

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

19th CONGRESS
Second Regular Session

HOUSE BILL NO. 9449



Introduced by **REP. JUAN CARLOS “ARJO” ATAYDE**

AN ACT
ESTABLISHING A FRAMEWORK FOR FILM AND TELEVISION
TOURISM IN THE PHILIPPINES, CREATING AN INTER-AGENCY COMMITTEE
ON FILM AND TELEVISION TOURISM AND FOR OTHER PURPOSES

Filipinos pride themselves when foreign films feature the Philippines. Among the notable films partly shot in the country are Avengers: Infinity Wars featuring Banaue Rice Terraces, Bourne Legacy featuring El Nido, XXX: Return of Xander Cage featuring Caramoan Island, South Korean films Romantic Island featuring Boracay, and No Breathing featuring Pearl Farm. These films validate and make known to the world the beauty and tourism potential of the country.

Tourists are enticed to visit the places featured in their favorite movies. As such, the government should recognize film tourism as an opportunity to boost our tourism industry. Its benefits are as follows:

- a. Cost-efficient marketing - given the allure of movies and television, being featured in it can be considered as an effective marketing campaign that widens the awareness reach of our tourist destinations without incurring too much cost;
- b. Enhances destination image - mass consumption of movies and television shows have an impact on viewer's perception on featured destinations. Given the location's association with fame, being able to visit the place is aspirational and even treated as a status symbol for the interested audience; and
- c. Non-seasonality - Modern technology, particularly the advancement of internet technology, allows films to be accessed and viewed at any time of the year thereby doing away with the seasonality of tourism.¹

¹ Dalisay, Vee Jay, *Written Report on Emerging Forms of Tourism: Film Tourism*.

In terms of economic benefits, international and local film production will create jobs that will yield economic growth and raise our country's international profile.

For these reasons, passage of this bill that aims to promote Philippine film tourism is earnestly sought.

A handwritten signature in black ink, consisting of a stylized 'J' and 'A' followed by a horizontal line.

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

1 **SECTION. 1. Title.** - This Act shall be known as the *"Philippine Film and*
2 *Television Tourism Act."*

3 **SEC. 2. Declaration of Policy.** - It is hereby declared to be the policy of the
4 State to treat film and television tourism as a special investment and tourism tool for
5 national development.

6 Consistent with the national goal of creating new areas of business to generate
7 employment opportunities as well as to recognize Filipino talent and culture, film and
8 television tourism in the country is hereby made a new investment priority, including
9 but not limited to: making the Philippines a location for shooting or filming area,
10 preserving or promoting the nation's historical and cultural heritage and resources as
11 well as artistic creations or sceneries depicted in films, and converting it into tourist
12 attractions; and championing Filipino film practitioners and artists and their
13 participation in foreign productions.

14
15 **SEC. 3. Creation of the Philippine Inter-Agency Committee on Film and**
16 **Television Tourism (PIAC-FTT).** - The Philippine Inter-Agency Committee on Film
17 and Television Tourism (PIAC-FTT) is hereby created, replacing the Philippine Film
18 Export Service Office (PFESO) under the Film Development Council of the Philippines
19 (FDCP), organized under Executive Order No. 674, Series of 2007.

1 The PIAC-FTT shall be headed by an Executive Director, a position which shall
2 be equivalent to an Executive Director III position of the FDCP, and which shall be a
3 career executive service officer position to be recommended by the Chairperson of the
4 FDCP and appointed-by the President.

5 It shall be composed of representatives from the following agencies:

- 6 a. Department of Tourism;
- 7 b. Department of Trade and Industry;
- 8 c. Department of Interior and Local Government;
- 9 d. Department of Finance;
- 10 e. Department of Foreign Affairs;
- 11 f. Bureau of Immigration and Deportation;
- 12 g. Department of Labor and Employment; and
- 13 h. Tourism Infrastructure and Enterprise Zone Authority.

14 The heads of the above stated departments of government shall designate their
15 regular representatives, based on their position in the organization, but not lower than
16 a Director-level position. The said representatives of the various government agencies
17 shall, in addition to their duties provided in this Act, also serve as the direct link to
18 streamline, and develop a one-stop-shop system.

19 The Secretariat of the PIAC-FFT shall be based in the Film Development
20 Council of the Philippines for financial and administrative support. It shall be composed
21 of existing *plantilla* positions and new positions that the Department of Budget and
22 Management may create that shall be necessary for the effective implementation of
23 this Act.

