

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1336

Introduced by: **HONORABLE AMADO S. BAGATSING**

EXPLANATORY NOTE

Executive Order No. 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 sales by 48.43% and in the 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 counterparts abroad even higher than that of Hongkong which is considered the pioneer of horseracing in this part of Asia. Inevitably, the said increase on taxation affected sales negatively and discouraged new stakeholders.

This proposed measure seeks to rationalize the tax on winnings and documentary stamp tax on horseracing and is aimed to encourage wider public participation as well as increase the number of potential stakeholders.

Hopefully, the beneficial effect of this proposal would reinvigorate the industry and duplicate the 1988 experience that saw the tremendous increase in revenue collection of the government.

It is therefore urgently requested that this bill be approved immediately.


AMADO S. BAGATSING

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

1 **SECTION 1.** Section 126 of the National Internal Revenue Code of 1997, as
2 amended, is hereby further amended to read as follows:

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

8 **SEC. 2.** Section 190 of the National Internal Revenue Code of 1997, as
9 amended, is hereby further amended as follows:

10 “Sec. 190. Stamp tax on Jai-alai, Horse Race Tickets, Lotto or Other
11 Authorized Numbers Games. –

12 (A) On each *jai-alai*, [horse race ticket,] lotto, or other authorized numbers
13 games, there shall be collected a documentary stamp tax of Ten centavos (P0.10):
14 *Provided*, That if the cost of the ticket exceeds One Peso (P1.00), an additional tax of
15 Ten centavos (P0.10) on every One peso (P1.00), or fractional part thereof, shall be
16 collected.

17 **(B) STAMP TAX ON HORSE RACE TICKETS. – ON EACH HORSE**
18 **RACE TICKET, THERE SHALL BE COLLECTED A DOCUMENTARY**

1 STAMP TAX OF FIVE CENTAVOS (P0.05): *PROVIDED*, THAT IF THE
2 COST OF THE TICKET EXCEEDS ONE PESO (P1.00), AN ADDITIONAL
3 TAX OF FIVE CENTAVOS (P0.05) FOR EVERY ONE PESO (P1.00) OR
4 FRACTIONAL PART THEREOF SHALL BE COLLECTED.”

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

9 SEC. 4. – Repealing Clause. – Sections 11 and 13 of Republic Act No. 8407
10 entitled “An Act Amending R.A. 6631, entitled ‘An Act Granting Manila Jockey
11 Club, Inc. a franchise to construct, operate and maintain a race track for horse racing in
12 the city of Manila or any place within the provinces of Bulacan, Cavite or Rizal’ and
13 extending the said franchise by twenty-five years (25) from the expiration of the term
14 thereof” and Sections 8 and 10 of Republic Act No. 7953 entitled “An Act Amending
15 R.A. 6632, entitled ‘An Act Granting the Philippine Racing Club, Inc., a franchise to
16 operate and maintain a race track for horse racing in the province of Rizal and
17 extending the said franchise by twenty-five years from the expiration of the term
18 thereof” are accordingly hereby amended.

19 All other laws, Presidential Decrees, Executive Orders, Rules and Regulations
20 or parts thereof, which are inconsistent with any of the provisions of this Act are
21 hereby repealed, amended or modified accordingly.

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

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

28 Approved,