



DEPARTMENT ORDER NO. 2020 - 046

AMENDING RULE VII, SECTIONS 91 AND 99 OF THE IMPLEMENTING RULES AND REGULATIONS OF REPUBLIC ACT NO. 9593

WHEREAS, under Section 107 of Republic Act No. 9593 or the *Tourism Act of 2009*, the Secretary shall promulgate Implementing Rules and Regulations (IRR) upon consultation with stakeholders;

WHEREAS, under Section 90 of the said law, Duty Free Philippines Corporation (DFPC) shall have the exclusive authority to franchise out stores and shops that would sell, among others, duty-and tax-free merchandise, goods and articles, in international airports and seaports, and in Tourism Enterprise Zones, and ports of entry throughout the country;

WHEREAS, to fully implement DFPC's franchising powers, there is a need to amend Rule VII Sections 91 and 99 of the Implementing Rules and Regulations (IRR) to provide guidelines on the grant of franchise;

WHEREAS, under Resolution No. 01 series of 2020, the Tourism Coordinating Council expressed its concurrence with the amendment of the IRR;

NOW, therefore, Rule VII Sections 91 and 99 of the IRR of Republic Act No. 9593 are hereby amended as follows:

1. Section 91 is hereby amended by adding that the DFPC's authority to franchise out the operation of stores shall be subject to guidelines to be adopted by the DFPC Board, thus:

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.

2. Section 99 is hereby amended by providing for a competitive selection process, as well as components to be included in the franchising guidelines to be adopted by the DFPC Board:

Section 99 – Powers and Functions of the DFPC Board.



The DFPC Board shall be vested in and exercise the following powers and functions:

- 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.

3. **Separability Clause.** If any provision or portion of these amendments are declared void or unconstitutional, the remaining portions or provisions thereof shall continue to be valid and effective.



4. **Effectivity.** This Order shall be effective fifteen (15) days after completion of its publication in at least two (2) newspapers of general circulation.

18 July 2020.


BERNADETTE ROMULO-PUYAT
Secretary



CERTIFIED TRUE COPY

Maricel C. Malalad
Head, Records and Communication Section - GSD