

EXECUTIVE ORDER NO. 250

IMPLEMENTING THE RATIONALIZATION OF DUTY FREE
STORES/OUTLETS AND THEIR OPERATIONS IN THE PHILIPPINES
PURSUANT TO EXECUTIVE ORDER NO.140 AND FOR OTHER PURPOSES

WHEREAS, Executive Order No. 140, dated 30 November 1993, provides for the rationalization of duty free stores/outlets and their operations in the Philippines, in order to enhance their conformity with the generally observed practices in most countries and to avoid their possible adverse impact on local enterprises;

WHEREAS, to implement the rationalization, there is a need to modify policies and improve certain existing operational aspects of the duty free stores/outlets in the Philippines;

NOW, THEREFORE, I, FIDEL V. RAMOS, President of the Republic of the Philippines, by virtue of the powers vested in me by law, do hereby order, as follows:

Section 1. Allowable Areas for Duty Free Shop Operation. The moratorium on the establishment of duty free stores/outlets imposed by EO No. 140 is hereby lifted. Accordingly, duty-free stores/outlets, whether operated by the government and/or private entities, may be established within the country's international ports of entry subject to the terms and conditions set forth in EO No. 46, as amended, and in the secured and fenced-in areas of special economic zones/freeports pursuant to the provisions of the Bases Conversion and Development Act of 1992 (RA 7227), establishing the Subic Special Economic Zone/Freeport Zone, Clark Special Economic Zone, John Hay Special Economic Zone, Poro Point Special Economic and Freeport Zone; RA 7922 (Establishing the Sta. Ana, Cagayan Special Economic Zone and Freeport); and RA 7903 (Creating the Zamboanga City Special Economic Zone and Freeport).

IN REPLYING, PLEASE CITE:

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Section 2. Phase Out of Certain Duty-free Shops. Duty free stores/outlets located outside said international ports of entry and special economic zones/freeports shall be phased out on December 31, 1995.

Section 3. Purchase Limits. The purchase limits for duty-free shopping shall be as follows:

a. Tourists and Filipinos traveling to or returning from foreign destinations - One Thousand U.S. Dollars (US\$1,000) but not to exceed Ten Thousand U.S. Dollars (US\$10,000) in any given year;

b. Overseas Contract Workers and Balikbayans as defined under RA 6768 - Two Thousand U.S. Dollars (US\$2,000);

c. Residents, eighteen years of age and above, of special economic zones and/or freeports, and in the case of Clark Special Economic Zone, in accordance with Proclamation No. 163 and Executive Order 80 - One Hundred U.S. Dollars (US\$100) per month per person; and

d. Non-Residents of special economic zones and/or freeports - Two Hundred U.S. Dollars (US\$200) per person per year; provided that this privilege shall be terminated on December 31, 1995.

Section 4. Acceptable Currency. Purchases in all duty free shops shall be made only in U.S. Dollars or other acceptable foreign currencies.

Section 5. Allowable Items in Duty Free Shops. The range of items to be sold by duty free stores/outlets operated by Duty Free Philippines outside of special economic zones/freeports established pursuant to Republic Act Nos. 7227 and 7916 shall henceforth be limited only to consumables, light durables, television sets of sizes not manufactured in the Philippines and locally manufactured heavy durables. Imported heavy durables carried by duty free stores/outlets operated within special economic zones/freeports can only be sold to the residents of the secured area of the special economic zones and/or freeports. Sale of all locally manufactured goods in duty free shops/outlets shall be encouraged.

Section 6. Oversight Committee. There shall be an Oversight Committee, chaired by the Executive Secretary with the representatives of the following as members: the National Economic and Development Authority, Departments of Trade and Industry, Finance, Justice and Tourism, the Bases Conversion Development Authority, and three (3) representatives from the private sector, as recommended by the Department of Trade and Industry. The Committee shall recommend to the President policies for the efficient administration of the duty free shops operations and shall submit quarterly reports to the President on the duty free shop operations.

1) **Section 7. Secretariat.** The Presidential Management Staff shall be the secretariat of the Oversight Committee.

Section 8. Control System. The Duty Free Philippines and operators of duty free stores/outlets in special economic zones and/or freeports shall put up and operate control systems designed to detect and prevent abuses of the privileges granted under this Order. The control system must be made available for audit by the Bureau of Customs. Any violation of this Executive Order and/or abuse of the privileges granted herein or other related laws and issuances shall be acted upon within seventy-two (72) hours after its report or discovery and a report thereof submitted to the Bureau of Customs for appropriate action.

Section 9. Reporting. The Duty Free Philippines and operators of duty free stores/outlets shall submit to the Department of Finance on a quarterly basis such information as may be required by the Department.

Section 10. Export Promotion. Under the direction of the Department of Trade and Industry, the Duty Free Philippines shall undertake export promotion activities the cost of which shall not exceed one (1%) percent of its annual net sales.

Section 11. All other provisions of E.O. No. 140 not otherwise affected by this order shall stay in force, including, but not limited to, the requirement that the Duty Free Philippines shall remit to the National Government an amount equivalent to 1.5 per cent of its net sales.

Section 12. Repealing Clause. All executive orders, letters of instructions, issuances, memoranda, and proclamations not consistent with the provisions of this Order are hereby repealed or amended accordingly.

Section 13. Effectivity. This Executive Order shall take effect immediately.

Done, in the City of Manila this 2nd day of June in the year of Our Lord, Nineteen Hundred and Ninety-Five.

By the President.



RUBEN D. TORRES
Executive Secretary

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