

# [ PRESIDENTIAL DECREE NO. 1193, September 06, 1977 ]

## **AUTHORIZING THE TOURIST DUTY-FREE SHOPS INC. TO ESTABLISH AND OPERATE DUTY AND TAX FREE STORES AND REQUIRING IT TO PAY FRANCHISE TAX IN LIEU OF ALL OTHER TAXES.**

**WHEREAS**, duty-free stores serve as an effective resource base for accelerated tourism development in our country;

**WHEREAS**, duty-free stores will earn for our country substantial amounts of foreign exchange which, in turn, will help accelerate our country's socio-economic development;

**WHEREAS**, the nature of the traditional items that are saleable in duty-free shops will not, in any way, offer competition to locally manufactured products;

**WHEREAS**, in order to stabilize and standardize the services of duty and tax free stores in qualified air and sea passenger terminals in the country and other authorized outlets and to assure continuous, efficient and satisfactory services, as well as the effective control of its operations, an exclusive authority in favor of the Tourist Duty-Free Shops, Inc. is deemed expedient and beneficial for the country; and

**WHEREAS**, existing laws do not specifically and expressly provide for the establishment of duty-free stores in our country; and

**NOW, THEREFORE, I, FERDINAND E. MARCOS**, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree

SECTION 1. The Tourist Duty-free Shops, inc. is authorized to establish, operate and maintain duty and tax free stores at all international airports and seaports, as as at selected hotels, tourist resorts, and commercial or trading centers throughout the country;

SEC. 2. A customs bonded Warehouse shall first be established and operated by Tourist Duty-free Shops, Inc. in each port entry, to be used exclusively for the storage and safekeeping of imported duty and tax free merchandise; *Provided*, That each sales/display area or counter established by Tourist Duty-Free Shops, Inc. for sales or promotional purposes shall be considered as an extension of the Customs Bonded Warehouse; *Provided further*, That, the operation of such warehouse, sales and display areas/counters shall be under the control and supervision of the Bureau of Customs.

SEC. 3. Importations of articles/merchandise to be sold by Tourist Duty-Free Shops, Inc. shall be made only upon prior approval by the Central Bank of the Philippines.

SEC. 4. Imported articles to be stored and sold by Tourist Duty-Free Shops, Inc. shall be entered under warehousing entry supported by pertinent papers and documents and release certificates from the Central Bank of the Philippines;