

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 8418



Introduced by Hon. HARLIN NEIL J. ABAYON, III

EXPLANATORY NOTE

Millions of ordinary Filipinos set aside some of their earnings to place Lotto bets. They are well aware that Lotto is a game of chance and they implicitly trust the system put in place by the Philippine Charity and Sweepstakes Office (PCSO) to ensure the integrity of the Lotto draw process.

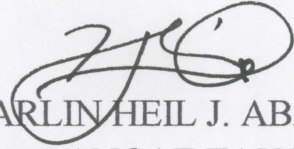
When by chance the bettor wins big at Lotto or even hits the jackpot, his or her winnings amounting to more than ten thousand pesos is subject to a final tax of twenty percent (20%) because of Republic Act 10963, otherwise known as the TRAIN Law.

Before RA 10963 became law, the Lotto winner had full control over how and when his or her winnings are spent because all of the winnings (100%) go to him or her. RA 10963 removed that and made government decide how the 20% final tax will be spent.

This bill seeks to restore to the Lotto major winner the right to determine how the winnings shall be spent. The final tax still goes to the government, but this bill empowers the winner to inform the President of the Philippines how to spend the final tax - giving him or her a sense of fulfillment in relation to nation building.

“The taxpayer, upon whose Lotto winnings amounting to more than Ten thousand pesos the final tax of twenty percent (20%) is imposed, is hereby empowered to determine and specify in a notarized letter addressed to the President of the Philippines, the public school, public hospital, government scholarship or educational assistance program, government project, or barangay to which the final tax shall be allocated and spent,” this bill clearly states.

Government does not lose any revenue, but the citizen who won the major prize fair and square at the Lotto will regain the right to say how the winnings are spent. This is fair and everybody wins.

A handwritten signature in black ink, appearing to read 'H. Abayon', with a stylized flourish at the end.

HARLIN HEIL J. ABAYON, III
Representative, AANGAT TAYO Party-list

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AN ACT
EMPOWERING LOTTO WINNERS OF PRIZES AMOUNTING TO MORE
THAN TEN THOUSAND PESOS TO DETERMINE HOW THE FINAL
TAX ON HIS OR HER WINNINGS SHALL BE SPENT

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

Section 1. Short Title. - This Act shall be known as the *“Lotto Major Winner Empowerment Act.”*

Section 2. Amendment of Section 5 of Republic Act 10963. Section 5 of Republic Act 10963 is hereby amended with the addition of the following paragraph to the Subsection pertaining to “(B) Rate of Tax on Certain Passive Income: - (1) Interests, Royalties, Prizes, and Other Winnings:

The taxpayer, upon whose Lotto winnings amounting to more than Ten thousand pesos the final tax of twenty percent (20%) is imposed, is hereby empowered to determine and specify in a notarized letter addressed to the President of the Philippines, the public school, public hospital, government scholarship or educational assistance program, government project, or barangay to which the final tax shall be allocated and spent. If the lotto winner does not choose a beneficiary or beneficiaries, the final tax proceeds shall form part of the incremental revenues resulting from Republic Act 10963 and shall be spent as provided therein.

Section 3. Separability. - If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected shall continue to be in full force and effect.

Section 4. Repealing Clause. - All laws, executive orders, and administrative orders or parts thereof inconsistent with any provision of this Act are hereby repealed or amended accordingly.

Section 5. Effectivity Clause. - This Act shall take effect fifteen (15) days after its publication in the online version of the *Official Gazette* or in two (2) newspapers of general circulation or with established internet website presence.

Approved.