



MEMORANDUM CIRCULAR No. 022-17
Series of 2017

TO : ALL CONCERNED

SUBJECT : IMPLEMENTING GUIDELINES FOR THE INTEGRATION OF DOMESTIC PASSENGER SERVICE CHARGE (DPSC) AT THE POINT OF SALE OF AIRLINE TICKET

1. GENERAL STATEMENT

- 1.1 It is the policy of the government to remove the unnecessary barriers to travel and simplify travel regulations. Republic Act No. 9497, creating the Civil Aviation Authority of the Philippines (CAAP), Section 24 states thus: (j) Promulgate rules and regulations as may be necessary in the interest of safety in air commerce pertaining to xxx such other rules and regulations, standards, governing other practices, methods and for procedures as the Director General may find necessary and appropriate to provide adequately for safety regularity and efficiency in air commerce and air navigation; (k) Impose and fix reasonable charges and fees for the use of government aerodromes or air navigation facilities; for services rendered by the Authority in the rating of any aerodrome or air navigation facilities, civil aviation schools and instructors, aircraft repair stations, and aircraft radio and aeronautical telecommunications stations xxx.
- 1.2 There is an urgent need to address the congestion in CAAP Terminals with the increasing volume of passengers through the adoption of immediate measures to dramatically trim down the processing time of passengers, thereby promoting smoother, seamless, convenient, safe and hassle-free travel experience.
- 1.3 The CAAP and the Air Carriers recognized that such congestion and queuing problems will escalate further as traffic volume continuously increases and must be urgently addressed.
- 1.4 One measure to address congestion is to integrate the Domestic Passenger Service Charge (DPSC) at the point of sale where the collection will be performed by the Air Carrier for every domestic air ticket purchased with enplanement from CAAP terminals.

2. PURPOSE AND SCOPE

- 2.1 This Memorandum Circular (MC) defines the policies and provides uniform procedures in the collection, remittance and reporting of the DPSC, the exemption therefrom and the penalties for violations of these Policies and Guidelines.

3. DEFINITION OF TERMS

For purpose of this Memorandum Circular the following terms shall mean:

- 3.1 Air Carrier - refers to an airline operator with domestic operations.
- 3.2 Business Hours - shall mean 8:00am to 5:00pm Mondays to Fridays, exclusive of holidays at the CAAP Administration Building. Refund at the CAAP terminals will be on a 24-hour basis.
- 3.3 CAAP - refers to the Civil Aviation Authority of the Philippines.
- 3.4 Collection - refers to the process of receiving payment of DPSC by the Air Carrier from the Departing Passenger at the point of sale of the airline ticket.
- 3.5 Collection Period - refers to bi-monthly reporting period of collection, from 1st up to the 15th day and 16th day until the end of the month.
- 3.6 Departing Passenger - refers to any person carried or to be carried in an aircraft enplaned in CAAP terminals.
- 3.7 Domestic Passenger Service Charge (DPSC) - refers to the terminal fee imposed by CAAP on Departing Passengers, presently pegged at Php200.00, Php150 and Php100.00 depending on the terminal.
- 3.8 Extra Crew - refers to additional crew and/or operating crew of the airlines listed in the flight's General Declaration.
- 3.9 Infant - refers to any child who is below two years old at the time of departure, with or without Passenger Ticket.
- 3.10 Internationally-Recognized Exempted Passenger - refers to Infants, Flight and Extra Crew.
- 3.11 Locally-Recognized Exempted Passenger – refers to officials and employees of CAAP who are on Official Travel or other authorized by law and the Office of the President.
- 3.12 Online Booking – refers to purchase of ticket through the internet, including transactions through telephones and mobile applications.
- 3.13 Online Third Party Travel Agencies – shall include Third Party websites processing passenger booking by extracting data from Air Carrier's websites.
- 3.14 Passenger Ticket/Itinerary Receipt - refers to a document, whether paper or electronic, that holds the required information in relation to the contract of carriage that allows passage to a passenger for domestic air transportation departing from CAAP terminals.

- 3.15 Remittance - refers to payment of DPSC collection received on behalf of CAAP based on flown passengers less exempted passengers.
- 3.16 Remittance Period - shall mean on or before the end of the current month for the DPSC collected from the 1st day to 15th day of the month and on or before the 15th day of the succeeding month for DPSC collected from the 16th day to the end of the month.
- 3.17 Remittance Report – refers to a form containing all the necessary information for purposes of accounting the DPSC collection and remittance of the Air Carrier.
- 3.18 Transit Passenger – refers to a passenger who arrives on an aircraft from any international terminal and is not required to check-in in boarding the aircraft to his intended destination.

4. STATEMENT POLICY

- 4.1 The DPSC shall be collected from each Departing Passenger enplaning CAAP terminals in the amount as prescribed by the CAAP. (Annex “A”, *List of CAAP Operated Airports with corresponding DPSC*)
- 4.2 The DPSC shall be integrated by default by the Air Carriers or its agents from the point of sale on cash or credit, covering the following transactions:
 - a. Purchase through electronic site/web;
 - b. Purchase through agents; and
 - c. Purchase through selling air carrier.
- 4.3 The integration of the DPSC at the point of sale shall take effect for tickets issued or reissued beginning from the effectivity of this MC.
- 4.4 The following passengers are not subject to the payment of the DPSC:
 - a. Infant
 - b. Flight and Extra Crew
 - c. Transit Passenger
 - d. Locally Recognized Exempted Passengers
- 4.5 The Air Carrier shall be responsible for ensuring that DPSC has been included and paid in all Passenger Tickets/Itinerary Receipts issued to Departing Passengers showing enplanement from CAAP terminals, including non-revenue tickets.
- 4.6 The DPSC collected by the Air Carrier is to be regarded as monies held in trust on behalf of CAAP.

5. TRANSITION PERIOD

- 5.1 Within a period of one (1) year from the effectivity of this MC, CAAP shall, at designated collection counters, collect DPSC from Departing Passengers who have already been issued Passenger Ticket/Itinerary Receipt prior to effectivity of this MC.
- 5.2 Upon presentation by the Departing Passenger for check-in, the Air Carrier shall examine if the Passenger Ticket/ Itinerary Receipt contains information about DPSC payment.
- 5.3 The following process shall be implemented during the transition period:
 - 5.3.1 Check-in via Airport Counter
 - i. Departing Passenger proceeds to the check-in counter for processing.
 - ii. The Air Carrier Representative shall check when the ticket was issued. If the ticket was issued/reissued before the effectivity of this MC, the Air Carrier Representative advises Departing Passenger to proceed to the terminal fee counter for payment of DPSC.
 - 5.3.2 Mobile Check-in
 - i. Departing Passenger to proceed to the CAAP Inspector for boarding document verification. If DPSC is not yet paid Departing Passenger shall be advised to proceed to terminal fee counter for payment of DPSC.
 - 5.3.3 Payment of DPSC
 - i. CAAP teller receives the boarding pass and payment from the Departing Passenger.
 - ii. CAAP teller attaches/issues the DPSC ticket, consisting of the inspector and passenger's copy to the boarding pass.
 - 5.3.4 Inspection
 - i. CAAP Inspector examines the boarding pass and ensures that each Departing Passenger has paid the DPSC.
 - ii. CAAP Inspector to detach and retain the Inspector's copy of the DPSC ticket.

6. REMITTANCE AND SETTLEMENT

- 6.1 The Air Carrier shall be responsible for all DPSC collected from the time of Collection up to Remittance to CAAP.
- 6.2 The due date of remittance for the DPSC collections from the 1st to the 15th day of the month shall be on or before the 15th day of the succeeding month. The DPSC

collections from the 16th day to the end of the month shall be remitted on or before the end of the succeeding month.

- 6.3 In case of failure to remit DPSC in full amount to the CAAP within the specified time, the Air Carrier or its agent shall pay CAAP the balance of the unremitted amount plus the interest equivalent to 18% per annum.
- 6.4 To avoid the late remittance of DPSC, the Air Carrier has the option to make an advance payment to CAAP amounting on the average 15-day remittance of the Air Carrier based on the preceding six (6) months data. The full amount of the bi-monthly DPSC payment paid by the Air Carrier shall be deducted from its advance payment, without interest for late remittance.
- 6.5 If the advance payment is insufficient for DPSC bi-monthly deduction, the Air Carrier shall remit the balance plus 18% interest per annum thereof. Excess in deposit shall be applied to the next month's remittance.
- 6.6 In case the declaration by the Air Carrier of the amount to be remitted to CAAP is less than the amount due, the penalty shall be eighteen percent (18%) per annum on the difference.
- 6.7 Submission of fraudulent remittance report with the intention to defraud the government shall have a surcharge of twenty five percent (25%) of the full amount.

The penalty shall not apply if within six (6) months from the date of remittance, the Air Carrier reconciles its remittance report and remit the differential amount with the Air Carrier's reconciliation audit report. However, the eighteen percent (18%) interest for the late remittance shall apply.

- 6.8 Air Carrier or its agent shall remit the collected DPSC through any of the following modes:
 - a. Bank Credit – the Air Carrier deposits or transfers the DPSC collections to the following CAAP Bank Account:

Landbank of the Philippines
Account Name: CAAP
Current Account Number: 2512-1011-11
 - b. Direct Payment either in Cash or Check – In case of check payments, the same shall be in the name of the "CAAP"
- 6.9 After remitting the DPSC, the copy of its pay-in slip with the deposit date stamp and the bank seal along with other details of payment shall be sent through facsimile to (02) 944-2047 or email to accounting@caap.gov.ph.
- 6.10 The CAAP shall issue Official Receipt to the Air Carrier upon presentation of proof of remittance, namely, a bank validated deposit slip/payment slip with Remittance Report. If the bank-validated remittance or deposit form is not feasible, a notification to CAAP of the deposit or fund transfer is acceptable.

- 6.11 All monies from DPSC collection based on flown non-exempt passengers must be remitted to the CAAP net service fee.
- 6.12 The air carrier shall notify CAAP of any overpayment. CAAP shall complete its reconciliation of the discrepancy within a period of ninety (90) days from receipt of the written notice. Overpayments made shall thereafter be offset against any future remittance.
- 6.13 Any discrepancy found during the reconciliation shall be settled within the next remittance cycle provided it was due to unintentional error or without manifest bad faith.
- 6.14 All Remittances are to be made in Philippine Peso payable to the CAAP. Corresponding bank charges for every remittance made shall be for the account of the CAAP.

7. REPORTORIAL REQUIREMENTS

- 7.1 The Air Carrier shall submit to the CAAP the following duly certified documents covering every Remittance Period:
 - a. Remittance Report (Annex B) – details the DPSC collections as follows:
 - i. Name of the Air Carrier
 - ii. Period covered
 - iii. Total Passenger Load
 - iv. Infant, Extra Crew and Transit Passengers
 - v. Passenger Load subject to 3.5% service fee
 - vi. Locally Recognized Exempted Passengers (Annex D)
 - vii. Total number of paying passenger
 - viii. Total amount collected
 - ix. Net amount due
 - b. Bank-validated deposit slip or remittance form.
- 7.2 The Air Carrier's authorized representative shall warrant as to the correctness of the information provided to the CAAP.
- 7.3 The total number of Departing Passengers based on the Remittance Report shall be the basis of the Air Carrier's remittance of DPSC Collection to the CAAP, unless, for purpose of Reconciliation, the Air Carrier provides other documentation or evidence that would show an error in the Remittance Report.
- 7.4 Any discrepancy, undocumented exemption and/or exemption allowed in violation of the approved parameters shall be charged to the Air Carrier, except in cases where such discrepancy and/or exemption arose from fraudulent or spurious submissions to the Air Carrier.

8. REFUNDS

- 8.1 The CAAP shall be responsible for the processing of refund to passengers who are exempted from the payment of DPSC.
- 8.2 Exempted passengers who paid DPSC on tickets issued / reissued on or after shall proceed to:
- a. Refund counters located at a designated airport counter; or
 - b. CAAP Administration Building
- 8.3 Requirements for claiming refund
- a. At the Terminals (by exempted passenger on departure date)
 - i. Submit copy of Passengers Ticket/Itinerary Receipt/Official Receipt /Invoice clearly showing payment for terminal fee.
 - ii. Surrender original copy of acceptable exemption documents.
 - iii. Presentation of Boarding Pass
 - b. At the CAAP Administration Building (by exempted passenger/authorized representative after departure date)
 - i. In all cases, refunds must be accompanied by the following:
 1. DPSC Refund Declaration;
 2. Submit copy of Passenger Ticket / Itinerary Receipt / Official Receipt / Invoice clearly showing payment for terminal fee;
 3. Surrender original copy of acceptable exemption documents; and
 4. Claimant's valid government-issued ID (with photograph)
 - ii. If refund is thru a representative:
 1. Documents enumerated under Item 8.3.b.i.; and
 2. Valid government-issued ID (with photograph) of the representative
 - iii. If refund is authorized by a group of Passenger Claimant's thru a representative:
 1. Documents enumerated under Item 8.3.b.i.;
 2. Valid government-issued ID (with photograph) of the authorized representative
- 8.4 The Air Carrier shall be responsible with the processing of refunds to passengers with unused tickets. Payment shall be made directly to the passenger concerned by the Air Carrier. The Air Carrier shall ensure that processing for refund shall be acted upon promptly. The Air Carrier shall also be responsible with the refund and payment of DPSC to exempted passengers as defined under Item 4.4 who were erroneously assessed and charged with the payment thereof.

9. SERVICE FEE

- 9.1 In consideration for collecting, handling and remitting the DPSC receipts, the collecting Air Carrier shall be entitled to 3.5% service fee based on gross DPSC collected per flown non-exempt passenger.
- 9.2 The Service fee due the Air Carrier shall be deducted from the total proceeds due the CAAP subject to government accounting and auditing rules and regulations. This shall be clearly included in the report to be submitted to the CAAP.
- 9.3 The Service fee shall be subject to review upon request by any party herein.

10. AUDIT REQUIREMENTS

- 10.1 The Air Carrier shall, upon prior written notice and during business hours, allow the duly authorized representative of the CAAP and/or Commission on Audit (COA) to conduct periodic inspection and audit of any accounting records or similar books, equipment or recording devices used in DPSC Collection. The period of inspection and audit shall be held not more than three (3) years from the date of remittance of the remittances subject of inspection or audit.
- 10.2 For the above purpose, the Air Carrier shall create and maintain a separate account for the purpose of recording all transactions relative to the Collection and Remittance of the DPSC. This shall be kept in accordance with the generally accepted accounting and auditing practices. Documents, in electronic format or otherwise, supporting the Collection and Remittance of the DPSC shall be maintained and kept at the office of the Air Carrier and shall be preserved for a period of at least three (3) years.
- 10.3 Other documents and data which are necessary in the confirmation of Collection and Remittance of the DPSC shall be made available anytime upon a written request by the duly authorized representative of the CAAP and/or COA, to wit:
 - a. Flight Manifest; and
 - b. Flight Summary for the day.
- 10.4 All existing forms, procedures and processes imposed by CAAP Operations to document flight departures including attendant statistics thereto shall remain enforced and may used to validate / audit remittances of the DPSC by the Air Carrier.
- 10.5 The Air Carrier shall provide the name, address and telephone number of its officer/s handling the consolidation of DPSC collection, settlement, remittance and reporting who may be contacted concerning questing on its remittances and reports. Likewise, the CAAP and the COA shall provide the Air Carrier with the name and designation of its officer/s and employees who will be authorized to have access to Air Carrier's records for audit purposes.

11. DISPUTE RESOLUTION

- 11.1 In the event of a discrepancy on any matter pertaining to the collection, remittance, or reporting of the DPSC, CAAP or the Air Carrier shall notify the other party in writing of such discrepancy within five (5) business days from discovery thereof.
- 11.2 The parties, through their duly authorized representatives, shall endeavor in good faith to make a final reconciliation of records to rectify such discrepancy within ten (10) business days from receipt of the other party of such notice, which period may be extended upon mutual agreement by the parties.

12. MISCELLANEOUS PROVISIONS

- 12.1 The provisions of this MC shall be treated as separable. If any portion thereof shall be held invalid, illegal or unlawful, such invalidity or illegality shall not affect the other provisions which shall remain in full force and effect.
- 12.2 In case of cessation of operation, the Air Carrier shall notify the CAAP in writing at least sixty (60) calendar days prior to cessation of its operation at CAAP Terminals.
- 12.3 The Air Carrier, at its option, may provide a disclaimer on its website for third party liability.
- 12.4 This MC shall be modified at the instance of any of the parties affected after sufficient consultations have been concluded.

13. SUPERSEDING CLAUSE

- 13.1 All CAAP issuances in conflict herewith are hereby superseded.

14. EFFECTIVITY

- 14.1 This MC shall takes effect 1st September 2017.


CAPTAIN JIM C. SYDIONGCO
Director General

Area Center 1	Passenger Service Charge (Terminal Fee) As of June 1, 2015
Laoag	200.00
Tuguegarao	150.00
Basco	100.00
Baguio	100.00
Cauayan	100.00
Vigan	50.00
Bagabag	50.00
Palanan	50.00
Itbayat	50.00
Rosales	50.00
Lingayen	50.00
Area Center II	
San Jose	150.00
Marinduque	100.00
Plaridel	50.00
Alabat	50.00
Baler	50.00
Calapan	50.00
Iba	50.00
Lubang	50.00
Jomalig	50.00
Mamburao	50.00
Area Center III	
Pto. Princesa	200.00
Busuanga	100.00
Romblon	100.00
Cuyo	50.00
Area Center IV	
Legazpi	150.00
Naga	100.00
Virac	100.00
Masbate	100.00
Daet	100.00
Sorsogon	50.00
Bulan	50.00

Area Center V	Passenger Service Charge (Terminal Fee) As of June 1, 2015
Iloilo	200.00
Bacolod	200.00
Kalibo	200.00
Roxas	150.00
Antique	100.00
Area Center VI	
Tagbilaran	100.00
Dumaguete	150.00
Siquijor	50.00
Ubay	50.00
Bantayan	50.00
Area Center VII	
Tacloban	150.00
Catarman	100.00
Calbayog	50.00
Ormoc	100.00
Biliran	50.00
Borongan	50.00
Hilongos	50.00
Catbalogan	50.00
Maasin	50.00
Guiuan	50.00
Area Center VIII	
Zamboanga	150.00
Dipolog	100.00
Pagadian	100.00
Jolo	75.00
Sanga-Sanga	50.00
Ipil	50.00
Liloy	50.00
Siocon	50.00
Cagayan de Sulu (Tawi-Tawi)	50.00

Area Center IX	Passenger Service Charge (Terminal Fee) As of June 1, 2015
Cagayan de Oro (Laguindingan)	150.00
Butuan	150.00
Ozamis	100.00
Camiguin	50.00
Iligan	50.00
Siargao	150.00
Surigao	100.00
Malabang	50.00
Wao	50.00
Area Center X	
Davao	200.00
General Santos	150.00
Cotabato	150.00
Tandag	100.00
Bislig	100.00
Mati	50.00
Allah Valley	50.00

DOMESTIC PASSENGER SERVICE CHARGE

Remittance Report

AIR CARRIER:		Period Covered:
1. Total Pax Load		
2. Less:	Infant / Extra Crew	
3. Pax Load Subject to 3.5% Service Fee		
4. Less:	Locally – Recognized Exempted Pax	
5. Paying Pax		
6. Amount Collected		
7. Less:	Service Fee	
8. Add:	Applicable Taxes on Service Fee	
9. Amount Due		
10. Deposit		
11. Net Amount Due		

PAYMENT DETAILS:

Mode of Remittance		
a. Bank Credit / Telegraphic Transfer		
	Account Name : CAAP Current Account Number : 2512-1011-11 Swift Code :	
b. Direct Payment		
	Check Payable to : CAAP	
Signature		Date
Printed Name		
Contact Details		

This DPSC Remittance Report must be accomplished and forwarded to Accounting Division, with Details of Remittance (**Annex C**) and Summary of Exempted Passengers (**Annex D**) thru:

- a. Fax - (02) 944-2047
- b. Email - accounting@caap.gov.ph

DETAILS OF REMITTANCE

For the Period _____

AIR CARRIER:	
AIRPORT:	

DAY	No. of Flights	Total Pax Load	EXEMPTED PAX		Total Exempted Pax (D+E)	Total Paying Pax (C-F)	Amount
			Infant/Extra Crew/Transit Pax	Locally-Recognized Annex E			
A	B	C	D	E	F	G	H
1							
2							
3							
4							
5							
6							
7							
8							
9							
10							
11							
12							
13							
14							
15							
TOTAL							

