

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**SEVENTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 1794**



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Introduced by **HONORABLE LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**  
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**EXPLANATORY NOTE**

There is an observable growing phenomenon of increased tourist visits to destinations being featured on television, video or the cinema screen. In their research entitled "Promoting Destinations via Film Tourism: An Empirical Identification of Supporting Marketing Initiatives" published in May 2006 in the Journal of Travel Research, Simon Hudson and J.R. Brent Ritchie cited increased tourist arrivals in destinations where famous films took place. The article cited as an example the Wallace Monument in Scotland which saw a 300% increase in visitors a year after the movie "*Braveheart*" was filmed which starred Mel Gibson in 1995.

Other examples of increased tourist arrivals in film locations include: *Steel Magnolia* in Louisiana, *Harry Potter* in various locations in U.K., *Mission Impossible 2* in the National Parks in Sydney, *Last of the Mohicans* in Chimney Rock Park, North Carolina, *The Fugitive Dillsboro* in North Carolina, *Little Women Orchard House* in Concord, Massachusetts, *Bull Durham* in North Carolina, and *The Beach* in Koh Phi Phi, Thailand.

Many countries around the world are taking steps to attract foreign film or TV productions, as well as animation or video game projects in a variety of ways such as offering tax rebates or tax credits. In Australia, co-productions with Australian producers can get a tax rebate of up to 40 percent of expenditure on feature films. Australia also offers rebates to those carrying out post-production work, regardless of where the project was shot. A similar cash rebate of up to 40 percent is available on projects at least partially produced in Colombia. In the United Arab Emirates, Abu Dhabi offers a 30 percent cash rebate on production spending, with a \$5 million cap on feature films but not to animation.

The Philippines is not new to having international films being set in the Philippines: *Apocalypse Now* (1979), *The Year of Living Dangerously* (1982), *Platoon* (1986), *Born on the Fourth of July* (1989) and *The Bourne Legacy* (2012). There were also several seasons of the *Survivor* TV series that were filmed in the Caramoan Islands in Camarines Sur and Palau Islands in Cagayan.

This measure therefore proposes ways in which film tourism can boost our country's tourism industry. It is estimated that one tourist can generate jobs in six different industries and that one out of every ten jobs is directly attributable to tourism.

Swift approval of this bill is eagerly sought.



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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**AN ACT ESTABLISHING A FRAMEWORK FOR FILM AND TELEVISION  
TOURISM IN THE PHILIPPINES, PROVIDING TAX INCENTIVES, MARKETING  
THE INDUSTRY GLOBALLY AND PROVIDING EMPLOYMENT FOR THE  
SECTOR AND FOR OTHER PURPOSES**

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

**Section 1. Title.** - This Act shall be known as the "*Philippine Film and  
Television Tourism Act of 2016*."

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

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

**Section 3. Creation of Philippine Film and Television Tourism Authority  
(PFTTA)** .- The affairs related to film and television tourism shall be administered by  
the Philippine Film and Television Tourism Authority (PFTTA), thus replacing the  
Philippine Film Export Service Office (PFESO) under the Film Development Council  
of the Philippines (FDCP), organized under Executive Order No. 674, Series of 2007.

The PFTTA shall be headed by the Chief Operating Officer (COO), a position which shall be equivalent to an Executive Director III position of the Film Development Council and which shall be a career executive service officer position to be recommended by the Chairperson of the Film Development Council of the Philippines and appointed by the President.

The members of the Authority shall be composed of representatives from the following agencies:

1. Department of Tourism
2. Department of Trade and Industry
3. Department of Interior and Local Government and its attached agencies
4. Department of National Defense
5. Department of Finance
6. Department of Foreign Affairs
7. Department of Labor and Employment
8. Movie and Television Review Classification Board
9. National Commission for Culture and the Arts
10. Private sector representatives, one each from the movie and television industries.

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

The Secretariat of the PFTTA shall be based in the Film Development Council of the Philippines for financial and administrative support. It shall be composed of eight (8) regular plantilla positions already approved and to be augmented by the Department of Budget and Management, including existing positions in the Philippine Export Services Office of the FDCP.

**Section 4. Functions of PFTTA.** - The PFTTA shall facilitate a one-stop-shop system for foreign film or television production entities. It shall undertake the following:

1. Facilitate the promotion and marketing of the Philippines as location site for the production of international films and television programs, such as but not limited to: creating and maintaining a website and/ or a manual of Philippine Film and Television Tourism sites for overseas contract workers; participating and exposure in World Expo, recognized international film festivals, activities for cinema and television with global market penetration, tourism fairs of international significance;
2. Offer tax credits to productions deemed eligible under this Act, which it shall issue no more than one month after the completion of principal photography;
3. Assist in the implementation of a reward and incentive package for foreign film/television entities interested in shooting films/television programs in the country and submit recommendations related thereon;
4. Assist foreign film production entities in processing pertinent documents and various requirements relative to the production of international films/television programs in the country and in complying with environmental regulations;
5. Coordinate with various government agencies and local government units in assisting the entry and exit of a foreign film/television production team, such as but not limited to producers, artists and production crew;
6. Provide direct link between foreign production entities, producers, filmmakers and artists with local production manpower services, local artists, bit players and technical crew, facilities and the like;
7. Utilize the services of tourism attaches abroad, through the Department of Tourism, in the promotion and marketing of Philippine locations sites/resources and local film production manpower;
8. Maintain an inventory of areas in the country that may be utilized as a film and television tourism site and a registry of sectors including artists, film practitioners, technical personnel and others for ready referrals;
9. Identify key film and television tourism sites used by international or local filmmakers and establish a PFTTA mark;

