

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7086



Introduced by Representatives Hon. Christopher “Toff” V.P. de Venecia, Hon. Angelo Marcos Barba, Hon. Rufus B. Rodriguez, Hon. Mark O. Go, Hon. Angelica Natasha Co, Hon. Jefferson F. Khonghun, Hon. Anna Victoria Veloso-Tuazon, Hon. Jose Francisco “Kiko” B. Benitez, Ph.D., Hon. Linabelle Ruth R. Villarica, Hon. Ma. Rachel J. Arenas, Hon. Lianda B. Bolilia, Hon. Joey Sarte Salceda, Hon. Juan Carlos “Arjo” C. Atayde, Hon. Bryan B. Revilla, Hon. Florida “Rida” P. Robes, Hon. Rachel Marguerite B. Del Mar, Hon. Maria Vanessa C. Aumentado, Hon. Lord Allan Jay Q. Velasco, Hon. Richard I. Gomez, DPA, Hon. Ralph G. Recto, Hon. Stella Luz A. Quimbo, Hon. Jude A. Acidre, Hon. Vincent Franco “Duke” D. Frasco, Hon. Claudine Diana D. Bautista-Lim, Hon. Kristine Singson-Meehan, Hon. Aniela Bianca D. Tolentino, Hon. Tsuyoshi Anthony G. Horibata, Hon. Richelle Singson, Hon. Edward Vera Perez Maceda, Hon. Antonio B. Legarda Jr., Hon. Jaime Eduardo Marc D. Cojuangco, Hon. Marlyn “Len” B. Alonte, Hon. Patrick Michael D. Vargas, Hon. Margarita Ignacia B. Nograles, Hon. Eduardo Roa Rama Jr., Hon. Robert Ace S. Barbers, Hon. Lani Mercado-Revilla, Hon. Ramon Jolo B. Revilla III, Hon. Marissa “Del Mar” P. Magsino, Hon. Dan S. Fernandez, Hon. Jose Arturo S. Garcia, Jr.

AN ACT
GRANTING TAX EXEMPTIONS AND SUBSIDIES FOR THE LOCAL FILM AND
MUSIC INDUSTRIES, AMENDING FOR THE PURPOSE SECTION 140 OF
REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL
GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

Live events and cinema have been seen as major sources of income for a local government, as they have been catalyzers of local tourism and employment. The Travelsat Competitive Index in 2018 noted that about 18 million people choose their travel destination based on the films and TV series they consume. Movies such as *Crazy Rich Asians*, or *Lara Croft: Tomb Raider* significantly increased international tourist arrivals in the year they were released. Location filming also significantly improves the local economy such as what *Survivor* did to transform Caramoan, Camarines Sur from being a remote municipality to the tourist site that it is today. Live events have also developed local emerging destinations such as the likes of Coachella and Fujirock, and locally, the Soul Surf Festival which developed the San Juan, La Union area. On top of that, they contribute to increased local employment. Currently, the live events and film industries employ

around 760,000 workers, generating no less than 100 billion pesos per annum. Thus, there is huge potential in developing this sector for local development.

However, due to the COVID restrictions, cinema and live events suffered severe losses due to their inability to film movies or to hold events. Even despite the loosening of these restrictions, these sectors are still in a state of recuperating from the effects of the pandemic. On top of that, consumers' viewing habits have shifted amidst rapid digitalization, as accelerated by the pandemic, thus affecting the overall productivity of a theatrical release. As to live events, their attendance numbers have only recently been able to hit capacity levels but at greater operational costs.

On top of these, film and live events have also been subject to a fiscal instrument that has generated income for both the country and local government units - amusement tax.

Some of the biggest cities in the country collect up to more than 50 million pesos a year worth of amusement tax. The imposition of this fiscal policy on places of amusement has been justified as being directed at persons with disposable income, indulging in what may be perceived to be non-essential expenditures. This policy, effectively has become a hindrance to the development of these sectors.

But while amusement tax collections in the Philippines hardly account for one percent of an LGU's revenues for a year, they are significantly felt by those liable to pay. As a result of these, among other factors, ticket prices for cinemas and other live events have vastly increased in the past years. Currently, the going price for cinema tickets is Php 330.00, which is higher than the daily minimum wage of several regions in the country. Tickets in concerts in the Philippines are generally more expensive, so much so that some Filipinos would fly to nearby countries instead to watch these at a cheaper value. According to stakeholders, the reduction of amusement taxes will embolden them to take risks again in the holding of live events to reduce operational costs.

