

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FOURTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 742

Introduced by **REP. LORENZO R. TAÑADA III**

EXPLANATORY NOTE

The Philippine Film Industry is declining. From being on top of the film producers in the world, it is currently struggling to stay afloat.

Theater owners are actually complaining as there are not enough films produced for them to show in their theaters the whole year round.

Before 1996, the industry, on the average, produces 164 – 250 movies a year. However, a drop in production happened when the government levied a 10% value-added tax on gross receipts. This is in addition to the already burdensome 23% municipal amusement tax levied on them. From then on, the production of Filipino movies continued to decline. From 200-2003 only 80 films were produced. It further declined the following year when a pitiful 53 movies were produced. In 2005, the so-called E-VAT raised the VAT rate from 10 to 12 percent. No doubt, the sector is overtaxed.

The amusement and value-added taxes levied on movie theaters, amounting to about 40% of the gross receipts of ticket sales not only impinge on the lucrativeness of the film and movie theater industries, it also directly affects viability, quality, and function of local films. It creates the cycle of weak patronage, weak profits, weak quality, and consequently, a weakened position and function of local films in our society. And if such a retrogressive cycle persists, the local film industry will not survive as a trade and will cease to be a tool for the cultivation of social and cultural consciousness, communication of ideas, and accordingly a vehicle for societal change.

Various film-related organizations such as the Film Academy of the Philippines, Directors' Guild of the Philippines, Nagkakaisang Manggagawa ng Pelikulang Pilipino as well as the Independent Filmmakers Cooperative have bonded together to lessen the burden on their sector. This bill, which is a product of their effort seeks to put a ceiling of ten percent (10%) on the amusement tax levied on their industry. While they were able get this measure passed on 3rd Reading in the House of Representatives during the 13th Congress, they lacked material time in the Senate.

As this has gone through the rigors of public hearing during the 13th Congress, and, more importantly, to prevent the further degeneration of an important sector, early passage of this bill is therefore earnestly sought.

Original Signed
REP. LORENZO R. TAÑADA III
4th District, Quezon
Date Filed: 4 July 2007. 1:47 PM

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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 in enacted by the Senate and the House of Representatives of the
Philippines in the 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 proprietors, lessees, 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 RECEIPT OF TICKET SALES."

"X X X"

SECTION 2. *Repealing Clause* - Any law, presidential decree or issuance, executive order, ordinance or rule or regulation inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

SECTION 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.

Approved,