10. Keep a progress report and actual impact of the initiative taking into consideration the increase in the number of film tourists and its contribution to the economy;

11. Implement the Comprehensive Plan of the Inter-Agency Committee on Film and Television Tourism as referred to in Sections 8 and 10 of this Act.

**SECTION 5.** *Partnership with Local Government Units. (LGUs)* – The PFTTA shall partner and collaborate with Local Government Units in the performance of the following:

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

**SECTION 6.** *Amount of Tax Credit.* -

(a) The minimum tax credit awarded to eligible productions shall be equal to 20 percent (20%) of qualifying expenses.

(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 PFTTA. 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 three 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 such an area; and

(3) Eligible productions may receive two points if they dedicate at least seven seconds worth of screen time during the credit roll to a message acknowledging the film's 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.

## **SECTION 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 or services;
- (5) Locally-sourced editing equipment or services;
- (6) Locally-sourced music;
- (7) Catering equipment or services;
- (8) Costumes, make-up, and similar products and services;
- (9) Lodging and domestic, or international travel; or,
- (10) Insurance.

(b) The PFTTA 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.

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.

#### **Section 8. *Tax Incentives Eligibility.* -**

The following requirements must be attained to be eligible for the incentives program:



(a) Upon certification by PFTTA that the production is a professional endeavor and has met the PFTTA'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;

**Section 9.** *Creation of Inter-Agency Committee on Film and Television Tourism.* - An Inter-Agency Committee on Film and Television Tourism hereinafter referred to as (IAC-FTT) is hereby created. It shall be the governing Board and policy-making body of the PFTTA.

**Section 10.** *Composition of the IAC-FTT.* - The Film Development Council of the Philippines (FDCP) Chairperson shall act as the Administrator. The Department of Tourism Secretary or his representative shall act as Co-Chair. The inter-agency committee shall have six members: three (3) each from the private and public sector representing but not limited to business and investments, league of local government units, artists and film practitioners, travel and airline sector, historical and cultural heritage, overseas Filipino workers, film and television groups and other relevant partners, to be determined by the Chairperson and Co-Chair.

The Chairperson, Co-Chairperson and the members of the IAC-FTT shall be entitled to allowances and per diems, in accordance with existing policies, rules and regulations on the matter.

The IAC-FTT shall automatically cease to operate upon the submission of the Comprehensive Plan to Congress, or within five (5) years from the approval of this Act, whichever comes earlier. The IAC-FTT will automatically cease to exist upon the expiration of the five (5) years, unless otherwise extended by Resolution of both Houses of Congress.

**Section 11.** *Functions of the IAC-FTT.* - For purposes of this Act, the Inter-Agency Committee shall:

1. Formulate a Comprehensive Plan detailing an inventory of film tourism sites in the country, areas for improvement, sectors to be tapped and partnerships, marketing strategies both local and international in application;
2. Conduct the feasibility of establishing a film and television museum;
3. Coordinate with various stakeholders and market players for research and study on feasibility of a reward and incentive system, and other aspects

combining tourism and film, including, but not limited to the system of categories for the application of rewards and incentives depending on the cinema grade and length of exposure of the identified Philippine Film and Television Tourism site;

4. Coordinate with all Embassies and Consulates of the country to promote film and television tourism;
5. 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
6. Coordinate and partner with known Filipinos of international stature in promoting the country and fulfilling the implementation of this Act.

**Section 12. *Other Preferential Incentives.*** - International or foreign film and television production entities may, upon certification from the PFTTA, be granted the following:

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

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

2) *Tax and Duty Free Importation.* - The international or foreign film or television production entity shall enjoy tax and duty free importation of filming equipment as determined and endorsed by the PFTTA.

**Section 13. *Implementing Rules and Regulations.*** - The Film Development Council, Department of Tourism, Department of Finance and the Bureau of Immigration and Deportation, shall promulgate and issue the implementing rules and regulations within ninety (90) days upon approval of this Act.

**Section 14. Appropriations.** - The amount necessary to implement the provision of this Act shall be included in the Annual General Appropriations Act.

**Section 15. Separability Clause.** - In the event that any provision or part of this Act shall be declared unconstitutional, the remaining provisions shall remain valid and in full force and effect.

**Section 16. Repealing Clause.** - Section 105 (j) of the Tariff and Customs Code is hereby repealed, accordingly. All other laws, orders, decrees, issuances, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

**Section 17. Effectivity.** - This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation, whichever comes earlier.

Approved,