



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 2772



**Introduced by Representatives Ferdinand Martin G.
Romualdez, Andrew Julian K. Romualdez, Yedda Marie K.
Romualdez, and Jude A. Acidre**

EXPLANATORY NOTE

Eco-tourism is a vital tool for sustainable development, especially in rural and coastal communities rich in natural and cultural heritage. However, many eco-tourism initiatives face funding constraints and infrastructure gaps that hinder long-term viability.

This bill seeks to provide structured, progressive tax incentives and fiscal support to accredited eco-tourism sites that comply with sustainable and community-inclusive practices. By aligning investment support with environmental stewardship, the measure will strengthen the local tourism economy while ensuring ecological protection.

This is one of the bills proposed during the first Eastern Visayas Young Leaders Parliament held on December 11–15, 2024.

The immediate passage of this measure is earnestly sought to promote inclusive growth through responsible tourism.



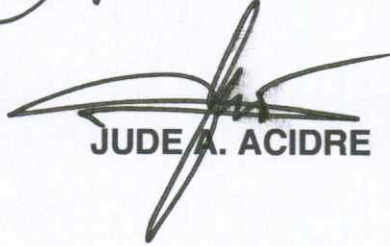
FERDINAND MARTIN G. ROMUALDEZ



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**AN ACT MANDATING THE ESTABLISHMENT OF MANGROVE
BUFFER ZONES IN DEVELOPMENT PROJECTS THROUGHOUT THE
PHILIPPINES**

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

Section 1. Title – This Act shall be known as the "**Eco-Tourism
Incentives Act of the Philippines.**"

Section 2. Declaration of State Policy – It is the policy of the State to advance a sustainable, inclusive, and environmentally responsible tourism industry that preserves the country's rich biodiversity, cultural heritage, and natural landscapes. The State recognizes eco-tourism as a vital tool for fostering climate resilience, enhancing community empowerment, and achieving equitable economic growth, especially in rural and indigenous areas. To this end, the State shall adopt and institutionalize mechanisms that promote responsible travel, minimize ecological degradation, and ensure that tourism activities benefit host

communities while conserving the environment for present and future generations.

This Act seeks to stimulate public-private partnerships and support grassroots eco-tourism enterprises through a progressive incentive framework, consistent with the principles of sustainable development and national environmental policy. To this end, the government shall provide tax and financial incentives to stimulate private and community investment in eco-tourism enterprises that adhere to sustainability standards.

Section 3. Scope and Coverage. - This Act shall apply to all eco-tourism enterprises operating in terrestrial and marine protected areas, natural parks, heritage zones, indigenous territories, and other designated eco-tourism development zones certified by the DOT in consultation with the DENR and local government units (LGUs).

Section 4. Grant of Tax Incentive - Accredited eco-tourism enterprises shall be granted progressive income tax incentives based on the age and development stage of their operations, provided they comply with sustainable tourism practices.

The progressive tax incentive framework shall be as follows:

- a) Years 1 to 3 of operation: One percent (1%) income tax reduction;
- b) Years 4 to 7 of operation: Two percent (2%) income tax reduction;
- c) Years 8 and onward of operation: Three percent (3%) income tax reduction;

The above incentives are renewable upon proof of sustained compliance with environmental, social, and cultural protection standards as determined by the DOT and DENR. Additionally, the following tax privileges shall be granted:

- d) A value-added tax (VAT) exemption of up to ten percent (10%) on the purchase of equipment, technologies, and construction materials directly used for eco-tourism operations and infrastructure. The Department of Finance (DOF), through the Bureau of Internal Revenue (BIR), and in coordination with the

Department of Tourism (DOT), shall issue guidelines to determine eligible items and ensure the integrity of VAT claims;

- e) Accelerated depreciation for capital investments related to renewable energy systems (e.g., solar, wind, micro-hydro), waste management facilities (e.g., recycling, composting, greywater treatment), and environmentally sustainable infrastructure (e.g., bamboo buildings, elevated walkways, eco-lodges). Assets under this category may be depreciated over a minimum of three (3) years instead of the standard schedule, subject to validation by the Bureau of Internal Revenue (BIR);
- f) Tax credits equivalent to twenty percent (20%) of documented expenses related to the conduct of capacity-building and training programs for local communities, implementation of biodiversity conservation activities and the generation of employment opportunities for residents within the eco-tourism site. The DOT and the Department of Labor and Employment (DOLE) shall issue joint guidelines for the accreditation of training programs and eligibility of community beneficiaries.

