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SENATE  
S. B. **2143**

RECEIVED BY: *ji*

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Introduced by Senator Poe

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**AN ACT**  
**PROVIDING FOR TAX EXEMPTIONS AND SUBSIDIES FOR THE LOCAL MUSIC**  
**INDUSTRY AND AMENDING CERTAIN SECTIONS OF**  
**REPUBLIC ACT NO. 7160 OR THE LOCAL GOVERNMENT CODE OF 1991**

**EXPLANATORY NOTE**

Filipinos are globally recognized, especially in music. Global talent shows have proven that Filipino singers are on par with their international counterparts.

The growing phenomenon of piracy, however, has not only affected local artists but also affected music producers around the world with the advent of the Internet, as music can be downloaded freely. According to the Philippine Association of the Record Industry (PARI), a non-stock and non-profit organization dedicated for the music industry,

Despite laws and state agencies dedicated to combat music piracy and protect copyrights, industry estimates indicate that more than P1 billion in revenue losses for the music industry. Further, according to the United States-based International Intellectual Property Alliance's (IIPA) Special 301 Report on Copyright Protection and Enforcement 2014 submitted to the U.S. Trade Representative (USTR) and other U.S. government agencies, "while access to the Internet in the areas outside Metro Manila is still not that well-established, Internet penetration in the cities is growing. Internet piracy is growing along with it, through P2P file-sharing services, BitTorrent file-sharing, deep linking, blogs providing links to pirate materials, and cyberlockers used to store infringing material, to which pirates then sell passwords for illegal access." The IIPA had ranked the country as fifth in global and second in Asian music piracy. In 2009 alone, the Philippines lost around \$112.2 million in audio CD sales.

To protect the interests of and further empower our local music producers and artists, the exemption for amusement tax for local artists promoting original Filipino music should be promoted. Local music producers and artists have complained of high amusement taxes as one of the reasons of hardly earning in concerts.

Under this proposal, amusement tax derived from concerts of foreign artists will be earmarked for workshop subsidies needed by our local theater groups, as well as trainings and workshops for artists and composers to encourage the creation of original Filipino music.

The previous Congress had already approved this measure on third and final reading, and as such, immediate approval of this bill is earnestly sought in the 16<sup>th</sup> Congress.

  
GRACE POE



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*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 “Local Music Industry Incentive Act of 2013.”

**SECTION 2. *Declaration of policy.*** – The State, in its belief that culture is a human right and a manifestation of the freedom of belief and expression, shall promote and protect the Filipino national culture which includes the local music industry. First and foremost, it shall encourage and promote the creation of original Filipino music and provide support to make the industry internationally competitive. It shall ensure that the music industry provides cultural opportunities to all Filipinos.

**SECTION 3.** Section 140 of Republic Act No. 7160, otherwise known as "The Local Government Code of 1991," as amended by Republic Act No. 9640, is hereby amended to read as follows:

“SEC. 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 stadiums and other places of amusement at a rate of not more than ten percent (10%) of the gross receipts from the admissions fees.

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“(c) The holding of operas, concerts, dramas, recitals, painting and art exhibitions, flower shows, musical programs, literary and oratorical presentations, [except] INCLUDING pop, rock, or similar concerts AS LONG AS THEY FEATURE MAINLY FILIPINO ARTISTS AND FILIPINO COMPOSITIONS shall be exempt from the payment of the tax herein imposed.

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“(e) THE PROCEEDS FROM THE AMUSEMENT TAX FROM CONCERTS AND OTHER MUSIC-RELATED PRESENTATIONS SHALL BE EARMARKED FOR SUBSIDIZING WORKSHOPS OF LOCAL THEATER MUSICALS AND/OR TRAINING AND WORKSHOPS FOR LOCAL ARTISTS AND COMPOSERS. The REMAINING proceeds [from the amusement tax] shall be shared equally by the province and the municipality where such amusement places are located.”

**SECTION 4. *Implementing Rules and Regulations.*** – The Department of the Interior and Local Government, the National Commission for Culture and the Arts, different music industry guilds and organizations, as well as producers and other stakeholders shall, within sixty (60) days from the effectivity of this Act, promulgate the necessary rules and regulations for the effective implementation of this Act.

**SECTION 5. *Constitutionality.*** – Should any provision of this Act be declared invalid or unconstitutional, the validity or constitutionality of the other provisions shall not be affected thereby.

**SECTION 6. *Repealing Clause.*** – All laws, decrees, letters of instructions, resolutions, orders, ordinances or parts thereof which are inconsistent with the provisions of this Act, are hereby repealed, amended, or modified accordingly.

**SECTION 7. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

*Approved,*