THE THE RETARY

FOURTEENTH CONGRESS OF THE REPUBLIC } OF THE PHILIPPINES First Regular Session

7 AUG -2 PG 31

SENATE

}

HECEIVED BY: _ MA

S.B. NO. **1426**

INTRODUCED BY SENATOR MANNY VILLAR

EXPLANATORY NOTE

Film production is a massive venture of commerce. And no doubt, the film industry has indeed become a vast creative enterprise that continues to have a profound effect on culture, politics and economics. It therefore exercises a very strong and pervasive influence in our society.

However, it is disheartening to note that the Philippine film industry is already in the brink of dying. Among the reasons for the dying state of film industry are the onerous taxes (the highest imposition of which is the 30% amusement tax), the rising cost of production, dwindling local market, competition from foreign films, competition from video and cable, censorship, and uncontrolled video and cable piracy. Because of these various reasons, the production of quality films has thus been relegated since they do not constitute viable domestic investment. It is a practical reality that investors are more concerned with returns of their investment rather than the quality of films they produce.

Thus, it cannot be denied that this sorry state of our local film industry is stifling the creativity of our local artists and prohibits us from utilizing the full potentials of our filmmakers to come up with quality films as a form of art and as an educational tool for molding the character of our people.

Moreover, the imposition of 30% amusement tax by the local government is really quite high, which as a resultant effect, even further curbs the production, growth and development of our film industry.

As a way of encouraging the growth, development and efficiency of the Philippine film industry, this bill therefore seeks to reduce the rate of amusement tax on gross receipts from admission fees of theaters and cinemas thereby amending Section 140 in relation to Section 151 of Republic Act 7160 or the Local Government Code of 1991 and other related laws.

In response to the film industry's urgent appeal on this matter, I earnestly request my colleagues for their support for the early passage of this bill.

FOURTEENTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
First Regular Session }

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

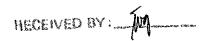
17

18

7 AUG -2 PG51

SENATE

S.B. NO. 1426



INTRODUCED BY SENATOR MANNY VILLAR

AN ACT

REDUCING THE RATE OF AMUSEMENT TAX ON ADMISSION FEES OF THEATERS AND CINEMAS, AMENDING FOR THE PURPOSE PARAGRAPH (A) SECTION 140 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991, AND OF OTHER RELATED LAWS

Be it enacted by the Senate and the 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, lessees, or operators of [theaters, cinemas,] concert halls, circuses, boxing stadium, and other places of amusement at a rate of not more than thirty percent (30%) of the gross receipt from admission fees: PROVIDED, THAT IN 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 FOR LOCALLY-PRODUCED FILMS: PROVIDED, FURTHER, THAT IN THE CASE OF FOREIGN-PRODUCED FILMS. THE AMUSEMENT TAX TO BE COLLECTED SHALL BE NOT MORE THAN TWENTY PERCENT (25%) OF THE GROSS RECEIPTS OF TICKET SALES: PROVIDED, FINALLY, THAT THE AMUSEMENT TAX TO BE COLLECTED FROM FOREIGN-PRODUCED FILMS SHALL BE EFFECTIVE FOR TWO (2) YEARS ONLY, AND THEREAFTER, AMUSEMENT TAX ON ALL FILMS SHALL NOT BE MORE THAN TEN PERCENT (10%) OF THE GROSS RECEIPTS OF TICKET SALES."

- SEC. 2. Repealing Clause. All laws, decrees, orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby amended or modified accordingly.
- 3 SEC. 3. Effectivity. This Act shall take effect fifteen (15) days after its complete
- 4 publication in the Official Gazette or in at least two (2) national newspapers of general circulation
- 5 whichever date comes earlier.

Approved,