

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 3787

Introduced by Rep. TEDDY A. CASIÑO

EXPLANATORY NOTE

Filipinos are known to be highly artistic and cultural individuals. We pride ourselves in having world-renowned musicians and singers.

At present, however, it is a dark time for the Filipino music industry. Piracy levels have reached 83%, according to the Philippine Association of the Record Industry (PARI). The International Intellectual Property Alliance had ranked the country as fifth in global and second in Asian music piracy. In 2009 alone, we lost around \$112.2 million in audio CD sales.

This has extremely affected record sales which has continually declined from a record high of P1 billion in sales in 2000 to several hundred million pesos today. To adapt with the changes, the standards of awarding gold or platinum record have also been changed. The 20,000 quota for a gold record had been cut in half to make it more attainable.

This has not only affected the economic aspect of the field – with producers and record labels closing shop, artists not earning enough – but also the creative aspect. Artists are advised to sing old songs to ensure that the albums would sell instead of making their own or employing composers to make new original Filipino songs that may or may not sell.

With the record industry flailing, artists rely on live performances to make a living. However, this has become just as challenging with the threat of foreign competition and high production costs. Producers and artists are further burdened by multiple taxes, from VAT paid for services and materials and amusement tax paid to the local government.

In a recent roundtable discussion with the Organisasyon ng Pilipinong Mang-aawit, the Philippine Association of the Record Industry, various producers, artists and record labels, it was revealed that the rate of amusement tax differed depending on the city or municipality. No refunds are also made based on actual ticket sales. Some were asked certain amounts of money based on estimated ticket sales, regardless of the law's provision that it be computed from the "gross receipts from admission fees."

The high and arbitrary amusement taxes being paid by concert artists and producers have prohibited them from earning enough – with some barely breaking even. This lack of incentive has dissuaded producers and managers from organizing live performances. At the very least they scrimp on the production. This may translate to lower employment opportunities in the industry, as well as a tendency to hold back the artist's creativity in favor of economic practicalities.

It is in this light that we seek amusement tax exemption for local artists promoting original Filipino music. This is also a reminder to government officials that they should implement the law properly – that the ceiling amusement tax rate is 10%, as set by Republic Act No. 9640 which amended Republic Act No. 7160 or the Local Government Code, and that such will be taken from the gross receipts of admission fees, refunding whatever was given in advance. There have also been reports that Filipino theater acts have been deprived of their right to an exemption.

To further empower the music industry, amusement tax derived from concerts of foreign artists will be earmarked for workshop subsidies badly needed by our local theater groups, as well as trainings and workshops for artists and composers to encourage the creation of original Filipino music.

In view of the foregoing, immediate approval thereof is highly recommended.

Approved,


TEDDY A. CASINO
Bayan Muna Party-list

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AN ACT
PROVIDING FOR TAX EXEMPTIONS AND SUBSIDIES FOR THE LOCAL MUSIC
INDUSTRY AND AMENDING FOR THIS PURPOSE CERTAIN SECTIONS OF
THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Short Title. – This Act shall be known as the “Local Music Industry Incentive Act of 2010.”

SECTION 2. *Declaration of policy.* – The State, in its belief that culture is a human right and a manifestation of the freedom of belief and expression, shall promote and protect the Filipino national culture which includes the local music industry. First and foremost, it shall encourage and promote the creation of original Filipino music and provide support to make the industry internationally competitive. It shall ensure that the music industry provides cultural opportunities to all Filipinos.

SECTION 3. Section 140 of Republic Act No. 7160, otherwise known as "The Local Government Code of 1991," as amended by Republic Act No. 9640, 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 operators of theaters, cinemas, concert halls, circuses, boxing stadia, and other places of amusement at a rate of not more than ten percent (10%) of the gross receipts from the admissions fees

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“(c) The holding of operas, concerts, dramas, recitals, painting and art exhibitions, flower shows, musical programs, literary and oratorical presentations, INCLUDING pop, rock, or similar concerts AS LONG AS THEY FEATURE MAINLY FILIPINO ARTISTS AND FILIPINO COMPOSITIONS shall be exempt from the payment of the tax herein imposed.

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“(e) PROCEEDS FROM AMUSEMENT TAXES FROM CONCERTS AND OTHER MUSIC-RELATED PRESENTATIONS SHALL BE EARMARKED FOR SUBSIDIZING WORKSHOPS OF LOCAL THEATER MUSICALS AND/OR TRAINING AND WORKSHOPS FOR LOCAL ARTISTS AND COMPOSERS. The REMAINING proceeds from the amusement tax shall be shared equally by the province and the municipality where such amusement places are located.”

SECTION 4. *Implementing Rules and Regulations.* – The National Commission for Culture and the Arts, different music industry guilds and organizations, as well as producers and other stakeholders, within sixty (60) days from the effectivity of this Act, shall issue the necessary rules and regulations for the implementation of this Act.

SECTION 5. *Constitutionality.* – Should any provision of this Act be declared invalid or unconstitutional, the validity or constitutionality of the other provisions shall not be affected thereby.

SECTION 6. *Repealing Clause.* – All laws, decrees, letters of instructions, resolutions, orders, ordinances or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended, or modified accordingly.

SECTION 7. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,