Furthermore, it is estimated by the Philippine Motion Pictures Producers Association that gross sales of films should amount to 270% of the total production cost in order to breakeven or recoup their investment. This is in light of the multitude of taxes that they have to pay throughout the filmmaking process (i.e. income tax, VAT), amusement tax included. In fact, according to PMPPA, no Philippine-made film in 2022 was able to make a profit out of their work. Thus, any move to reduce the amusement tax liability of film industry players will surely allow more freedom for them to operate in this country, in hopes of resuscitating this industry.

This bill shall lessen the cap of the amusement taxes provided under the Local Government Code to five percent, and grant a tax holiday of two years, in order for these industries to recover from rising prices brought about by inflation, shifting consumption habits, make tickets more affordable, as well as to recover from their major losses throughout the pandemic.

This version of this Bill was successfully passed on third reading in the 18th Congress, and is being re-filed in this Congress.

In view of the foregoing, the passage of the bill is earnestly sought.

**HON. CHRISTOPHER "TOFF" V.P. DE
VENECIA**

HON. ANGELO MARCOS BARBA

HON. RUFUS B. RODRIGUEZ

HON. MARK O. GO

HON. ANGELICA NATASHA CO

HON. LIANDA B. BOLILIA

**HON. ANNA VICTORIA VELOSO-
TUAZON**

**HON. JOSE FRANCISCO "KIKO" B.
BENITEZ, PH.D.**

**HON. LINABELLE RUTH R.
VILLARICA**

HON. MA. RACHEL J. ARENAS

HON. JEFFERSON F. KHONGHUN

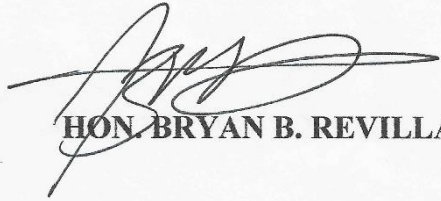
HON. JOEY SARTE SALCEDA



**HON. JUAN CARLOS "ARJO" C.
ATAYDE**



HON. FLORIDA "RIDA" P. ROBES



HON. BRYAN B. REVILLA




**HON. RACHEL MARGUERITE B. DEL
MAR**



**HON. MARIA VANESSA C.
AUMENTADO**



HON. LORD ALLAN JAY Q. VELASCO



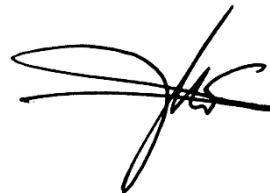
HON. RICHARD I. GOMEZ, DPA



HON RALPH G. RECTO




HON. STELLA LUZ A. QUIMBO



HON. JUDE A. ACIDRE



**HON. VINCENT FRANCO "DUKE" D.
FRASCO**



**HON. CLAUDINE DIANA D.
BAUTISTA-LIM**

HON. KRISTINE SINGSON-MEEHAN

HON. ANIELA BIANCA D. TOLENTINO

HON. TSUYOSHI ANTHONY G. HORIBATA

HON. RICHELLE SINGSON

HON. EDWARD VERA PEREZ MACEDA

HON. ANTONIO B. LEGARDA JR.

HON. JAIME EDUARDO MARC D. COJUANGCO

HON. MARLYN "LEN" B. ALONTE

HON. PATRICK MICHAEL D. VARGAS

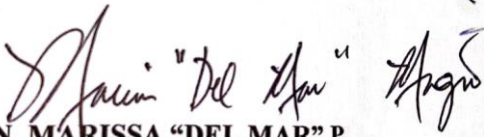
HON. MARGARITA IGNACIA B. NOGRALES

HON. EDUARDO ROA RAMA JR.

HON. ROBERT ACE S. BARBERS

HON. LANI MERCADO-REVILLA

HON. RAMON JOLO B. REVILLA III


**HON. MARISSA "DEL MAR" P.
MAGSINO**


HON. DAN S. FERNANDEZ


HON. JOSE ARTURO S. GARCIA, JR.

