


SENATE
S. No. 589

'19 JUL 17 P5 :56

Introduced by Senator Grace Poe

RECEIVED BY: 

**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 well-recognized, especially in music. Global talent shows have proven that Filipino singers are at 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, especially in the advent of the Internet as music can now be easily downloaded for free.

Despite laws and state agencies dedicated to combat music piracy and protect copyrights, industry estimates indicate more than Php1 Billion in revenue losses due to piracy and other copyright violations. Furthermore, 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 peer-to-peer 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 USD112.2 Million in audio CD sales.

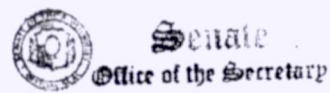
To protect the interests of our local music producers and artists and to further empower them, this bill aims to exempt local artists promoting original Filipino music from the payment of amusement tax. Time and again, local music producers and artists complain of high amusement tax as one of the reasons of marginal earnings in concerts.

Further, under this proposed measure, amusement tax derived from concerts of foreign artists will be earmarked for workshop subsidies needed by our local theater groups; as well as for training programs and workshops for artists and composers to encourage the creation of original Filipino music.

The 15th Congress had already approved this measure on third and final reading, and as such, immediate approval of this bill is earnestly sought.



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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 "Local Music Industry
2 Incentives Act."

3 Sec. 2. *Declaration of policy.* – Pursuant to the State's belief that culture is a
4 human right and a manifestation of the freedom of belief and expression, it shall
5 promote and protect the Filipino national culture which includes the local music
6 industry. The State shall encourage and promote the creation of original Filipino
7 music and provide support to make the industry internationally competitive. It shall
8 ensure that the music industry provides cultural opportunities to all Filipinos.

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

12 "SEC. 140. Amusement Tax. - (a) The province may levy an
13 amusement tax to be collected from the proprietors, lessees or operators of
14 theaters, cinemas, concert halls, circuses, boxing stadiums and other places
15 of amusement at a rate of not more than ten percent (10%) of the gross
16 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.”

Sec. 4. *Implementing Rules and Regulations.* – The Department of Interior and Local Government (DILG), National Commission for Culture and the Arts (NCCA), 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.

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

Sec. 6. *Repealing Clause.* – Any law, presidential decree or issuance, executive order, letter of instruction, rule or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

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

Approved,