

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

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7111



Introduced by Representatives Bryan B. Revilla

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

The COVID-19 pandemic has critically impacted the Filipino film industry. Workers in the industry, including their families, have borne the brunt of its disastrous effects since the movement restrictions that needed to be imposed to control the spread of COVID hindered the efficient production of films and temporarily closed theatres nationwide.

In a meeting of the House Committee on Creative Industry and Performing Arts, the Department of Trade and Industry reported that among the challenges faced by the sector is constrained movie production which required closed-in taping and production bubbles. This has not only added a burden on the part of the producers but also limited the engagements of freelancers who now had to stay in the bubble.

The lockdown as well as the risk aversion of Filipinos have prevented them from visiting Philippine movie houses, to the detriment of the entire industry. From the pre-pandemic revenues of P995 million and P1.06 billion in 2019 and 2018, respectively, the earnings dipped to a measly P50 million in 2020. In the same committee meeting, the Philippine Motion Pictures Producers Association revealed that because of taxes and fees, "All films need to gross roughly 270% of the total cost of production to recoup on the investment and/or break even." This paints a concerning picture of the state of the industry because of the pandemic.

In this light, the government has to help the local film industry recover. This bill will temporarily grant local film productions a tax break to lessen the cost of producing films. This will protect the welfare of the industry workers, push for the production of quality local films, and attract investments in the sector.

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


REP. BRYAN B. REVILLA
Representative, AGIMAT Partylist

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SECTION 1. *Short Title.* – This Act shall be known as the "Pagbangon ng Pelikulang Pilipino Act."

SEC. 2. *Declaration of Policy.* – 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 such as the film industry. It shall encourage and promote the creation of original Filipino films 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.

SEC. 3. *Reduction of Amusement Tax.* – Section 140 of Republic Act No. 7160, as amended by Republic Act No. 9640, otherwise known as the Local Government Code of 1991, is hereby further 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 stadiums and other places of amusement at a rate of not more than [ten percent (10%)] **FIVE PERCENT (5%)** of the gross receipts from the admissions fees.

(b) In the case of theaters or 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, 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, 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.**

SEC. 4. *Suspension of the power of LGU to levy amusement tax.* – Within two (2) years from the effectivity of this Act, the power of local government 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.

SEC. 5. *Implementing Rules and Regulations.* – 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.

SEC. 6. *Separability Clause.* – 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.

SEC. 7. *Repealing Clause.* – All laws, decrees, orders and rules and regulations contrary to or inconsistent with the provisions of this Act are hereby repealed or amended accordingly.

SEC. 8. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette.

Approved,