

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

**FIFTEENTH CONGRESS
First Regular Session**

House Bill No. 1117

Introduced by the Hon. Jeci A. Lapus

EXPLANATORY NOTE

Executive Order 194, entitled "restructuring and Providing for the Distribution of Receipts in Horse Racing and for Other Purposes" was implemented in 1988. Effectively, the said scheme reduced taxes on winnings by as much as five percent (5%). As such, the industry registered robust increase in gross sale by 48.43% and substantial number of new stakeholders.

Republic Act No. 7660 amended EO 194 in 1994, which increased the taxes of the industry. Consequently, the local (horseracing) industry registered a topsy-turvy growth. It became one of the most highly taxed among its counterpart abroad even higher than that of Hong Kong considered the pioneer of horseracing in this part of Asia. Further, the said increase on taxation affected sales negatively and discourages new stakeholders.

This proposal seeks to rationalize the tax on winnings and documentary stamp tax on horseracing aimed to encourage wider public participation as well as increase on probable stakeholders.

Eventually, the beneficial effect of this proposal would duplicate the industries' 1998 experience that raised revenue collections of the government.

In view of the above-stated facts, passage of this bill is earnestly sought.


JECI A. LAPUS

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AN ACT
RATIONALIZING THE TAX ON WINNINGS AND
DOCUMENTARY STAMP TAX ON HORSE RACING, AMENDING
FOR THE PURPOSE SECTIONS 126 AND 190 OF THE NATIONAL
INTERNAL REVENUE CODE OF 1997, AS AMENDED, SECTIONS
11 AND 13 OF REPUBLIC ACT NO. 8407, AND SECTIONS 8 AND 10
OF REPUBLIC ACT NO. 7953

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

SECTION 1. SECTION 126 OF THE National Internal Revenue
Code of 1997, as amended is hereby further amended to read as follows:

“SEC. 126 *tax on Winnings*. – Every person who wins in horse
races shall pay a tax equivalent to [ten percent (10%)] **FOUR PERCENT
(4%)** of his winnings or ‘dividends’, the tax to be based on the actual
amount paid to him for every winning ticket after deducting the cost of the
ticket [:*Provided*, that in case of winnings from *double, forcast/quinella* and
trifecta bets, the tax shall be four percent (4%)]. x x x

“x x x.”

SECTION 2. Section 190. *Stamp Tax on Jai-alai, Horse Race Tickets, Lotto or Other Authorized Numbers Games.* – (A) On each jai-alai, [horse race ticket,] lotto, or other authorized numbers games, there shall be collected a documentary stamp tax of Ten centavos (P0.10): *Provided*, That if the cost of the ticket exceeds One peso (P1.00), an additional tax of Ten centavos (P0.10) on every One peso (P1.00), or fractional part thereof, shall be collected.

“(B) STAMP TAX ON HORSE RACE TICKETS. – ON EACH HORSE RACE TICKET, THERE SHALL BE COLLECTED A DOCUMENTARY STAMP TAX OF FIVE CENTAVOS (P0.05): PROVIDED, THAT IF THE COST OF THE TICKET EXCEEDS ONE PESO (P1.00), AN ADDITIONAL TAX OF FIVE CENTAVOS (P0.05) FOR EVERY ONE PESO (P1.00) OR FRACTIONAL PART THEREOF SHALL BE COLLECTED.”

SECTION 3. *Implementing Rules and Regulations.* – The Secretary of Finance shall, in consultation with the Commissioner of Internal Revenue and the Chairman of the Philippine Racing Commission, promulgate the necessary rules and regulations to effectively implement the provisions of this Act.

SECTION 4. *Repealing Clause.* – Sections 11 and 13 of Republic Act No. 8407, entitled: “An Act Amending Republic Act No. 6631, entitled: ‘an Act Granting Manila Jockey Club, Inc., a Franchise to Construct, Operate and Maintain a Racetrack for Horse Racing in the City of Manila or Any Place Within the Provinces of Bulacan, Cavite or Rizal’ and Extending the Said Franchise by Twenty-five (25) Years from the Expiration of the Term Thereof”, and Sections 8 and 10 of Republic Act No. 7953, entitled: “An Act Amending Republic Act No. 6632, entitled, entitled: ‘An Act Granting the Philippine Racing Club, Inc. a Franchise to Operate and Maintain a race Track for Horse racing in the Province of Rizal’, and Extending the said Franchise by Twenty-five (25) Years from the expiration of the Term thereof” are accordingly hereby amended.

All other laws, presidential decrees, executive orders, rules and regulations or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed, amended or modified accordingly

SECTION 5. – *Separability Clause.* – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in any two (2) newspapers of general circulation, whichever comes earlier.

Approved.