

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



23 MAR 29 P4:52

SENATE
S. No. 2048

RECEIVED BY: 

Introduced by Senator Robinhood C. Padilla

AN ACT
AMENDING SECTION 140 (A), (C) AND (E) OF REPUBLIC ACT NO. 7160, AS
AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF
1991

EXPLANATORY NOTE

Film and music industries have been critical drivers of economic growth. At the local level, the industries have contributed to increased sources of income for local governments, specifically for the sectors of tourism and employment. Film and television tourism, for one, has spurred the growth of many economies, both internationally and locally. The study conducted by the Travelsat Competitive Index (TCI Research, 2018), in 2017 supports this, stating that 80 million tourists decided to travel to a destination motivated by films and TV series.

However, the COVID-19 pandemic has brought grave restrictions to the progress of the industries, primarily to the huge segment of freelancers. The pandemic and the influx of digital media have impeded the progress of our film and movie productions and have continuously crippled the recovery of the creative economy.

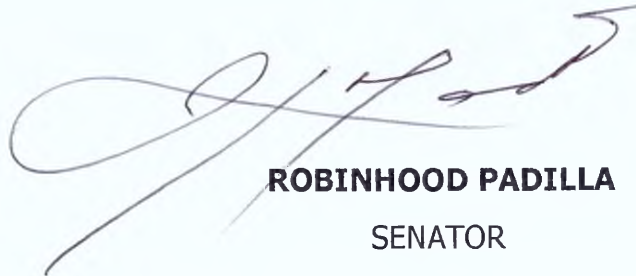
The multitude of taxation imposed on filmmakers and producers is also considered restrictive and burdensome to the detriment of our labor productivity, cultural exhibition, and local development. In fact, it has been established that none of the locally-produced films released in 2022 hit P10 million in gross sales. Considering the existing taxes, this means that the film needs to gross about 270% of the production cost to break even or recoup its capital investment.

In particular, it has been observed that amusement tax laws impede the growth of the entertainment industry and drive up the cost of amusement services.

Hence, it is imperative to give our film and music industries the necessary boost to thrive and recover from the pandemic and new challenges that cost them major losses while ensuring that the gains redound to local productions, thereby benefiting our people and economy.

This bill, hence, lowers the cap for amusement tax collection under the Local Government Code to five percent (5%), exempts from amusement tax all locally-produced creative materials which copyright is owned by Filipinos and from local productions with at least ten percent (10%) equity owned by Filipinos, and, grants the industry a tax holiday of two years.

In view of the foregoing, the passage of the bill is earnestly sought.



ROBINHOOD PADILLA
SENATOR

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

1 **SECTION 1. Short Title.** — This Act shall be known as the "*Film and Live Events*
2 *Recovery Act.*"

3 **SECTION 2. Declaration of Policy.** — Recognizing that culture is a human right
4 and a manifestation of the freedom of belief and expression, and that creative
5 industries are engines for socio-economic growth and inclusion, the State shall accord
6 the utmost priority to the preservation of Filipino national culture and bolster the
7 development of our creative industries, including film, music, and live events. It shall
8 encourage and promote the creation of original Filipino films, music, and live events,
9 and provide support to make these industries internationally competitive. It shall
10 ensure that these industries provide livelihood opportunities to all Filipinos working in
11 these fields and cultural and creative opportunities to all local workers.

12 **SECTION 3. Amusement Tax.** — Section 140 (a) of Republic Act No. 7160, as
13 amended by Republic Act No. 9640, otherwise known as "The Local Government Code
14 of 1991", is hereby amended to read as follows:

15 "SECTION 140. Amusement Tax - (a) The province may levy an
16 amusement tax to be collected from the proprietors, lessees, or

1 operators of theaters, cinemas, concert halls, circuses, boxing stadia,
2 and other places of amusement at a rate of not more than [~~ten~~
3 ~~percent (10%)~~] **FIVE PERCENT (5%)** of the gross receipts from
4 admission fees.

