



HOUSE OF REPRESENTATIVES
HOUSE BILL No. 3529

INTRODUCED BY HON. RICARDO S. CRUZ, JR.

EXPLANATORY NOTE

All Filipinos, especially senior citizens and persons with disabilities, must be able to travel freely, without any form of hindrance. This is a right guaranteed by the Constitution. By abolishing the travel tax, we inch closer towards realizing the freedom of movement that our fundamental law envisions for every citizen.

Presidential Decree No. 1183 that imposes the collection of travel tax was signed nearly five (5) decades ago. Much has changed since then, including the substantial growth in government revenue collection from other sources. While we recognize the importance of travel tax in funding programs for tourism infrastructure, higher education, and culture and arts as provided by Republic Act 9593 or the Tourism Act of 2009, it is equally important to consider the burden already carried by an ordinary Filipino who pays one of the highest rates for income tax¹ and Value Added Tax² in Southeast Asia, along with other taxes levied in the country. It is high time to give travelers a break and allow for tourism to flourish by removing one of the barriers to travel. This would pave the way for us to encourage traveling as a form of lifelong learning.

According to a study conducted by an airline in the country, removing the travel tax would equate to a PHP 4 Billion loss in government revenues, but could generate PHP 299 Billion for the economy due to an increased traveler spending³. The only negative impact of this bill is loss of revenue. However, by making travel more affordable, it will encourage more people to travel and spend more. In fact, many of the infrastructure gains have been driven by increased travel and temporary migration of the overseas Filipino workers. Furthermore, since fuel and movement of goods are also taxed, there are ways by which the revenue loss can be offset. Clearly, the benefits of abolishing travel tax outweigh the temporary loss that the government would have to bear.

We can build upon the momentum set in motion by the signing of Memorandum Order No. 29 in 2023. This exempts all travelers by air departing from all international airports in Mindanao and Palawan, and who are bound for any destination in the Brunei Darussalam -Indonesia-Malaysia-Philippines-East ASEAN Growth Area (BIMP-EAGA) from payment of travel tax until 30 June 2028⁴. This sets a clear precedent. If such a measure can be implemented in select regions, then we can take it a step further by fully abolishing the travel tax

¹ <https://www.aseanbriefing.com/news/comparing-tax-rates-across-asean/>
² <https://filipinotimes.net/latest-news/2024/10/03/ph-tops-southeast-asia-with-highest-vat-rate-at-12/>
³ <https://calabarzon.depdev.gov.ph/2023/08/10/calabarzon-sced-supports-the-abolition-of-travel-tax/>
⁴ <https://bir-cdn.bir.gov.ph/BIR/pdf/RMC%20No.%20110-2024%20Attachment%20.pdf>

and enabling seamless travel for Filipinos and our neighbors in the ASEAN region.

Doing so ultimately fulfills our commitment to international agreements, specifically the ASEAN Tourism Agreement signed in 2002, stating that member states shall facilitate travel within and into ASEAN by, among others, phasing out travel levies and travel taxes on nationals of ASEAN Member States traveling to other ASEAN Member States⁵.

In line with the policy adopted by its original proponent Senator Alan Peter “Compañero” S. Cayetano, this bill therefore serves as a counterpart measure. It is for the reason stated above that the passage of this measure is earnestly sought.


RICARDO S. CRUZ, JR.

⁵ <https://asean.org/asean-tourism-agreement/>

TWENTIETH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF
REPRESENTATIVES HOUSE
BILL No. 3529

INTRODUCED BY HON. RICARDO S. CRUZ, JR.

AN ACT
ABOLISHING THE TRAVEL TAX ON FILIPINOS AND ON NATIONALS OF
ASSOCIATION OF SOUTHEAST ASIAN NATIONS (ASEAN) MEMBER
STATES TRAVELLING TO OTHER ASEAN MEMBER STATES

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

SECTION 1. *Abolishing the Travel Tax.* - Travel tax shall no longer be imposed on the following individuals:

- a) Filipinos leaving the Philippines; and
- b) Nationals of the other Association of Southeast Asian Nations (ASEAN) Member States leaving the Philippines and travelling to other ASEAN member states.

SEC. 2. *Repeal.* - Presidential Decree No. 1183, as amended, laws, executive orders or parts thereof inconsistent with this Act are hereby repealed, modified, or amended accordingly.

SEC. 3. *Separability Clause.* - Should any provision or part of this Act be declared unconstitutional or invalid, the other provisions and parts hereof, insofar as they are separable from the invalid ones, shall remain in full force and effect.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

Approved,