Development of Guidelines in Establishment and Designation of Tourism Enterprise Zones and the Administration of Incentives under RA 9593 (Tourism Act)

By
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Republic Act 9593
The National Tourism Act of 2009

• Declared Policy:
  Tourism is an indispensable element of the national economy and an industry of national interest and importance; harnessed as an engine of socio-economic growth/cultural affirmation, to generate investment, foreign exchange, employment and to mold national pride.
Tourism Infrastructure and Enterprise Zone Authority (TIEZA)

- SECTION 1. Jurisdiction. The TIEZA shall have sole and exclusive jurisdiction in the establishment and designation of a TEZ which shall not be impliedly repealed or modified. All permits and licenses shall be issued by TIEZA to TEZ Operators and Registered Tourism Enterprises.
Goals of TIEZA

• SECTION 2. Any geographic area where a Tourism Enterprise Zone may be established shall conform with the following criteria to ensure that TEZs will not proliferate in a manner that diminishes their STRATEGIC ECONOMIC and DEVELOPMENTAL value to the national economy.
Indispensable Requirement

• It is important that the TEZs be in accord with the Republic Act 9593 identified goals of the Philippine Government’s interest in developing tourism as an engine of growth that can contribute to sustainable national development through:
  – Stimulating additional investment
  – Creating new income and employment opportunities especially for the poorer sectors; and
  – Enhancing national pride for all Filipinos in their natural and cultural heritage and its sustainable use.

To achieve these goals to the fullest, the designation of the tourism enterprise zones should be in consistent and in harmony with the vision, values and strategic directions of the National Tourism Development Plan 2011-2016.
INCENTIVES

TIEZA shall have sole and exclusive jurisdiction to grant incentives to TEZ locators:

• Income tax holiday for 6 years
• Gross Income Taxation of 5%
• Capital Investment and equipment, 100% of all taxes and customs duties
• Importation of transportation and spare parts for new and expanding registered enterprises
• Importation of goods actually consumed
• Tax deduction not more than 50% of the cost of environmental protection or cultural heritage preservation activities
INCENTIVES

NON-FISCAL INCENTIVES

- Employment of foreign nationals
- Special investor’s resident visa
- Foreign currency transactions
- No requisition of investment
- Long term lease
Classification of TEZs

- Cultural Heritage Tourism Zone
- Health and Wellness Tourism Zone
- Eco-Tourism Zone
- General Leisure Tourism Zone
- Mixed Use Tourism Zone
Memorandum of Agreement between TIEZA and UP

- TIEZA need the technical expertise of UP in the implementation of the Implementing Rules and Regulations on the designation and identification of TEZs and the grant of incentives therein.
- TIEZA and UPD signed a Memorandum of Agreement in April 7, 2011 formalizing a partnership between the Agency and the University.
- The UPD through its Asian Institute of Tourism formed a technical panel of experts that possesses the necessary qualifications & expertise required by TIEZA.
Functions of TIEZA

- TIEZA functions can be grouped into designation and continuing activities
- Developmental plan is covered under designation activities
TIEZA Designation Activities

TIEZA

- University of the Philippines
- LGUs, NHI, DENR, DOH

- Filing
- Evaluation
- Certification and Publication
TIEZA Activities

- Mechanism needed to link development plans with the achievement of conditions to grant incentives
- Continuing activities of TIEZA needs to be considered, particularly REGULATORY and INCENTIVE ADMINISTRATION ACTIVITIES
UP Technical Panel Responsibilities

• Training, transfer of technology and technical expertise to TIEZA; create and conduct training programs for TEZ Administrators to provide them with knowledge and skills in the operation and development of a TEZ;

• Formulation of the standards for the development, operation and maintenance of all facilities and structures to be built on all TEZs; the development standards formulated shall be used as basis for the evaluation of applications for registration of a tourism enterprise within a TEZ;

• Development of the evaluation review guidelines and review mechanism of the TEZ development plans; the Panel also served as advisers in the preparation of the Evaluation Report of applications for TEZ designation to be submitted to the TIEZA Board;

• Review of the TEZ development plan submitted by applicants and proponents; and

• Conduct of ocular inspections together with TIEZA staff of areas proposed to be designated as a TEZ.
Accomplishments as of Jan 2013

• Series of capability training for TIEZA managers and staff;
• Formulation of the physical development standards of all facilities and structures to be built on all TEZs;
• Development of the evaluation review guidelines and review mechanism of the TEZ development plans;
• Review of the TEZ development plan submitted by applicants and proponents; and
• Position papers requested by TIEZA on issues related to TEZ development
Evaluation Criteria for TEZs

- Community and stakeholder acceptability: 15%
- Cultural: 20%
- Competitiveness and Financial sustainability: 20%
- Economic: 20%
- Ecological and Physical Design: 25%
Evaluation Criteria for Tourism Enterprises

- Community and stakeholder acceptability: 15%
- Cultural Considerations: 15%
- Competitiveness and Financial sustainability: 15%
- Economic Considerations: 40%
- Ecological Considerations: 15%
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