



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

NINETEENTH CONGRESS
First Regular Session



House Bill No. **3341**

Introduced by Representative TEODORICO “NONONG” T. HARESCO, JR.

AN ACT
ESTABLISHING DIGITAL AMUSEMENT TAXATION IN THE PHILIPPINES

EXPLANATORY NOTE

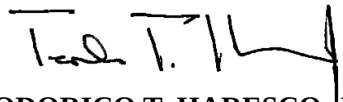
Since the COVID-19 pandemic started, the economy of the whole world shifted to the digital economy. The strict guidelines and quarantine procedures forced our constituents to consume alternative modes of trade, shopping, and entertainment. Specifically, the masses started to utilize digital markets and entertainment services. Hence, most businesses in the country adapted and created their own online businesses.

The shift to the online economy led to increased consumption of the digital streaming services. This has opened an opportunity for the State to regulate and raise revenue through taxation of the said streaming services.

Currently, amusement tax is being levied by provinces through the virtue of Republic Act No. 9640. This Act allows the provinces to collect tax, amounting to 10% of the gross sales, from the proprietors, lessees, or operators of theaters, cinemas, concert halls, and other places of amusement.

The collection of ten percent (10%) amusement tax from gross sales to the consumers in the Philippines may be extended to digital streaming service providers. Every digital streaming service provider must register with the Bureau of Internal Revenue. Digital Streaming Service Returns must be filed every quarter of the year for monitoring and revenue collection.

In the view of the foregoing, the immediate passing of this bill is earnestly sought.


TEODORICO T. HARESCO, JR.



House Bill No. **3341**

Introduced by Representative TEODORICO “NONONG” T. HARESCO, JR.

AN ACT
ESTABLISHING DIGITAL AMUSEMENT TAXATION IN THE PHILIPPINES

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “Digital
2 Amusement Taxation Act.”

3
4 **SECTION 2. Declaration of Policy.** – The State recognizes the vital role of
5 communication and information in nation-building. Moreover, the State may
6 prioritize introducing fiscal policies that will allow the regulation and raising
7 of revenue from the industry of information and technology, specifically on
8 digital amusement-streaming services.

9
10 **SECTION 3. Definition of Terms.** – The following terms shall be defined as
11 follows:

12
13 (a) Digital Streaming Services shall mean any streaming service that is
14 subscribed over the internet or other electronic network and the
15 delivery of the service is automated. Digital streaming services shall
16 include, but not limited to, provision of digital content like music,
17 dramas, movies, and concerts.

18 (b) Digital Streaming Service Provider shall mean any entity, whether local
19 or foreign, giving, providing, or rendering digital streaming services to a
20 consumer based in the Philippines, operating an online platform for the
21 purpose of the provision of digital streaming services on behalf of any
22 Filipino citizen.

23 (c) Consumer shall mean any person who acquires taxable digital
24 streaming services in the Philippines, whether from local or foreign
25 service providers. A person is a consumer of digital streaming service
26 by fulfilling any of the following:

27 a. Makes payment for digital streaming services using credit or debit
28 facility provided for by any financial institution or company in the

Philippines.

- b. Acquires digital streaming services using an internet protocol address registered in the Philippines or an international mobile phone country code assigned to the Philippines.

SECTION 4. *Digital Streaming Service Tax.* – Effective January 1, 2023, all digital streaming service providers shall be charged and levied with ten percent (10%) of its gross sales on its digital services rendered to the Philippines-based consumers.

SECTION 5. *Registration and Filing of Returns.* If the value of the digital streaming services provided exceeds the VAT Threshold of Three Million Pesos (P3,000,000.00) for a year, such service providers shall be required to register and remit to the Bureau of Internal Revenue. Affected service providers shall submit service tax returns every quarter of the year.

SECTION 6. *Implementing Rules and Regulations.* To carry out the provisions of this Act, the implementing rules and regulations shall be promulgated by the Department of Finance, upon the recommendation of the Bureau of Internal Revenue and in coordination with the Department of Information and Communication Technology not later than ninety (90) days after the approval of this Act.

SECTION 7. *Separability Clause.* Should any provision of this Act or any part thereof be declared invalid, the other provisions, so far as they are separable from the invalid ones, shall remain in force and in effect.

SECTION 8. *Repealing Clause.* All laws, decrees, orders, proclamations, rules and regulations or parts thereof, which are inconsistent with this Act are hereby repealed, amended, or modified accordingly.

SECTION 9. *Effectivity Clause.* This Act shall take effect fifteen (15) days after publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,