



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

23 MAR 30 P 4 :02

RECEIVED BY: _____

SENATE
S. No. 2056

Introduced by Senator MANUEL "LITO" M. LAPID

AN ACT
PROMOTING THE LOCAL ARTS AND ENTERTAINMENT INDUSTRY BY
PROVIDING THE LOCAL 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

EXPLANATORY NOTE

The Constitution, Art. XIV, Sections 15 and 16 provide:

SECTION 15. Arts and letters shall enjoy the patronage of the State. The State shall conserve, promote, and popularize the nation's historical and cultural heritage and resources, as well as artistic creations.

SECTION 16. All the country's artistic and historic wealth constitutes the cultural treasure of the nation and shall be under the protection of the State which may regulate its disposition.

The past few decades presented several challenges to our film industry, as well as the music events industry featuring Filipino artists.

First among these are the piracy that deprived our artists and those involved in the creation of the arts to be deprived of their hard-earned livelihood.

Another is the advent of readily available streaming media, which resulted in less attendance in movie theaters and live performances.

Finally, there is the COVID-19 pandemic, which caused devastating effect in our local arts and entertainment industry by forcing the cinemas, concert halls, and the like, to suspend their operations; thereby making many Filipinos in the industry without a steady means of livelihood.

It will take years, even decades, before our economy returns to the pre-pandemic levels. It is the hope of this representation that the local arts and entertainment industry will recover faster as our country eases the COVID-19-related restrictions.

In order to encourage Filipinos to return to the theaters and watch our local films and performances by local artists, we need to give the industry the necessary support by giving them the necessary tax breaks that would let them create good art while still having competitive pricing that are affordable to our countrymen.

Ang pagbabalik po ng ating mga kababayan sa ating mga sinehan at teatro ay makapagbibigay ng tulong sa ating ekonomiya hindi lamang sa pamamagitan ng pagbibigay ng trabaho sa mga nasa industriya, kundi sa mga karatig na economic activities sa paglikha ng mga pelikula at live performance. Kasama pong benepisyo nito ay ang pagbibigay buhay sa ating sining ng mismo nating mga kababayan.

The economic and cultural gains brought about by this proposed measure far outweighs the expected loss in revenue.

In view of the foregoing, immediate approval of this bill is earnestly sought.


MANUEL "LITO" M. LAPID
Senator

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

1 **SECTION 1. Short Title.** –This Act shall be referred to as "Local Arts and
2 Entertainment Industry Promotions Act."

3 **SECTION 2. Declaration of Policy.** – It is hereby declared policy of the State
4 to protect the local arts and entertainment industry and raise its competitiveness in
5 both the local and international marketplace, by providing them the necessary income
6 tax breaks, and exempting exhibitors from the payment of amusement tax, thus
7 assisting producers, film companies, and local artists in reducing their costs and
8 improving the quality of their craft.

9 It is likewise the policy of the State to make locally produced films and
10 performances of local artists available to Filipinos of all economic classes as a means
11 to preserve and protect our arts and culture.

12 **SECTION 3. Tax exemption.** – Any local producer of a film of movie utilizing
13 at least eighty percent (80%) of the budget for talent and staff may claim the total

1 expenses incurred in the execution, production, and showing of the film: Provided,
2 that the claim for exemption shall be allowed as deduction from the company's gross
3 income for the same taxable year: Provided further, that the total amount of the
4 claimed tax exemption shall be included in their gross income or revenues and shall
5 be subject to proper documentation and to the provisions on allowable deductions
6 covered by Chapter IX of the National Internal Revenue Code (NIRC), as amended.

7 **SECTION 4.** Section 140 of the Republic Act No. 7160, otherwise known as
8 the Local Government code of 1991 is hereby amended to read as follows:

9 Section 140. *Amusement Tax.* – (a) The Province may levy an
10 amusement tax, to be collected from the proprietors, lessees, or
11 operators of theaters, cinemas, concert halls, circuses, boxing
12 stadia of amusement at a rate of not more than thirty percent
13 (30%) of gross receipts from admission fees.

14

15 EXHIBITIONS IN LOCAL CINEMAS OF FILMS BY FILIPINO
16 PRODUCERS THAT FEATURE A PREDOMINANTLY FILIPINO CAST
17 AND CREW OF AT LEAST EIGHTY PERCENT (80%) THAT HAVE
18 BEEN CLASSIFIED BY THE MOVIE AND TELEVISION REVIEW AND
19 CLASSIFICATION BOARD (MTRCB) AS FIT FOR COMMERCIAL
20 VIEWING SHALL BE EXEMPT FROM THE TAX HEREIN IMPOSED.

21

22 XXX

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24 (c) The holding of operas, concerts, dramas, recitals, painting,
25 and art exhibition, flower shows, musical programs, literary and
26 oratorical presentations [~~except~~] INCLUDING pop, rock, or similar
27 concerts FEATURING FILIPINO ARTISTS AS THE MAIN ACT, shall
28 be exempt from the tax herein imposed."

29 **SECTION 5.** *Implementing Rules and Regulations.* – The Department of
30 Interior and Local Government and the Bureau of Internal Revenue, in consultation

1 with the Film Development Council of the Philippines, MTRCB, and the National
2 Commission for Culture and the Arts, within sixty (60) days from the effectivity of Acts,
3 issue the necessary rules and regulations governing this Act.

4 **SECTION 6. *Separability Clause.*** — In the event that any part, section or
5 provision of this Act shall be declared unconstitutional or invalid by a competent court,
6 the remaining provisions thereby shall remain valid and in full force and effect as if
7 the sections or provisions so annulled or voided had never been incorporated herein.

8 **SECTION 7. *Repealing Clause.*** — All laws, decrees, executive orders,
9 issuances, rules and regulations, or parts thereof not consistent with the provisions of
10 this Act are hereby repealed or modified and/or superseded as case may be by this
11 Act accordingly.

12 **SECTION 8. *Effectivity.*** — This Act shall take effect fifteen (15) days after its
13 complete publication in the Official Gazette or in at least two (2) newspapers of general
14 circulation, whichever comes earlier.

15 *Approved,*