24 **SEC. 4. Functions of PIAC-FFT.** - The PIAC-FFT shall facilitate a one-stop-
25 shop system for foreign film or television production entities. It shall perform the
26 following:

- 27 a) Facilitate the promotion and marketing of the Philippines as location site
28 for the production of international films and television programs, such as
29 but not limited to creating and maintaining a website and/ or a manual of
30 Philippine Film and Television Tourism sites for overseas contract
31 workers; participating and exposure in World Expo, recognized
32 international film festivals, activities for cinema and television with global
33 market penetration, tourism fairs of international significance;
- 34 b) Formulate a ten-year Comprehensive Plan detailing an inventory of film
35 tourism sites in the country, areas for improvement, sectors to be tapped,

1 partnerships and marketing strategies both local and international in
2 application;

3 c) Offer tax credits to productions deemed eligible under this Act, which it
4 shall issue no more than one month after the completion of principal
5 photography;

6 d) Formulate and recommend a reward and incentive package for foreign
7 film/television entities interested in shooting films/television programs in
8 the country and monitor the implementation thereof;

9 e) Provide assistance to foreign film production entities in processing
10 pertinent documents and various requirements relative to the production
11 of international films/television programs in the country and in complying
12 with environmental regulations;

13 f) Coordinate with various government agencies and local government
14 units in assisting the entry and exit of a foreign film/television production
15 team, such as but not limited to producers, artists, and production crew;

16 g) Provide direct link between foreign production entities, producers,
17 filmmakers and artists with local production manpower services, local
18 artists, bit players and technical crew, facilities and the like;

19 h) Utilize the services of tourism attaches abroad, through the Department
20 of Tourism, in the promotion and marketing of Philippine locations
21 sites/resources and local film production manpower;

22 i) Maintain an inventory of areas in the country that may be utilized as a
23 film and television tourism site and a registry of sectors including artists,
24 film practitioners, technical personnel, and others for ready referrals;

25 j) Identify key film and television tourism sites used by international or local
26 filmmakers and establish a PIAC-FFT mark;

27 k) Keep a progress report and actual impact of the initiative taking into
28 consideration the increase in the number of film tourists and its
29 contribution to the economy;

30 l) Coordinate with various stakeholders and market players for research
31 and study on feasibility of a reward and incentive system, and other
32 aspects of combining tourism and film, including, but not limited to the
33 system of categories for the application of rewards and incentives
34 depending on the cinema grade and length of exposure of the identified
35 Philippine Film and Television Tourism site;

36 m) Coordinate with all Embassies and Consulates of the country to promote
37 film and television tourism;

- n) Coordinate and partner with various associations of Filipino overseas workers abroad in marketing, disseminating and propagating information on Philippines as a film tourism destination, and
- o) Coordinate and partner with known Filipinos of international stature in promoting the country and fulfilling the implementation of this Act.

SEC. 5. Partnership with Local Government Units (LGUs)- The PIAC-FFT shall partner and collaborate with Local Government Units in the performance of the following:

- a. Identifying and promoting film and television tourism sites;
- b. Facilitating and providing assistance in the easy issuance of permits, certificates and other documents related thereto;
- c. Assisting in screening, providing, and identifying the necessary complementary manpower requirements before, during and after film and television production; and
- d. Providing monetary and non-monetary incentives to the over-all film production team as far as practicable.

SEC. 6. Amount of Tax Credit. -

- a. The minimum tax credit awarded to eligible productions shall be equal to twenty percent (20%) of qualified expenses, as defined in SEC. 7 of this Act.
- b. In addition to the minimum tax credit, qualifying films, television shows, movies of the week, mini-series, and web-series may gain further credits under a point-based incentive system, to be administered by the PIAC-FFT. Each point shall correspond with an additional one percent rebate on all qualifying expenses. Any production shall only be able to claim one rebate from the following subsections in their entirety:
 - 1. Eligible productions may receive twenty (20) points if the final product is set completely or largely within the Philippines, fifteen (15) points if the final product contains ten (10) or more substantive scenes set within the Philippines, and ten (10) points if the final product contains at least five substantive scenes set within the Philippines;
 - 2. Eligible productions may receive twenty (20) points if at least one-half of filming within the Philippines occurs within a community recovering from a significant natural disaster that occurred within the preceding three years or ten (10) points if at least one-fourth of filming within the Philippines occurs within the same areas; and

3. Eligible productions may receive two (2) points if they dedicate at least ten (10) seconds worth of screen time during the credit roll to a message acknowledging the films participation in the film tax credit program of the Philippines and providing the URL to a website where viewers can learn about tourism opportunities in the country.

c. All qualifying international productions shall also receive the following tax credits. However, in no situation may the total tax credit amount received for any particular expense exceed forty percent (40%):

1. Twenty percent (25%) of the cost of construction of any permanent and useful infrastructure built in the Philippines for the purposes of filming, including likely tourist attractions, subject to approval of the Department of Tourism;
2. Fifteen percent (15%) of all lodging within the Philippines booked for production team members, for production-related purposes;
3. Ten percent (10%) of the cost of all transportation to or from the Philippines for production team members conducting either production-related travel or the transportation of filming equipment into the Philippines;
4. Five percent (5%) of the cost associated with the provision of utilities or technology purchased within the Philippines and the employment, as far as practicable, of local talents.

