 together with the interest on said purchase price at the rate of twenty percent (20%) per
19 annum from the date of purchase to the date of redemption, and such payment shall entitle
20 the owner paying to the delivery of the certificate issued to the purchaser and a certificate
21 from the PTA that he has thus redeemed the property, and the PTA shall forthwith pay
22 the purchaser in public auction the amount by which such property has thus been
23 redeemed, and said property shall be free from the lien of such delinquent travel taxes,
24 charges, interest and other penalties: *Provided,* That the owner shall not be deprived of
25 possession of said property from the time of public sale to the time of redemption and shall
26 be entitled to the rents and other income derived thereof until the expiration of the time
27 allowed for its redemption.

28
29 SEC. 17. *Forfeiture in Favor of the Government.* - If there is no bidder to the
30 public sale or the bid price is insufficient to pay the delinquent travel taxes, penalties and
31 other costs, the officer conducting the public auction shall declare the real property
32 forfeited in favor of the Government in satisfaction of the claims over said real property
33 after which the officer concerned shall, within two (2) days, make a written report to the
34 General Manager of the PTA of the proceedings conducted. It shall be the duty of the
35 Registry of Deeds concerned, upon registration before his office of any such declaration of
36 forfeiture, to transfer the title of the subject real property forfeited in favor of the
37 government without the necessity of an order from a competent court.

38
39 Within one (1) year from the date of such forfeiture, the owner may redeem said
40 property by paying to the PTA the full amount of the delinquent travel taxes, charges,
41 interests, other increments, and penalties together with the interest thereon and the costs
42 of sale. If the property was not redeemed, however, after the expiration the period herein
43 prescribed, the forfeiture shall be absolute.
44

17 and Department of Finance, shall promulgate the implementing rules and regulations,
18 including the imposition of fines, interests and surcharges, within ninety days from its
19 effectivity.

20
21 SEC. 22. *Separability Clause.* - If any part or provisions of this Act shall be held
22 unconstitutional or invalid, other provisions hereof which are not affected thereby shall
23 continue to be in full force and effect.

24
25 SEC. 23. *Penalizing clause.* - All laws, decrees and executive orders inconsistent

1 SEC. 18. *Repetition of Remedies.* - The civil remedies for the distraint of
2 personal property and the levy on real property may be repeated if necessary until the full
3 satisfaction of the delinquent travel taxes, charges, other increments, interest and penalties
4 is collected.

5
6 SEC. 19. *Other Provisional Remedies Not Available.* - No court of competent
7 jurisdiction has the authority to grant an injunction, restraining order or other provisional
8 remedies, to restrain the collection of travel taxes, related charges, interest, and penalties.

9
10 SEC. 20. *Reportorial Requirement.* - The General Manager of the PTA shall
11 submit to Congress a quarterly report on the amount of collections and the respective
12 projects financed by the proceeds from travel tax.

13
14 SEC. 21. *Implementing Rules and Regulations.* In order to effectively
15 implement the provisions of this Act, the Department of Tourism, Philippine Tourism
16 Authority, Department of Budget and Management, Commission on Higher Education
17 and Department of Finance, shall promulgate the implementing rules and regulations,
18 including the imposition of fines, interests and surcharges, within ninety days from its
19 effectivity.

20
21 SEC. 22. *Separability Clause.* - If any part or provisions of this Act shall be held
22 unconstitutional or invalid, other provisions hereof which are not affected thereby shall
23 continue to be in full force and effect.

24
25 SEC. 23. *Repealing clause.* - All laws, decrees and executive orders inconsistent
26 with the provisions of this Act are hereby repealed or modified accordingly.

27
28 SEC. 24. *Effectivity.* - This Act shall take effect fifteen (15) days after its
29 publication in the Official Gazette or in any two (2) national newspapers of general
30 circulation.

31
32 Approved,