

Republic of the Philippines
Congress of the Philippines
Metro Manila

Twelfth Congress
Second Regular Session

Begun and held in Metro Manila, on Monday, the twenty-second day of July, two thousand two.

Republic Act No. 9174 November 7, 2002

**AN ACT AMENDING REPUBLIC ACT NUMBERED 6768, ENTITLED, "AN ACT INSTITUTING A
BALIKBAYAN PROGRAM" BY PROVIDING ADDITIONAL BENEFITS AND PRIVILEGES TO
BALIKBAYAN AND FOR OTHER PURPOSES**

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

Section 1. Section 1 of Republic Act Numbered 6768 is hereby amended to read as follows:

"Section 1. *Balikbayan Program.* - A *Balikbayan* Program is hereby instituted under the administration of the Department of Tourism to attract and encourage overseas Filipinos to come and visit their motherland. This is in recognition of their contribution to the economy of the country through the foreign exchange inflow and revenues that they generate.

The program shall include a *kabuhayan* shopping privilege allowing tax-exempt purchase of livelihood tools providing the opportunity to avail of the necessary training to enable the *balikbayan* to become economically self-reliant members of society upon their return to the country. The program shall likewise showcase competitive and outstanding Filipino-made products.

Section 2. Section 2 of the same Republic Act is hereby amended as follows:

"SEC. 2. *Definition of Terms.* - For purposes of this Act:

(a) The term "*balikbayan*" shall mean a Filipino citizen who has been continuously out of the Philippines for a period of at least one (1) year, a Filipino overseas worker, or former Filipino citizen and his or her family, as this term is defined hereunder, who had been naturalized in a foreign country and comes or returns to the Philippines;

(b) The term "family" shall mean the spouse and the children of the *balikbayan* who are not *balikbayan* in their own right traveling with the latter to the Philippines; and

(c) The term "livelihood tools" shall mean instruments used by hand or by machine necessary to a person in the practice of his or her trade, vocation or profession, such as hand tools, power tools, precision tools, farm tools, tools for dressmaking, shoe repair, beauty parlor, barber shop and the like, as may be determined by the Overseas Workers Welfare Administration (OWWA). For purposes of this Act, a computer unit and its accessories shall likewise be considered as livelihood tools."

Section 3. Section 3 of the same Republic Act is hereby amended to read as follows:

"SEC. 3 *Benefits and Privileges of the Balikbayan.* - The *balikbayan* and his or her family shall be entitled to the following benefits and privileges:

(a) Tax- exempt maximum purchase in the amount of One Thousand five hundred United States dollars (US\$ 1,500.00) or its equivalent in Philippine peso and in other

foreign currencies at all government-owned and - controlled/operated duty-free shops subject to the limitations contained in Section 4 hereof;

(b) All domestic carriers shall establish a special promotional/incentive program for the *balikbayan*;

(c) Visa-free entry to the Philippines for a period of one (1) year for foreign passport holders, with the exception of restricted nationals;

(d) Travel tax exemption as provided under Presidential Decree No, 1183, Executive Order No.283, and other allied laws;

(e) Especially designated reception areas at the authorized ports of entry for the expeditious processing of documents;

(f) Accredited transportation facilities that will ensure their safe and convenient trips upon arrival. The Department of Tourism and the Department of Transportation and Communications and other concerned government agencies are hereby mandated to implement the program for this particular purpose; and

(g) *Kabuhayan* shopping privilege and additional tax-exempt purchase in the maximum amount of Two Thousand United States dollars (US\$ 2,000.00) or its equivalent in Philippine peso and other acceptable foreign currencies; exclusive for the purchase of livelihood tools at all government-owned and controlled/operated duty-free shops.

The total amount of tax-exempt maximum purchase as mentioned in sub-paragraphs (a) and (g) of this Section may be used for the *kabuhayan* program, subject to the limitations contained in Section 4 hereof.