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AN ACT
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Be it enacted by the Senate and House of Representatives of the Philippines, in Congress assembled:

SECTION 1. This Act shall be known as the “*Film and Live Events Recovery Act.*”

SECTION 2. Recognizing that culture is a human right and a manifestation of the freedom of belief and expression, and that creative industries are engines for socio-economic growth and inclusion, the State shall accord the utmost priority to the preservation of Filipino national culture and bolster the development of our creative industries, including film, music, and live events. It shall encourage and promote the creation of original Filipino films, music, and live events, and provide support to make these industries internationally competitive. It shall ensure that these

industries provide livelihood opportunities to all Filipinos working in these fields, and cultural and creative opportunities to all local workers.

SECTION 3. Section 140 (a) of Republic Act No. 7160, as amended by Republic Act No. 9640, otherwise known as “The Local Government Code of 1991”, is hereby amended to read as follows:

“SECTION 140. Amusement Tax - (a) The province may levy an amusement tax to be collected from the proprietors, lessees, or operators of theaters, cinemas, concert halls, circuses, boxing stadia, and other places of amusement at a rate of not more than [ten percent (10%)] **FIVE PERCENT (5%)** of the gross receipts from admission fees.

(b) In the case of theaters of cinemas, the tax shall first be deducted and withheld by their proprietors, lessees, or operators and paid to the provincial treasurer before the gross receipts are divided between said proprietors, lessees, or operators and the distributors of the cinematographic films.

(c) The holding of **LOCALLY-PRODUCED** operas, concerts, dramas, **MUSICAL PLAYS**, recitals, painting and art exhibitions, flower shows, musical programs, literary and oratorical presentations, **AND LOCAL FILM PRODUCTIONS**, [except pop, rock, or similar concerts] shall be exempt from the payment of the tax herein imposed[.]: **PROVIDED, THAT AT LEAST TEN PERCENT (10%) OF THE EQUITY OF SUCH LOCAL PRODUCTIONS ARE OWNED BY FILIPINOS AS CERTIFIED BY THE INTELLECTUAL PROPERTY OFFICE OF THE PHILIPPINES (IPOPHL) OR THE DEPARTMENT OF TRADE AND INDUSTRY (DTI)**

(d) The sangguniang panlalawigan may prescribe the time, manner, terms and conditions for the payment of tax. In case of fraud or failure to pay the tax, the sangguniang panlalawigan may impose such surcharges, interest and penalties as it may deem appropriate.

(e) The proceeds from the amusement tax [shall be shared equally by the province and the municipality where such amusement places are located.] **FROM LOCALLY-PRODUCED OPERAS, CONCERTS, DRAMAS, MUSICAL PLAYS, RECITALS, PAINTING AND ART EXHIBITIONS, FLOWER SHOWS, MUSICAL PROGRAMS, LITERARY AND ORATORICAL PRESENTATIONS, AND LOCAL FILM PRODUCTIONS SHALL BE ALLOCATED FOR PROGRAMS, ACTIVITIES, AND PROJECTS IN THE CULTURAL AND CREATIVE SECTORS. THE REMAINING PROCEEDS SHALL BE SHARED EQUALLY BY THE PROVINCE AND THE MUNICIPALITY WHERE SUCH AMUSEMENT PLACES ARE LOCATED:**

PROVIDED, THAT WITHIN TWO (2) YEARS FROM THE EFFECTIVITY OF THIS ACT, FROM JULY 1, 2023 TO JUNE 30, 2025, THE POWER OF THE LOCAL GOVERNMENTS TO LEVY AN AMUSEMENT TAX PURSUANT TO SECTION 140 OF REPUBLIC ACT NO. 7160, AS AMENDED, IS SUSPENDED

**WITH AN EXTENDIBLE PERIOD OF A MINIMUM OF TWO (2) YEARS
SUBJECT TO THE APPROVAL OF THE DEPARTMENT OF FINANCE (DOF).”**

SECTION 4. Within sixty (60) days from the effectivity of this Act, the DOF shall, in consultation with the Department of the Interior and Local Government, DTI, IPOPHIL, and the Union of Local Authorities of the Philippines, League of Provinces of the Philippines, League of Cities of the Philippines, League of Municipalities of the Philippines, different film music, and live events industry guilds and organizations, as well as producers and other stakeholders, promulgate the necessary rules and regulations for its effective implementation.

SECTION 5. If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.

SECTION 6. All laws, decrees, orders, issuances, rules and regulations which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SECTION 7. This Act shall take effect fifteen (15) days after publication in the Official Gazette and two (2) newspapers of national circulation.

Approved,