

SIXTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Second Regular Session)



HOUSE of REPRESENTATIVES
House Bill No. **4934**

Introduced by: MA. THERESA B. BONOAN
4th District, City of Manila

EXPLANATORY

In *National Power Corporation v. City of Cabanatuan*¹, the Court declared that "a franchise tax is a tax on the privilege of transacting business in the state and exercising corporate franchises granted by the state." It is not levied on the corporation simply for existing as a corporation, upon its property or its income, but on its exercise of the rights or privileges granted to it by the government.²

The attached bill seeks to expressly exclude all the franchise holder, licensee and/or operators of Philippine Amusement and Gaming Corporation (PAGCOR) from all kinds of imposable taxes and in lieu of the same, to only pay a certain percentage for franchise tax. Imposition of different taxes would compel these franchisees to "pass-on" the charge to its patrons or clienteles.

Through this bill, the imposition of a franchise tax which is directly absorbed by the franchisee will free the patrons/clienteles of the franchisees of PAGCOR from shouldering additional pass on charges.

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


MA. THERESA BONOAN
4th District, City of Manila

¹ G.R. No. 149110, April 9, 2003, 401 SCRA 259, 260.

² Ibid.

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AN ACT AMENDING SECTION 1 (C) OF REPUBLIC ACT NO. 9337

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

SECTION 1. Section 1 (C) of Republic Act No. 9337, is hereby amended to read as follows:

"(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 and Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC), and the Philippine Charity Sweepstakes Office (PCSO), 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.

Provided, that the Philippine Amusement and Gaming Corporation (PAGCOR) shall not be exempted from the payment of taxable income as are imposed by this Section.

Provided further, no tax of any kind or form, income or otherwise, as well as fees, charges or levies of whatever nature, whether National or Local, shall be assessed and collected to all the franchise holder, licensee and/or operators of PAGCOR; nor shall any form of tax or charge attach in any way to the earnings of the said franchise holder, licensee and/or operators of PAGCOR, except a Franchise Tax of five (5%) percent of the gross revenue or earnings derived by the same from its operation under the Franchise. Such tax shall be due and payable quarterly to the National Government and shall be in lieu of all kinds of taxes, levies, fees or assessments of any kind, nature or description, levied, established or collected by any municipal, provincial, or national government authority."

SECTION 2. Repealing Clause. - All laws, decrees, orders, rules and regulations or other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 3. Separability Clause. - If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in force and effect.

SECTION 4. Effectivity. - This Act shall take effect after fifteen (15) days following the completion of its publication either in the Official Gazette or in a newspaper of general circulation in the Philippines.

Approved.