The privileges granted under this Act shall be in addition to the benefits enjoyed by the *balikbayan* under existing laws, rules and regulations?":

Section 4. Section 4 of the same Republic Act is hereby amended to read as follows:

"Sec. 4. *Limitations on Tax-exempt Purchases at all Government-owned and Controlled/Operated Duty-Free Shops.* - The tax-exempt purchase privilege shall be subject to the following limitations:

(a) Purchases shall be made within fifteen (15) calendar days from the date of arrival: *Provided*, That during the Christmas season, reckoned from November 15 to January 15, the privilege is extended to thirty (30) calendar days from the date of arrival: *Provided*, further, That said privilege shall be availed of on a one-time shopping basis only: *Provided finally*, That in the case of senior citizens and handicapped *balikbayan*, they shall be allowed to enjoy the privilege within one (1) year from date of arrival in the country;

(b) The privilege can be availed of by the *balikbayan* only once a year;

(c) The privilege is non-transferable; purchases shall be made personally by the *balikbayan*: *Provided*, That a *balikbayan* who has gone back abroad may still avail of the *kabuhayan* shopping within a maximum period of one (1) year from date of arrival in the country, and that immediate family members of the *balikbayan* shall be allowed to claim the *kabuhayan* tools purchased: *Provided further*, That an Overseas Filipino Worker (OFW), duly described as such by the Philippine Overseas Employment Administration (POEA), Philippine Overseas Labor Officer or by the embassy/consulate of the Philippines in the country where he or she had been deployed, taking into consideration the evidence of remittance, may opt to endorsed in writing the *kabuhayan* shopping privilege to his or her immediate family members within the second degree of consanguinity or affinity residing in the

Philippines once within two (2) years from the date of effectivity of his or her contract and only during the duration of the same.

(d) Only a *balikbayan* of majority age under Philippine laws can enjoy the privilege: *Provided, however,* That the family members who are minors shall continue to be entitled to purchase privilege not exceeding the allowable tax-exempt limit for arriving passengers; and

(e) In addition to existing limitations on the number of consumables purchased, a *balikbayan* shall be entitled to buy only one (1) item of every product category of non-consumables whose selling price exceeds Two Hundred United States dollars (US\$ 200.00)."

Section 5. New sections are hereby added after Section 4 of the same Republic Act to be dominated as Section 5 and 6 read as follows:

"Sec. 5. *Philippine-made Products in Duty-Free Shops.* - All government-owned and controlled/operated duty-free shops shall effectively showcase Philippine culture, craftsmanship and industry. Therefore, a minimum of ten percent 10% of the goods being sold in duty-free shops shall, as far as practicable, whether by direct purchase or concession, be sourced from Philippine-based manufacturers. For this purpose, the Department of Tourism (DOT) shall coordinate with the Department of Trade (DTI) in the section of goods and products made in the Philippines, taking into consideration competitiveness, design, excellence, marketability, regional representation and world class appeal.

Sec. 6. *Training Programs.* - The Department of Labor and Employment (DOLE) through the OWWA, in coordination with the Technology and Livelihood Resource Center (TLRC), Technical Education and Skills Development Authority (TESDA), livelihood corporation and other concerned government agencies, shall provide the necessary entrepreneurial training and livelihood skills programs and marketing assistance to a *balikbayan*, including his or her immediate family members, who shall avail of the *kabuhayan* program in accordance with the existing rules on the government's reintegration program.

In the case of non-OFW *balikbayan*, the Department of Tourism shall make the necessary arrangement with the TLRC and other training institutions for possible livelihood training."

Section 6. Section 5 and the succeeding sections of the same Republic Act are hereby renumbered accordingly.

Section 7. Section 6 of the same Republic Act, as renumbered are hereby amended to read as follows:

"Sec. 8. *Semi-annual Reports.* - The Department of Tourism shall submit semi-annual reports to the President through the Secretary of Finance and to both Houses of Congress, which reports shall contain a statement of the quantities and the value of goods sold by the government-owned and controlled/operated duty-free shops, in accordance with the classification categories in the Tariff and Customs Code of the Philippines as amended,"

Section 8. The Department of Tourism in coordination with other government agencies concerned, shall promulgate not later than thirty (30) days from the effectivity of this Act, the necessary rules and regulations for the effective implementation of this Act.

Section 9. All laws, decrees, rules and regulations, or parts thereof which are inconsistent with any provision of this Act are hereby repealed or modified accordingly.

Section 10. This Act shall take effect fifteen (15) days after publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved,

FRANKLIN DRILON **JOSE DE VENECIA JR.**
President of the Senate Speaker of the House of
Representatives

This Act, which is a consolidation of Senate Bill No. 2101 and House Bill No. 4534, was finally passed by the Senate and the House of Representative on September 2, 2002.

OSCAR G. YABES **ROBERTO P.**
Secretary of Senate **NAZARENO**
Secretary General
House of Representatives

Approved: November 7, 2002

GLORIA MACAPAGAL-ARROYO
President of the Philippines