SEC. 7. Qualified Expenses. -

- a. Qualified expenses for the purposes of determining the amount of a tax credit shall include any expense incurred within the Philippines directly related to pre-production, production, or post-production conducted within the Philippines, unless otherwise exempted. However, expenses must be reasonable, and prices may not substantially exceed the market value of the procured product or service.

Qualified expenses include, but are not limited to, expenses such as or related to:

1. Salary, wages, or other compensation such as per diem provided to members of the production team or subcontractors for any services rendered within the Philippines;

2. Creation, decoration, or operation of sets or shooting locations and production offices;
3. Filming equipment or supplies;
4. Locally-sourced photography equipment services;
5. Locally-sourced music;
6. Catering equipment or services;
7. Costumes, make-up, and similar products and services;
8. Lodging and cosmetic, or international travel; or
9. Insurance.

The PIAC-FFT shall reserve the right to disqualify any expenses that clearly do not fall within the spirit of the tax credit program, subject to administrative and judicial appeal.

b. As an assumption, the following shall not be recognized as qualified:

1. Those related to distribution of the film, including but not limited to marketing and promotion;
2. Such as attorney or accounting fees, incurred in the process or as a result of acquiring or challenging a government determination of eligibility for incentives later reimbursed to the production;
3. Items that are later resold by the production, minus any loss incurred;
4. Any amounts paid to members of the production as a result of profit participation, residual, or similar agreements; and
5. Expenses associated with the financing of production.

SEC. 8. Tax Incentives Eligibility. - The following requirements must be attained to be eligible for the incentives program:

- a. Upon certification by PIAC-FFT that the production is a professional endeavor and has met the PIAC-FFT's requirements in terms of the amount of investment and the amount of jobs the production will generate;
- b. Participating productions must agree to cooperate with any audits conducted to ensure compliance with program eligibility requirements, both during and after production;

1 **SEC. 9. Offer Preferential Incentives.** - International or foreign film and
2 television production entities may, upon certification from the PIAC-FFT, be granted
3 the following:

- 4 a. *Multiple Entry Visa.* - Foreign nationals who are members of the international
5 film production entities, as duly endorsed by the PIAC-FFT, shall be issued a
6 multiple entry special visa within seventy-two (72) hours upon submission of all
7 required documents, and which shall be valid for a period of one (1) year to
8 enter the Philippines: *Provided*, That a responsible officer of the applicant entity
9 submits a duly authenticated certificate to the effect that the person who seeks
10 entry into the Philippines is a member of the applicant entity and will work
11 exclusively for film and television production.

12 The admission and stay shall be co-terminus with the validity of the multiple
13 entry special visa. The stay, however, is extendible for one hundred eighty days
14 (180) upon submission to the Bureau of Immigration of a sworn certification by
15 a responsible officer of the applicant entity, that its permit remains valid and
16 subsisting, and that no other source of income has been made.

- 17 b. *Tax- and Duty-Free Importation* - The international or foreign film or television
18 production entity shall enjoy tax- and duty-free importation of filming equipment
19 as determined and endorsed by the PIAC-FFT

20 **SEC. 10. Implementing Rules and Regulations** - The Film Development
21 Council, Department of Tourism, Department of Finance and the Bureau of
22 Immigration and Deportation, shall promulgate and issue the implementing rules and
23 regulations within ninety (90) days upon approval of this Act.

24 **SEC. 11. Appropriations.** - The amount necessary to implement the provision
25 of this Act shall be included in the Annual General Appropriations Act.

26 **SEC. 12. Separability Clause.** - Any portion or provision of this Act that is
27 declared unconstitutional shall not have the effect of nullifying other portions or
28 provisions hereof as long as such remaining portions can still subsist and be given
29 effect in their entirety.

30 **SEC. 13. Repealing Clause.** - All laws, ordinances, rules, regulations, other
31 issuances, or parts thereof, which are inconsistent with this Act, are hereby repealed
32 or modified accordingly.

33 **SEC. 14. Effectivity.** - This Act shall take effect after fifteen (15) days following
34 its publication in the official Gazette or in a newspaper of general circulation.

35 *Approved,*
36