Section 5. Access to Credit and Financial Assistance. — The Department of Trade and Industry (DTI), in coordination with the Land Bank of the Philippines (LBP), the Development Bank of the Philippines (DBP), and other government financial institutions, shall establish flexible loan programs for accredited eco-tourism enterprises. These loans shall be prioritized for:

- a) Indigenous peoples' tourism cooperatives;
- b) Women-led or youth-led tourism groups;
- c) Community-managed marine or forest eco-tourism projects;
- d) Start-ups and micro-enterprises in declared eco-tourism zones.

Section 6. Creation of the National Eco-Tourism Incentives Council. — A National Eco-Tourism Incentives Council (NETIC) is hereby created under the Department of Tourism. The Council shall be composed of:

- a) Secretary of Tourism, as Chairperson;
- b) Secretary of the Environment and Natural Resources, as Co-Chair;
- c) Secretary of Trade and Industry;
- d) Secretary of Finance;
- e) One (1) representative from the League of Provinces of the Philippines;
- f) One (1) representative from the civil society sector nominated by the PCNC;
- g) One (1) representative from the academe with expertise in sustainable tourism;
- h) One (1) representative from the National Commission on Indigenous Peoples (NCIP);
- i) One (1) representative from the private tourism sector.

The Council shall formulate criteria for the grant of tax incentives and financial support; establish national guidelines for sustainable eco-tourism standards; endorse eligible eco-tourism sites for incentive approval; promote best practices and model projects; conduct periodic evaluation and compliance audits; and recommend additional incentives or disqualifications as may be deemed necessary.

Section. 8. Monitoring and Compliance. — The DOT, in coordination with the DENR, DTI, and LGUs, shall conduct annual inspections of accredited eco-tourism projects to ensure adherence to environmental and cultural protection standards. The results of such inspections shall be used in determining continued eligibility for tax incentives and loan support. The findings of the monitoring and compliance shall be submitted to the Bureau of Internal Revenue (BIR) to be used as a basis for the continuous grant of incentives provided for in Section 4 of this Act.

Section 9. Penalties. — Any accredited eco-tourism enterprise found guilty of fraudulently claiming incentives or failing to implement sustainable practices after notice and hearing shall:

- (a) Pay double the value of incentives received;
- (b) Have its accreditation and privileges suspended or revoked;
- (c) Be barred from applying for any government tourism-related assistance for five (5) years.

Section 10. *Implementing Rules and Regulations.* - Within sixty (60) days from the effectivity of this Act, the Department of Tourism (DOT) and the Department of Environment and Natural Resources (DENR) shall, in consultation with the Department of the Interior and Local Government (DILG), National Commission on Indigenous Peoples (NCIP), LGUs, and other concerned stakeholders, jointly promulgate the necessary implementing rules and regulations (IRR) for the effective implementation of this Act.

The Department of Finance, through the Bureau of Internal Revenue, shall likewise formulate the necessary implementing rules and regulations pertaining to the grant of tax incentives provided for in this Act.

Section 11. *Appropriations.* — The amount necessary for the initial implementation of this Act shall be sourced from the current appropriations of the DOT and DTI. Thereafter, funds shall be included in the annual General Appropriations Act.

Section 12. *Separability Clause.* - If any provision of this Act is declared unconstitutional, the remainder thereof not otherwise affected shall remain in full force and effect.

Section 13. *Repealing Clause.* - All laws, presidential decrees, executive orders, letters of instruction, proclamations or administrative regulations that are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

Section 14. *Effectivity.* - Notwithstanding the non-issuance of the implementing rules and regulations, this Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,