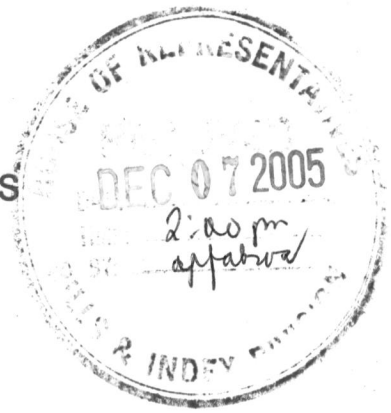


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 4866



Introduced by REP. PROSPERO A. PICHAY, JR.

EXPLANATORY NOTE

The pervasiveness of films exceeds most media in its ability to capture not only the attention, but also the very consciousness of its viewers, allowing them to process the import of refracted social realities or ideas from their own understanding. Hence, films, especially our local films, play a pivotal role in the cultivation of our social consciousness, and communication of ideas.

But its potential to fully realize the aforesaid is being restricted by the degeneration of an industry tightly intertwined with it - the cinema and/or theater industries. As it stands, our cinemas/theaters - the foremost media of the local film experience, suffer the twin blows of weak patronage and high taxation.

The lesser taxed and even untaxed forms of visual and multimedia culture - free and cable television, together with DVDs and VCDs, whether pirated or not, are unfairly advantaged over the highly taxed film industry. The amusement and value-added taxes levied on movie theaters, amounting to 40% of the gross receipts of ticket sales, do not only impinge on the lucrativeness of the film and movie theater industries, but also directly affect the viability, quality, and function of local films; it creates the cycle of weak patronage, weak profits, weak quality, and consequently, a weakened position and function of local films in our society. And if such a retrogressive cycle persists, the local film industry will not survive as a trade and will cease to be a tool for the cultivation of social and cultural consciousness, communication of ideas, and accordingly a vehicle for societal changes.

One crucial action to end that vicious cycle is putting a ceiling of ten percent (10%) on the amusement tax levied on the industry. The art of filmmaking is still grounded in economic realities and tax reduction may just be the key to jumpstart its growth and to catapult Philippine Cinema back to the pedestal where it once belonged.

In view of the foregoing, the passage of this measure is earnestly sought.


PROSPERO A. PICHAY, JR.



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AN ACT
AMENDING SECTION ONE HUNDRED FORTY OF REPUBLIC ACT
7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE
OF 1991" AND FOR OTHER PURPOSES

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

SECTION 1. Section 140 of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" is hereby amended to read as follows:

"SEC. 140. Amusement tax. – (a) The province may levy an amusement tax to be collected from the proprietors, lessees, or operations of [theaters, cinemas,] concert halls, circuses, boxing stadia, and other places of amusement at a rate of not more than thirty percent (30%) of the gross receipts from admission fees: PROVIDED THAT, IN THE CASE OF PROPRIETORS, LESSEES, OR OPERATORS OF THEATERS AND CINEMAS THE AMUSEMENT TAX TO BE COLLECTED SHALL NOT BE MORE THAN TEN PERCENT (10%) OF THE GROSS RECEIPT OF TICKET SALES."

"x x x"

SECTION 2. *Repealing Clause.* – Any laws, decrees, ordinances or rules and regulations which are inconsistent with or contrary to the provision of this Act is hereby amended or repealed.

SECTION 3. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official gazette or in at least two (2) national newspapers of general circulation.

Approved,