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SENATE

Senate Bill No. 82

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INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

The Philippine movie industry has been struggling for its very existence in the face of the rising costs of production, fierce global competition and the burden of excessive taxation.

Indeed, from the Golden Era of the movies during the late 40's and 50's, it has been observed that the industry went into a steady decline in terms of quality, as well as, quantity through most of the 70's and 80's.

In the last couple of years, concerned members of the industry, after numerous consultations and dialogues, decided to take action. To revive and ensure its future, industry leaders are now seeking Congressional intervention by way of amendatory legislation to reduce the rates of taxes that are levied and collected by the national and local governments.

At present, the movie industry shoulders about nine (9) different kinds of taxes, duties and fees, to wit: (1) cultural tax; (2) amusement tax; (3) withholding tax; (4) municipal tax; (5) value added tax; (6) excise or specific tax on positive prints; (7) customs duties on films; (8) corporate income tax and (9) the MTRCB screening fee. In view of this heavy burden, many doubt if the industry can survive in the 21st century.

In response to the movie industry's urgent appeal, we seek the immediate passage of this bill.

JINGGOY EJERCITO ESTRADA
Senator

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AN ACT
REVIVING THE PHILIPPINE MOVIE INDUSTRY BY PROVIDING INCENTIVES
TO THE PROPRIETORS, LESSEES, OPERATORS OF THEATERS AND
CINEMAS

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

SECTION 1. - Except for real property tax on land, no local and national taxes as prescribed under Republic Act No. 8424, also known as the "National Internal Revenue Code of 1997, As Amended" such as income tax, excise tax, value-added tax, and under Republic Act No. 7160, also known as the "Local Government Code of 1991" such as amusement tax, shall be imposed on proprietors, lessee, operators of theaters and cinemas in relation to the showing or exhibition of movies and films produced by the Philippine movie industry.

In lieu of thereof, five percent (5%) of the gross income earned shall be paid as follows:

1. Three percent (3%) to the national government;
2. Two percent (2%) shall be remitted by the business establishments to the treasurer's office of the municipality or city where the enterprise is located.

SEC. 2. The term "Philippine Movie Industry" shall pertain to a Filipino citizen or juridical entity engaged in the production of movies or films. In case of juridical entities, Filipino ownership must be at least sixty percent (60%) to qualify as part of the Philippine movie industry.

SEC. 3. The Bureau of Internal Revenue shall implement this law and promulgate the necessary rules and regulations within sixty (60) days from its effectivity.

SEC. 4. Repealing Clause. - All laws, rules and regulations and orders inconsistent with this Act are hereby repealed.

SEC. 5. Effectivity. - This Act shall take effect upon completion of its publication in at least two (2) newspapers of general circulation.

Approved,