



**REPUBLIC OF THE PHILIPPINES  
TOURISM COORDINATING COUNCIL**

**IN RE: Proposed DOT Department Order Amending Sections 91 and  
99, Rule VII of the Implementing Rules and Regulations of  
Republic Act No. 9593**

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**Resolution No. 01 Series 2020**

**WHEREAS**, Republic Act (RA) No. 9593 or the "Tourism Act of 2009" created the Duty Free Philippines Corporation (DFPC) as a government corporation to serve as the body corporate to operate the duty and tax-free merchandising system in the Philippines;

**WHEREAS**, under Section 90 of RA No. 9593, DFPC was granted 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);

**WHEREAS**, notwithstanding the enabling provisions of the said law and its Implementing Rules and Regulations, DFPC had not been able to fully realize its income-generating potential;

**WHEREAS**, Section 28 of RA No. 9593 provides that DFPC, as an attached agency of the Department of Tourism (DOT), is under the supervision of the Tourism Secretary for program and policy coordination;

**WHEREAS**, to direct DFPC towards more sustainable and gainful operations and business growth, the DOT Secretary issued DOT Department Order (DO) No. 2019-74 creating the Joint Department of Tourism and Duty Free Philippines Corporation Technical Working Group ("Joint DOT-DFPC TWG") tasked to study and evaluate the feasibility of franchising out the operations of Duty-Free stores;

**WHEREAS**, in compliance with Section 107 of RA No. 9593 which requires that the promulgation of the Implementing Rules and Regulations (IRR) of the Act to be subject to consultation with stakeholders, the Tourism Coordinating Council (TCC) was furnished a copy of the draft amendments to Sections 91 and 99, Rule VII of the IRR of RA No. 9593 for its comments;

**WHEREAS**, the Joint DOT-DFPC TWG proposed the following amendments to Section 91 and Section 99, Rule VII of the IRR of RA No 9593:

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 operations 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)



**Franchising out the operation of stores shall be in accordance with guidelines duly adopted by the DFPC Board.**

- 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.

Section 99 – Powers and Functions of the DFPC Board.

- 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. **In granting franchises, the DFPC Board shall adopt guidelines defining the following:**
  - i. **Scope and limitations of franchise:**
  - ii. **Competitive selection:**



- iii. **Eligibility of franchise (Technical, Financial, and Legal Requirements):**
  - iv. **Financial soundness and technical viability;**
  - v. **Such other components that shall guide the DFPC Board to fairly select qualified applicants and secure the most advantageous terms for the government.**
- 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.

**WHEREAS**, upon review and evaluation, the undersigned TCC members find the proposed amendments to be in order and in accordance with law;

**NOW THEREFORE, BE IT RESOLVED**, the Council hereby interposes no objections and conveys its support to the amendment of Section 91 and Section 99, Rule VII of the IRR of RA No. 9593.

**ADOPTED AND APPROVED** on \_\_\_\_ day of \_\_\_\_\_ 2020.

[SIGNED]

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Secretary, Department of Tourism  
Chairperson

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