5
6 (b) In the case of theaters or cinemas, the tax shall first be deducted
7 and withheld by their proprietors, lessees, or operators and paid to
8 the provincial treasurer before the gross receipts are divided between
9 said proprietors, lessees, or operators and the distributors of the
10 cinematographic films.

11
12 (c) The holding of **LOCALLY-PRODUCED FILM PRODUCTIONS,**
13 **operas, concerts, dramas, MUSICAL PLAYS,** recitals, painting and
14 art exhibitions, flower shows, musical programs, literary and oratorical
15 presentations [~~except pop, rock, or similar concerts~~] shall be exempt
16 ~~from the payment of the tax herein imposed[.]~~: **PROVIDED, THAT**
17 **THE COPYRIGHT OF SUCH LOCALLY-PRODUCED WORK IS**
18 **OWNED BY FILIPINO/S AS CERTIFIED BY THE INTELLECTUAL**
19 **PROPERTY OFFICE OF THE PHILIPPINES (IPOP HL) AND THAT**
20 **AT LEAST TEN PERCENT (10%) OF THE EQUITY OF SUCH**
21 **LOCAL PRODUCTIONS IS OWNED BY FILIPINOS AS**
22 **CERTIFIED BY THE DEPARTMENT OF TRADE AND INDUSTRY**
23 **(DTI) OR THE SECURITIES AND EXCHANGE COMMISSION**
24 **(SEC).**

25
26 (d) The sangguniang panlalawigan may prescribe the time, manner,
27 terms and conditions for the payment of tax. In case of fraud or failure
28 to pay the tax, the sangguniang panlalawigan may impose such
29 surcharges, interest, and penalties as it may deem appropriate.

1 (e) The proceeds from the amusement tax ~~[shall be shared equally~~
2 ~~by the province and the municipality where such amusement places~~
3 ~~are located.]~~ **SHALL BE ALLOCATED FOR PROGRAMS,**
4 **ACTIVITIES, AND PROJECTS IN THE SECTORS AND**
5 **INDUSTRIES MENTIONED IN SEC. 3(C). THE REMAINING**
6 **PROCEEDS SHALL BE SHARED EQUALLY BY THE PROVINCE**
7 **AND THE MUNICIPALITY WHERE SUCH AMUSEMENT PLACES**
8 **ARE LOCATED: PROVIDED, THAT WITHIN TWO (2) YEARS**
9 **FROM THE EFFECTIVITY OF THIS ACT, THE POWER OF THE**
10 **LOCAL GOVERNMENTS TO LEVY AN AMUSEMENT TAX**
11 **PURSUANT TO SECTION 140 OF REPUBLIC ACT NO. 7160, AS**
12 **AMENDED, IS SUSPENDED WITH AN EXTENDIBLE PERIOD OF**
13 **A MINIMUM OF TWO (2) YEARS SUBJECT TO THE APPROVAL**
14 **OF THE DEPARTMENT OF FINANCE (DOF)."**

15 **SECTION 4. *Implementing Rules and Regulations.*** — Within sixty (60) days
16 from the effectivity of this Act, the DOF shall, in consultation with the Department of
17 Interior and Local Government, DTI, SEC, IPOPHIL, and the Union of Local
18 Authorities of the Philippines, League of Provinces of the Philippines, League of Cities
19 of the Philippines, League of Municipalities of the Philippines, different film music,
20 and live events industry guilds and organizations, as well as producers and other
21 stakeholders, promulgate the necessary rules and regulations for its effective
22 implementation.

23 **SECTION 5. *Separability Clause.*** — If any portion or provision of this Act is
24 declared unconstitutional, the remainder of this Act or any provisions not affected
25 thereby shall remain in force and effect.

26 **SECTION 6. *Repealing Clause.*** — All laws, decrees, orders, issuances, rules,
27 and regulations which are inconsistent with the provisions of this Act are hereby
28 repealed, amended, or modified accordingly.

1 **SECTION 7. *Effectivity Clause.*** — This Act shall take effect fifteen (15) days
2 after publication in the Official Gazette and two (2) newspapers of national
3 circulation.

Approved,