

SENATE

S. No. 283

Introduced by **Senator Francis G. Escudero**

AN ACT
GRANTING TAX EXEMPTIONS AND INCENTIVES TO ACCREDITED FILM
INDUSTRY STAKEHOLDERS AND ESTABLISHING THE NORA AUNOR AWARD
FOR FILM EXCELLENCE

EXPLANATORY NOTE

The Philippine film industry has been a vital medium for creative expression since the production of the movie *Rose of the Philippines* in 1909. In recent years, the rising film production and ticket costs, emerging online streaming platforms, and declining audiences have posed challenges to its sustainability. These factors, in particular, affect small film outfits and independent filmmakers, and hinder the local film industry's ability to showcase Filipino talent on the local and international stage.

This proposed bill, "Nora Aunor Act", seeks to address these challenges. It provides as incentives to the Philippine film Industry exemptions from income tax, value-added tax, and customs duties, as well as the authority to deduct film production expenses from gross income for tax purposes. In line with such incentives, it establishes the *Nora Aunor Award for Film Excellence*, an institutionalized annual award for exceptional scripts and concepts.

By instituting these policies statutorily, the bill not only honors the legacy of the Superstar of the Philippine Cinema, but also empowers the industry as it contributes to the preservation, enrichment, and dynamic evolution of a Filipino national culture.

In line with these intentions, the passage of the bill is sought.

Respectfully submitted.


FRANCIS G. ESCUDERO

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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 "*Nora Aunor Act.*"
- 2 *Sec. 2. Declaration of Policy.* – It is hereby declared the policy of the State to
3 foster the preservation, enrichment, and dynamic evolution of a Filipino national
4 culture based on the principle of unity in diversity in a climate of free artistic and
5 intellectual expression. Toward this end, and in recognition of the constitutional
6 mandate that arts and letters shall enjoy the patronage of the State, the Philippine
7 film industry shall be given adequate support to encourage the production of quality
8 films that depict and reinforce genuine Filipino identity, history, culture, and values,
9 and to achieve global recognition and appreciation of Filipino cinematic art.
- 10 *Sec. 3. Coverage.* – This Act shall apply to duly-accredited Philippine film
11 industry stakeholders as provided for in Section 6 of this Act including, but not limited
12 to:
- 13 (a) Film production companies;
14 (b) Independent filmmakers;
15 (c) Film distributors;
16 (d) Post-production and editing studios;

- 1 (e) Film exhibitors and cinemas;
- 2 (f) Artists, directors, writers, and technical crew;
- 3 (g) Film education institutions and training centers;

4 For purposes of this Act, a Philippine film industry stakeholder shall refer to
5 those falling under items (a) to (g) of this section and such other person, natural or
6 juridical, whose business is directly related to or has stake in the Philippine film
7 industry.

8 *Sec. 4. Nora Aunor Award for Film Excellence.* – To provide support for the
9 production of films of high artistic value or profound social or historical significance,
10 there shall be an annual award to be known as Nora Aunor Award for Film Excellence.
11 The Award shall be extended to exceptional scripts and concept to be selected by a
12 committee of nine (9) members to be composed of film professionals, scholars, critics,
13 and other experts in film and cultural studies to be chosen and headed by the
14 Chairperson and Chief Executive Officer of the Film Development Council of the
15 Philippines (FDCP). The selection committee shall determine the award to be extended
16 to the recipients of the Nora Aunor Award for Film Excellence, including but not limited
17 to, cash grant to support film production of winning scripts or concepts, and promotion
18 and distribution activities in national and international film festivals.

19 *Sec. 5. Tax Incentives.* – Duly-accredited film industry stakeholders shall be
20 entitled to the following tax incentives:

21 (a) Exemption of newly-accredited film production entities from income tax for
22 a period of five (5) years from the date of accreditation;

23 (b) Exemption of the sale or lease of goods and services from value-added tax
24 upon certification by the FDCP that the same shall be used actually, directly, and
25 exclusively in film production, distribution, and exhibition;

26 (c) Exemption of the importation on instruments, equipment, software,
27 supplies, and materials from customs duties upon certification by the FDCP that the
28 same shall be used actually, directly, and exclusively in film production, distribution,
29 and exhibition: *Provided, however,* That the exemption from customs duties shall only
30 apply when such instruments, equipment, software, supplies, and materials are not

1 available from any merchant, supplier or distributor operating within the Philippines;
2 and

3 (d) Authorization to deduct from gross income, for purposes of computing the
4 taxable income of the accredited film industry stakeholder concerned, an amount
5 equivalent to one hundred and fifty percent (150%) of all expenses actually, directly
6 and exclusively spent for film production: *Provided*, That for the purpose of this
7 section, film production expenses shall include, but not be limited to, payment of
8 artists' talent fees, construction of film sets, and lease of filming locations.

9 In furtherance of the declared policy provided under Section 2 of this Act, the
10 FDCP shall, through the Department of the Interior and Local Government (DILG),
11 encourage local government units to offer tax or non-tax incentives and other relief
12 and privileges to accredited film industry stakeholders.

13 *Sec. 6. Accreditation.* – The FDCP shall, in consultation with the film industry
14 stakeholders, formulate the rules and establish criteria for accreditation of film industry
15 stakeholders. The accreditation shall be anchored on the following principles:

16 (a) The accreditation of film industry stakeholder shall be voluntary in nature;

17 (b) The accreditation shall ensure the observance of equal rights and lawful
18 interest of all parties involved;

19 (c) The accreditation process shall be transparent and impartial, with clear
20 guidelines and standards which shall be made available by the FDCP;

21 (d) Accredited film industry stakeholder shall adhere to ethical and legal
22 standards for film industry to be formulated by the FDCP; and

23 (e) The accreditation process shall be grounded on the objective of promoting
24 the development of the local film industry through adoption of high standards and
25 innovative practices in film production.

26 *Sec. 7. Appropriations.* – The amount necessary for the initial implementation
27 of this Act shall be charged against the current year's appropriations of the FDCP.
28 Thereafter, such sums as may be necessary shall be included in the General
29 Appropriations Act.

1 Sec. 8. *Implementing Rules and Regulations.* – Within ninety (90) days from
2 the effectivity of this Act, the FDCP shall, in coordination with the Department of
3 Finance, Bureau of Internal Revenue, and DILG, promulgate the necessary rules and
4 regulations to effectively implement the provisions of this Act.

5 Sec. 9. *Separability Clause.* – If, for any reason, any part or provision of this
6 Act is declared invalid or unconstitutional, the remaining parts or provisions not
7 affected shall remain in full force and effect.

8 Sec. 10. *Repealing Clause.* – All laws, acts, decrees, executive orders,
9 issuances, and rules and regulations or parts thereof which are contrary to and
10 inconsistent with this Act are hereby repealed, amended or modified accordingly.

11 Sec. 11. *Effectivity.* – This Act shall take effect immediately after its complete
12 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,