

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. **1697**



Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE**

EXPLANATORY NOTE

The Philippine film industry is thriving, with large studios and independent productions continuing to produce quality content and talented artists. In fact, some artists have gained international recognition and prestige over the years that include (1) the late Nora Aunor as Best Actress at the 1995 Cairo International Film Festival for the *The Flor Contemplacion Story*,¹ (2) the late Jaclyn Jose, who won the Best Actress Award at the 2016 Cannes Film Festival for the film *Ma' Rosa*,² and (3) John Arcilla who was awarded as Best Actor at the 78th Venice International Film Festival in 2021 for the film *On-the-Job: The Missing 8*.³

We also have award-winning film directors including Brillante Mendoza, who won the Best Director Award at the 2008 Cannes Film Festival for his film *Kinatay* and Carlo Francisco Manatad, who bagged the Best Director Award at the 2021 London East Asia Film Festival (LEAFF) for *Whether the Weather is Fine (Kun Maupay Man It Panahon)*.⁴

Aside from our world-renowned artists and film directors, our country offers a diverse and wide range of film locations, from lush rural scenery to highly urbanized cityscapes. In comparison to Western countries, production costs are typically cheaper in the Philippines. These made several international films to shoot their films in the country, such as the 1990 Hong Kong drama film *Days of Being Wild*, the 1999 American drama film *Brokedown Palace*, and the 2012 American action-thriller film *The Bourne Legacy*.⁵ These show our country provides cost-effective yet versatile settings to adapt to various film genres.

Despite these, the film and media industry of the country is lagging behind its Asian neighbors, particularly South Korea, India, Japan, Thailand, and Indonesia. As the film industry plays a vital role in showcasing our talent, music, culture, values, and nature, the government

¹ Evangelista, J. A. (2025, April 17). *Cinema's 'miracle': Nora Aunor's most celebrated awards, titles and roles*. Inquirer.net. <https://entertainment.inquirer.net/606065/cinemas-miracle-nora-aunors-most-celebrated-awards-titles-and-roles>

² Rodriguez, B. (2020, October 18). *Direk Brillante Mendoza urges Filipinos to watch the eye-opening film 'Ma' Rosa'*. GMA Entertainment. <https://www.gmanetwork.com/entertainment/showbiznews/direk-brillante-mendoza-urges-filipinos-to-watch-the-eye-opening-film-ma-rosa/24242/>

³ Diño-Seguerra, L. (2021, November 14). *Spotlight Philippines: The 20 Filipino films with international recognition in 2021*. Film Development Council of the Philippines. <https://fdcp.ph/updates/spotlight-philippines-20-filipino-films-international-recognition-2021#:~:text=On%2Dthe%2DJob,Perfect%20World%22%20by%20Dodo%20Dayao>

⁴ Philippine Embassy in London. (n.d.). *Filipino wins Best Director Award at London East Asia Film Festival 2021*. <https://londonpe.dfa.gov.ph/embassy-news/1285-filipino-wins-best-director-award-at-london-east-asia-film-festival-2021#:~:text=Home,Filipino%20Wins%20Best%20Director%20Award%20at%20London%20East%20Asia%20Film,award%20via%20a%20video%20messagelondonpe.dfa.gov.ph+1londonpe.dfa.gov.ph>

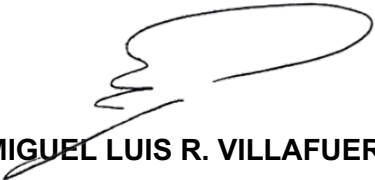
⁵ IMDb. (n.d.). *Foreign films shot (or partly shot) in the Philippines* [IMDb list]. <https://www.imdb.com/list/ls064349977/>

must enact policies aimed at enriching these sectors, thereby contributing to honing Filipino talents and national development.

To further maximize the skills of Filipino filmmakers and artists and our rich natural resources, this proposed measure seeks to boost our film industry and tourism sector by:

- Providing incentives to qualified foreign and local production companies, such as cash rebates, value-added tax refunds, and duty-free importation of production equipment.
- Developing Creative Production Zones in strategic locations and promoting investments by providing fiscal and non-fiscal incentives.
- Establishing the Film Philippines Office, which will be responsible for administering incentive applications, maintaining a digital production portal, accrediting production service providers, and promoting the Philippines as a filming destination.
- Mandating the Film Development Council of the Philippines to establish a National Film Skills Registry, conduct comprehensive training programs, and facilitate international placements for Filipino film professionals.
- Mandating local government units with significant filming activity to establish Film and Creative Workforce Offices.

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



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Introduced by **HON. MIGUEL LUIS R. VILLAFUERTE**

**AN ACT ESTABLISHING A FILM AND MEDIA PRODUCTION INCENTIVE PROGRAM
TO ATTRACT FOREIGN AND DOMESTIC INVESTMENTS, DECLARING SPECIAL
FILM ECONOMIC ZONES, AND POSITIONING THE PHILIPPINES AS
THE FILMMAKING HUB OF ASIA**

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 "Philippine Film and Creative Production Incentives Act."

SECTION 2. *Declaration of Policy.* – It is the policy of the State to promote the Philippines as a global center for film, television, digital content, and post-production by attracting international investments, boosting tourism, generating employment, and showcasing Filipino talent and natural beauty. The State shall establish a globally competitive incentive system, integrated creative infrastructure, and streamlined permitting to transform the country into the filmmaking hub of Asia.

