


THIRTEENTH CONGRESS OF THE REPUBLIC)
 OF THE PHILIPPINES)
 Second Regular Session)

NOV 14 P5:48

SENATE

BY: 

S.B. No. 2158

Introduced by Senator RAMON BONG REVILLA, JR., MANUEL "LITO" M. LAPID and JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

It is imperative for the State to promote and support the development and growth of the theater and local film industry as a medium for the dissemination of aesthetic, cultural and social values for the better understanding and appreciation of the Filipino identity.

Theaters and/or movie houses are the primary media through which the output or artistic creation of the local film industry is exhibited. However, the viability of the cinema/theater industry is now under threat due to continuous operational losses brought mainly by two reasons: (1) low patronage and (2) high taxation regime.

Both theater owners and local movie producers are greatly prejudiced by cheaper home movie alternatives like TV and cable programs, as well as by rampant film piracy which turns out inexpensive and untaxed films in CD or DVD formats. This severely undercuts the cost of movie tickets at present.

Currently, the entire movie industry is now suffering from the collection of two business taxes, each imposed by the national government and local government units on ticket sales.

The local government units collect an amusement tax on admission to theaters to the top rate of 30% of its gross receipts. With the passage of Republic Act No. 9337, the Bureau of Internal Revenue has imposed a further tax of 10% on the same gross receipts by way of VAT.

Such an application of both taxes will result to the imposition of a total top rate of 40% business taxes (30% local and 10% national) on gross receipts which under the circumstances is unjust, oppressive and confiscatory. The foregoing tax imposition, which is inconsistent with the State's policy to have a viable, sustainable and competitive theater and film industry, will surely lead to the demise of the industry.

In order to alleviate the hardships of the industry, there must be a commensurate lowering of the tax burden being imposed. This bill proposes to put a ceiling of ten percent (10%) on the amusement tax rate currently being levied on

the industry. This may be the last chance and maybe the only hope of a dying industry. The delay in the passage of this bill may be the final nail in the coffin of a once proud and flourishing industry.

Hence, passage of this bill is urgently requested.



RAMON BONG REVILLA, JR.



MANUEL LITO M. LAPID




JINGGOY EJERCITO ESTRADA

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AN ACT
AMENDING SECTION ONE HUNDRED FORTY OF REPUBLIC ACT
7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE
OF 1991" AND FOR OTHER PURPOSES

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

SECTION 1. Section 140 of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" 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, lessées, or operators of [theaters, cinemas,] concert halls, circuses, boxing stadia, and other places of amusement at a rate of not more than thirty percent (30%) of the gross receipts from admission fees: PROVIDED THAT, IN THE CASE OF PROPRIETORS, LESSEES, OR OPERATORS OF THEATERS AND CINEMAS THE AMUSEMENT TAX TO BE COLLECTED SHALL NOT BE MORE THAN TEN PERCENT (10%) OF THE GROSS RECEIPTS OF TICKET SALES."

"x x x"

Sec. 2. *Repealing Clause.* – Any laws, decrees, ordinances or rules and regulations which are inconsistent with or contrary to the provision of this Act is hereby amended or repealed.

Sec. 3. *Effectivity.* – This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved,