

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4906



Introduced by Hon. John Marvin "Yul Servo" C. Nieto

EXPLANATORY NOTE

As a manifestation of support to this timely piece of legislation, this representation respectfully refiles this bill, which has constantly been receiving support from the past and present Congress.

It is alarming that foreign films have surpassed its local counterparts; there has been a decline in terms of viewer statistics and income in local films. Movies and other art forms are recognized as vital tools in shaping public opinion that is why there is a need to encourage local producers, film makers, and artists to further create locally produced art for it showcases our capability of producing quality work and, at the same time, assert our own national identity.

The Philippines is a country comprised of many talented and creative people that have proven themselves to the world. It is about time that the State expresses its support to its people by not hindering their potential with the lack of institutional support. The country must strive to foster a competitive avenue that will further encourage local producers to keep on creating.

This measure seeks to make the local arts and entertainment industry more competitive with the necessary tax breaks provisions. It also seeks to give corporate tax breaks and certain importation privileges to the local film and entertainment industry, and to exempt venue operators showing local film as well as art and music events that feature local artist, from the payment of amusement tax.

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


JOHN MARVIN "YUL SERVO" C. NIETO

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AN ACT
PROMOTING LOCAL ARTS AND ENTERTAINMENT INDUSTRY BY
PROVIDING THE LOCAL MOVIE AND FILM INDUSTRY CORPORATE
TAX BREAKS AND EXEMPTING VENUE OPERATORS FROM THE
PAYMENT OF AMUSEMENT TAX WHEN SHOWING LOCALLY
PRODUCED FILMS AND MUSIC EVENTS FEATURING FILIPINO
ARTISTS

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

Section 1. Short Title. - This Act shall be referred to as "Local Arts and Entertainment Industry Promotions Act."

Sec. 2. Declaration of Policy. - It is hereby declared policy of the State to protect the local arts and entertainment industry and raise its competitiveness in the international marketplace, as well as keep the industry afloat despite the threat of digital piracy by providing them the necessary income tax breaks, and exempting exhibitors from the payment of amusement tax thus assisting produces, film companies, and local artists in reducing their costs, improving the quality of their craft and making their product more competitive in the global marketplace.

Sec 3. Tax Exemption. - Any local producer of a film or movie utilizing one hundred per centum (100%) local staff may claim the total expenses incurred in the execution, production and showing of the film: *Provided*, that the claim for exemption shall be allowed as deduction from the company's gross income for the same taxable year: *Provided further*, that the total amount of the claimed tax exemption shall be included in their gross income or revenues and shall be subject to proper documentation and to the provisions on allowable deductions covered by Chapter IX of the National Internal Revenue Code (NIRC), as amended.

Sec. 4. Section 140 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991 is hereby amended to read as follows:

"Section 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 studios and other places SHOWCASING VARIOUS

FORMS OF AMUSEMENT AND ENTERTAINMENT AT A RATE OF NOT MORE THAN THIRTYPER CENTUM (30%) OF THE GROSS RECEIPTS FROM ADMISSION FEES, PROVIDED, THAT THIS IMPOSITION SHALL NOT APPLY TO LOCALLY PRODUCED FILMS THAT FEATURE A PREDOMINANTLY FILIPINO CAST OF AT LEAST 80 PER CENTUM (80%) THAT HAVE BEEN CLASSIFIED BY THE MOVIDE AND TELEVISION REVIEW AND CLASSIFICATION BOARD (MTRCB) AS FIT FOR COMMERCIAL VIEWING.

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(c) The holding of LOCALLY PRODUCED operas, concerts, dramas, recitals, painting and art exhibition, flower shows, musical programs, literary and oratorical presentations [(except) INCLUDING pop, rock or similar concerts] FEATURING FILIPINO ARTISTS shall be exempt from the tax herein imposed."

Sec. 5. Section 109 of Republic Act No. 8424, otherwise known as the National Internal Revenue Code, as amended by Republic Act No. 9337, is hereby amended to read as follows:

"Section 109. **Exempt Transactions.** - (1) Subject to the provisions of subsection (2) hereof the following transactions shall be exempt from the value added tax:

IMPORTATION OF RAW MATERIALS AND EQUIPMENT BY PERSONS ENGAGED IN THE BUSINESS OF MAKING FILMS AND OTHER CINMEATOGRAPHIC WORK, PRODUCING MUSIC ALBUMS, THEATRICAL PLAYS, RECITALS AND OTHER SIMILAR ARTISTIC CREATIONS, FOR USE IN PRODUCING SUCH, INCLUDING BUT NOT LIMITED TO DIGITAL MEDIA, PROVDED, THAT THE BUREAU OF INTERNAL REVENUE (BIR) SHALL HAVE THE EXCLUSIVE RIGHT TO DETERMINE, AFTER PRIOR CONSULTATION WITH MEMBERS OF THE FILM INDUSTRY, THE RAW MATERIALS AND EQUIPMENT THAT SHALL BE EXEMPT FROM VALUE ADDED TAX."

Sec. 6. Implementing Rules and Regulations. - The Chairpersons of the MTRCB and the National Commission for Culture and the Arts, in consultation with two accredited performing arts organization and one film producers organization of the Philippines and the BIR, within sixty (60) days from the effectivity of this Act, issue the necessary rules and regulations governing this Act.

Sec. 7. Repealing Clause. - All laws, decreed executive orders, proclamations, rules and regulations, and other issuances, or parts thereof,

which are inconsistent with the provisions of this Act are hereby repealed and modified accordingly.

Sec. 8. Effectivity. - This Act shall take effect (15) days after publication in the Official Gazette and in one (1) national newspaper of general circulation.

Approved,