

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. **7231**



Introduced by Representative Michael L. Romero, Ph.D

EXPLANATORY NOTE

The tourism industry is one of the country's strongest representatives in the international arena. Not only does it show the country's culture, traditions, and inherent beauty, it also boosts local economy.

As such, conscious efforts must be taken in order to spike the influx of tourists in the country and maximize the industry's potential to increase revenue through different means such as incentivizing shopping and supporting locally-produced items.

In countries such as Singapore, Thailand, Vietnam, Malaysia, South Korea, Mexico, Canada, Australia, and the European Union, tourists are given tax refunds in order to encourage more purchases from tourists during their temporary stay. The countries employ different models in their VAT-refund system depending on what is most appropriate for their situation and circumstances.

This bill's objective is to boost not only the number of tourists but also the local industries that generally rely on tourism for growth. Participation from the Department of Tourism, Department of Finance, Bureau of Internal Revenue, and Bureau of Customs is vital to the success of its objectives.

In view of the foregoing, the approval of this bill is earnestly sought.

MICHAEL L. ROMERO, Ph.D.
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AN ACT
INTRODUCING A SYSTEM TO INCENTIVIZE TOURIST PURCHASE
THROUGH THE REFUND OF VALUE ADDED TAX ON PERISHABLE AND
NON-PERISHABLE GOODS AND ITEMS TO BOOST LOCAL ECONOMY
AND TOURISM, AND OTHER PURPOSES THEREFOR

SECTION 1. – This Act shall be known as the **“VAT Refund for Tourists Act”**

SECTION 2. *Refunds of VAT of foreign tourists.* – Any foreign citizen, on temporary stay of not more than 365 days as a tourist in the Philippines may, within seven days before scheduled departure, apply for the issuance of a VAT refund for perishable and non-perishable goods bought, produced, and manufactured locally and sold by accredited retailers; *Provided* that such items will be exported by the tourist in his or her luggage or hand-carry upon exiting the Philippines; *Provided further* that such items will not be used for commercial purposes.

The Department of Tourism and the Department of Trade and Industry shall provide for a system of accreditation of retailers that opt to participate in the VAT-refund scheme.

SECTION 3. *Application for refund.* – Before boarding the plane or vessel bound for another country, the tourist applying for VAT refund shall show proof, such as but not limited to receipts and invoices, in VAT-refund booths upon application. Such application shall be evaluated by the appropriate authorities for approval or disapproval of request.

The Department of Finance, Bureau of Internal Revenue, and Bureau of Customs shall issue the appropriate guidelines to this effect.

SECTION 4. *Implementing Rules and Regulations.* – Within ninety (90) days from the approval of this Act, the Department of Tourism, Department of Trade and Industry, Department of Finance, Bureau of Internal Revenue, and Bureau of Customs, shall promulgate the rules and regulations implementing the provisions of this Act. The implementing rules and regulations issued pursuant to this section shall take effect thirty (30) days after its publication in two (2) national newspapers of general circulation

SECTION 5. *Separability Clause.* – If, for any reason, any section of this Act shall be held unconstitutional or invalid, the other section or provision not otherwise affected shall remain in full force and effect.

SECTION 6. *Repealing Clause.* – All laws, presidential decrees, executive orders, proclamations, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 7. *Effectivity Clause.* – This act shall take effect fifteen (15) days from its publication in the Official Gazette or in at least two newspapers of general circulation.

Approved,