SECTION 3. *Objectives.* – This Act aims to:

- (a) Attract foreign and domestic producers of film, television, animation, and digital content;
- (b) Provide tax and cash incentives for qualified production expenditures in the Philippines;
- (c) Establish Creative Production Zones (CPZs) with ready-to-use studios and production facilities;
- (d) Support Filipino film professionals and small and medium enterprises through skills development and access to co-productions; and
- (e) Promote cultural diplomacy, tourism, and the preservation and promotion of Filipino culture, heritage, and identity.

SECTION 4. *Scope and Coverage* – This Act applies to both foreign and local production companies engaged in producing a wide range of media content, including feature films, television

series or streaming content, documentaries, commercials, music videos, animation and visual effects (VFX), as well as virtual production and video games that include cinematic segments.

SECTION 5. *Incentives for Qualified Productions.* – Qualified productions that meet the required spending and hiring criteria shall be entitled to several incentives. These include:

- (a) A cash rebate of up to 25%, composed of a 20% base rebate on Qualified Philippine Expenditures (QPE) and an additional 5% bonus for productions that feature Filipino cast and crew exceeding 60% of the workforce, shoot in underserved provinces or heritage sites, or promote Filipino culture, locations, or historical narratives in their storylines;
- (b) Value-added tax (VAT) refund on qualified local goods and services directly used in the production;
- (c) Duty-free importation of production equipment for an initial period of 12 months, which can be extended upon request; and
- (d) A fast-tracked, one-stop online film permitting program managed by the Film Philippines Office (FPO), guaranteeing permit approval within ten (10) working days for all national and local government permits.

SECTION 6. *Qualified Philippine Expenditures.* – Qualified Philippine Expenditures (QPE) refer to expenses incurred within the Philippines that include salaries for Filipino cast, crew, and production teams; rental of equipment and soundstages; location fees; post-production services such as editing, visual effects, animation, and sound mixing; as well as hotel accommodations, catering, transportation, logistics, set construction, costumes, and props. These expenditures are consistent with the PEZA incentives framework under RA 7916, or the Special Economic Zone Act of 1995, which governs qualified expenditures and investment incentives in economic zones.

To qualify for incentives, productions must meet minimum spending thresholds, consistent with international best practices and adapted to local economic standards: US\$500,000 for foreign films, US\$300,000 for streaming or TV series, US\$200,000 for animation and visual effects, and US\$100,000 for commercials.

SECTION 7. *Establishment and Incentives for Creative Production Zones.* – Philippine Economic Zone Authority (PEZA) and the Department of Trade and Industry (DTI) to designate and develop Creative Production Zones (CPZs) in strategic locations such as Camarines Sur, Cebu, Bohol, Batangas, and Pampanga.

This is in line with the PEZA's mandate under RA 7916 to establish special economic zones and promote investments by providing fiscal and non-fiscal incentives. These CPZs shall offer plug-and-play soundstages and post-production hubs, equipped with 5G connectivity and advanced digital infrastructure. To further encourage sustainable industry growth, the zones will provide a five-year tax holiday, consistent with incentives provided under the Tax Incentives Management and Transparency Act (TIMTA) or Republic Act No. 11534, which modernizes and streamlines tax incentive administration. The "green filmmaking" incentives support the government's commitment to environmental sustainability as embodied in the Philippine Development Plan and various environmental laws such as the Republic Act No. 9003 (Ecological Solid Waste Management Act).

SECTION 8. *Creation and Functions of the Film Philippines Office.* – The Film Philippines Office (FPO) shall be established under the Department of Trade and Industry (DTI), in partnership with the Film Development Council of the Philippines (FDCP).

The FPO shall serve as the lead implementing agency, consistent with the FDCP's mandate to develop and promote the Philippine film industry. The FPO will administer incentive applications and compliance, maintain a digital production portal for permits and rebates, accredit production service providers and training institutions, and promote the Philippines as a filming destination, thereby supporting the government's broader tourism promotion efforts under Republic Act No. 9593 or the Tourism Act of 2009.

SECTION 9. *Skills Development and Support.* – The Film Development Council of the Philippines (FDCP) shall establish a National Film Skills Registry, conduct comprehensive training programs, and facilitate international placements for Filipino film professionals, supporting labor provisions under the Labor Code of the Philippines (Presidential Decree No. 442) and Republic Act No. 10911, or the Anti-Age Discrimination in Employment Act.

Local government units with significant filming activity shall be mandated to establish Film and Creative Workforce Offices, in line with their functions and responsibilities under the Local Government Code of 1991 (Republic Act No. 7160), to ensure localized support for workforce development in the film and creative industries.

SECTION 10. *Appropriations.* – The incentive fund and the development of Creative Production Zones (CPZs) shall be supported through appropriations included in the General Appropriations Act (GAA). Additional funding sources may include a portion of annual tourism promotion funds as authorized under Republic Act No. 9593 (Tourism Act of 2009), as well as partnerships with private sector developers and international streaming platforms, consistent with the principles of public-private partnerships outlined in the Build-Operate-Transfer (BOT) Law (Republic Act No. 6957, as amended).

SECTION 11. *Implementing Rules and Regulations.* – The DTI, FDCP, PEZA, and Department of Finance (DOF) shall jointly issue the necessary Implementing Rules and Regulations within ninety (90) days from the effectivity of this Act.

SECTION 12. *Separability Clause.* – If any provision or part of this Act is declared unconstitutional, the remaining parts or provisions not affected shall remain in full force and effect.

SECTION 13. *Repealing Clause.* – All laws, executive orders, issuances, and rules and regulations inconsistent with this Act are hereby repealed or amended accordingly.

SECTION 14. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,