

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 4742

Introduced by the **Honorable Anthony Rolando T. Golez, Jr.**

EXPLANATORY NOTE

The Philippine Lottery has proved to be one, if not, the most exciting game of chance in the country today. Almost all Filipinos play it, rich and poor. Even Filipinos abroad and foreigners are enticed to play the often high yielding lottery. The Philippine Charity Sweepstakes Office (PCSO) has successfully created games of chance that tickle the fantasy of everyone to become instant millionaires.

The jackpot prize in the Philippine Lottery starts off at a minimum amount and gets higher when no one wins, as bets of players are added to the minimum amount. Jackpot prizes in lottery games sometimes reach hundreds of millions of pesos because the ordinary Filipinos continue on betting as they try to reach their dreams of becoming instant millionaires.

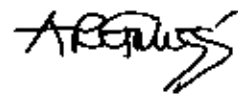
The present National Internal Revenue Code grants an exemption to all lotto winners, including non-resident aliens and non-resident citizens. The common Juan Dela Cruz now asks, why will the millions of pesos pooled by ordinary Filipino bettors and won by a non-resident alien or non-resident citizen be allowed to be taken outside of the Philippines without any tax implication?

The jackpot prizes in PCSO games that are worth millions of pesos, if won by a resident citizen, will cause a lot of economic activity in the country. Though tax-free, once it gets spent here in the country, the Philippines and the Filipinos benefit because of the economic activity it generates. However, a non-resident, more often than not, will spend the jackpot prize, which got huge because of the bets of millions of ordinary Juan Dela Cruzes, in the country where he is a resident; the Philippines will lose a large amount of possible income and money that could have spurred additional economic

activity for the country, If millions of pesos worth of jackpot prizes will be taken out of the country.

This Bill seeks to generate additional income for the State from winnings obtained by non-resident aliens and non-resident citizens in the Philippine Lottery and other games administered by the PCSO.

Approval of the bill is earnestly sought.

A handwritten signature in black ink, appearing to read "AR Reyes". The signature is stylized with a large, sweeping "A" and a long, horizontal stroke extending to the right.

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HOUSE BILL NO. 4742

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**AN ACT IMPOSING A FINAL WITHHOLDING
TAX ON WINNINGS OF NON-RESIDENT ALIENS
AND NON-RESIDENT FILIPINOS FROM
THE PHILIPPINE LOTTERY AND OTHER
GAMES ADMINISTERED BY THE PHILIPPINE
CHARITY SWEEPSTAKES OFFICE**

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

Section 1. TITLE. This Act shall be known as the "Philippine Lottery Tax of 2011".

Section 2. DECLARATION OF POLICY. The State encourages the promotion of a dynamic society and the creation of policies that will ensure economic activity and prosperity in the country.

Section 3. DEFINITION OF TERMS.

a. PCSO – refers to the "Philippine Charity Sweepstakes Office"

b. Lotto – refers to the Philippine Lottery games administered by the Philippine Charity Sweepstakes Office.

c. Non-Resident Alien – refers to the Non-Resident Alien as defined by the National Internal Revenue Code.

d. Non-Resident Citizen – refers to the Non-Resident Citizen as defined by the National Internal Revenue Code.

Section 4. TAX ON NON-RESIDENT ALIENS. A final withholding tax of Twenty Percent (20%) shall be imposed on all non-resident aliens on all their winnings from the lotto and other games administered by the PCSO.

Section 5. TAX ON NON-RESIDENT CITIZENS. A final withholding tax of Fifteen Percent (15%) shall be imposed on all non-resident Filipinos on all their winnings from the lotto and other games administered by the PCSO.

Section 6. COLLECTION. The PCSO shall remit the final withholding tax collected under this Act to the Bureau of Internal Revenue within ten (10) days after the non-resident alien or non-resident citizen have collected his or her winnings from the PCSO.

Section 7. REPEALING CLAUSE. – All laws, decrees, orders, rules and regulations, or any part thereof inconsistent with this Act are hereby modified accordingly or repealed.

Section 8. EFFECTIVITY. – This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

APPROVED,