

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 2134



Introduced by HON. DOUGLAS RA. CAGAS

EXPLANATORY NOTE

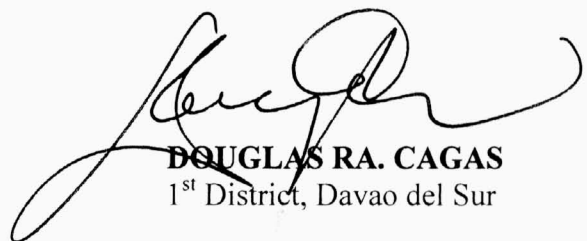
This is a bill which seeks to abolish the EXEMPTION GRANTED to Philippine Charity Sweepstakes Office (PCSO) and Philippine Amusement and Gaming Corporation (PAGCOR) from the payment of corporate income tax.

The Philippine Charity Sweepstakes Office (PCSO) and the Philippine Amusement and Gaming Corporation (PAGCOR) are among the government-owned-or-controlled corporations granted income tax exemption under the National Internal Revenue Code of 1997, as amended. Through the years, the PCSO and the PAGCOR were able to generate substantial amount of revenues for the government. But because the utilization of funds from these agencies is strictly governed by the terms stipulated in their respective charters, the national government is barred from tapping these resources to fund projects outside of those mentioned in the law.

To be able to tap into their revenue potentials, this bill therefore seeks to eliminate the corporate income tax exemption of the PCSO and PAGCOR. Accordingly, these two agencies will now be treated as any other taxable corporation and will be liable to pay the thirty-two percent income tax. By making them taxable, part of the agencies' income is effectively channeled to the General Fund for disbursement by the national government.

Our country is in deep financial trouble. We must exhaust all means to be able to get out of this crisis and the capability of other government agencies to contribute into the overall financial requirement of the government must not be disregarded.

In view of the foregoing, the approval of this bill is earnestly sought.


DOUGLAS RA. CAGAS
1st District, Davao del Sur

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HOUSE BILL NO. 2134

Introduced by **HON. DOUGLAS RA. CAGAS**



AN ACT
TO ABOLISH THE EXEMPTION GRANTED TO THE PHILIPPINE CHARITY SWEEPSTAKES OFFICE (PCSO) AND PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) FROM PAYING CORPORATE INCOME TAX THEREBY, AMENDING SECTION 27(C) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED AND FOR OTHER PURPOSES.

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

SECTION 1. Section 27 (C) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 27. *Rates of Tax on Domestic Corporations.* -

"(A) *In General.* - x x x

"(B) *Proprietary Educational Institutions and Hospitals.* - x x x

"(C) *Government-Owned-or-Controlled Corporations. Agencies or Instrumentalities.* - The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS)[,] AND the Philippine Health Insurance Corporations (PHIC), [the Philippine Charity Sweepstakes Office (PCSO) and the Philippine Amusement and Gaming Corporation (PAGCOR)] shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporations or associations engaged in a similar business, industry, or activity."

SEC. 2. *Implementing Rules and Regulations.* - The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 3. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations or part thereof which are contrary to or inconsistent with this Act are hereby repealed, emended or modified accordingly.

SEC. 4. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in any two newspapers of general circulation, whichever comes earlier.

Approved,