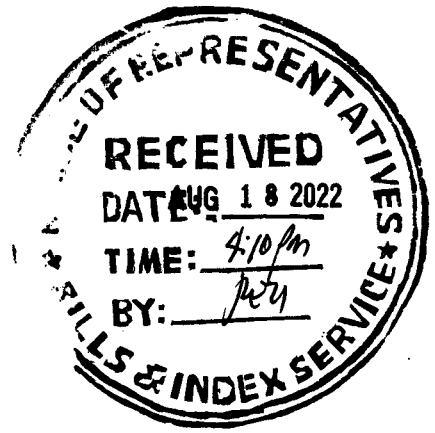


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 3836



Introduced by REP. LEX ANTHONY CRIS A. COLADA

EXPLANATORY NOTE

Power of Taxation as one of the inherent powers of the State plays a vital role in nation-building. Article VI, Section 28 of the Constitution states that "the rule of taxation shall be uniform and equitable" and that "Congress shall evolve a progressive system of taxation."

One of the fast-growing industries today on account of advance technology is the online betting activities and games. Technology makes new experiences available for gamblers/players and at the same time making it easier and safer to play online.

To date, there is no clear tax regime on activities of electronic betting. We, at Congress should be responsible in regulating these online betting games and ensure that all the legal activities therein be properly regulated where the end goal is for the State and public to benefit from it. It is this representation's belief that if our existing onsite betting games/activities are currently being taxed, it is indeed just right to impose taxes on offsite betting activities, both of it being an equal activity only that the platform differs.

This bill seeks to impose a tax regime on "Offsite Betting Activities on Locally Licensed Games," with the ultimate goal of maximizing the revenue-generating capacity of the national government but without overstepping on the powers and functions of the local governments as well as government gaming agencies.

In view of the benefit that the government may receive from this bill, and ultimately redounding to the benefit of the State, the approval of this proposal is urgently sought.


LEX ANTHONY CRIS A. COLADA
Aambis-OWA, Partylist

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session
HOUSE BILL NO. **3836**

Introduced by **REP. LEX ANTHONY CRIS A. COLADA**

AN ACT
IMPOSING TAXES ON OFFSITE BETTING ACTIVITIES
ON LOCALLY LICENSED COCKFIGHTS AND DERBIES,
AMENDING SECTION 125 OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED

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

1 SECTION 1. Section 125 of the National Internal Revenue Code of 1997, as 2 amended, is
hereby further amended to read as follows: 3

4 "SEC. 125. Amusement Taxes. There shall be collected from the
5 proprietor, lessee and operator of cockpits, INCLUDING OPERATORS
6 OF ONLINE PLATFORMS AND OFFSITE BETTING STATIONS FOR
7 SUCH COCKPITS, cabarets, night or day clubs, boxing exhibitions, 8
professional basketball games, Jai-Alai and racetracks, a tax 9
equivalent to:

10
11 (a) Eighteen percent (18%) in the case of cockpits: PROVIDED, THAT
12 FOR OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED
13 COCKFIGHTS AND DERBIES AND OTHER DERIVATIVE
14 ACTIVITIES, THERE SHALL BE LEVIED, ASSESSED, AND
15 COLLECTED A TAX EQUIVALENT TO FIVE PERCENT (5%)

1 **BASED ON GROSS GAMING RECEIPTS, WHICH SHALL BE**
2 **DIRECTLY REMITTED TO THE BUREAU OF INTERNAL**
3 **REVENUE (BIR) AND SHALL BE IN LIEU OF ALL OTHER**
4 **PERCENTAGE TAXES PURSUANT TO SECTION 1091**ME****
5 **BUT NOT OF LOCAL GOVERNMENT TAXES AND 6**
 REGULATORY FEES AND CHARGES APPLICABLE TO
 SUCH 7 ACTIVITIES.

8
9 (b) xxx

10
11 (c) xxx

12
13 (d) xxx

14
15 (e) xxx

16
17 For the purpose of the amusement tax, the term 'gross receipts'
18 embraces all receipts of the proprietor, lessee, or operator of the
19 amusement place. Said gross receipts also include income from
20 television, radio and motion picture rights, if any. A person or entity or
21 association conducting any activity subject to the tax herein imposed 22
 shall be similarly liable for said tax with respect to such portion of the 23
 receipts derived by him or it.

24
25 **FOR PURPOSES OF SECTION 125 (a) HEREIN, THE TERM**
26 **'GROSS GAMING RECEIPTS' EMBRACES ALL THE RECEIPTS**
27 **DERIVED BY THE PERSON, ENTITY OR ASSOCIATION,**
28 **INCLUDING INCOME DERIVED FROM 'PLASADA' OR NET**
29 **COMMISSION FROM OFFSITE BETTING ON LOCALLY 30**
 AUTHORIZED AND REMOTELY BROADCAST COCKFIGHTING 31
 MATCHES OF ALL GAMING OPERATORS.

32
33 **"OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED**
34 **COCKFIGHTS AND DERBIES" SHALL REFER TO ACTIVITIES BY**

35 GAMING OPERATORS, AS DEFINED IN THIS SECTION, WHICH
36 INVOLVE PLACING AND ACCEPTANCE OF WAGERS,
INCLUDING
37 FACILITATION THEREOF, BY REMOTE AND/OR ELECTRONIC
38 MEANS, ON COCKFIGHTING ACTIVITIES DULY AUTHORIZED
39 AND LICENSED BY LOCAL GOVERNMENT UNITS (I-GU) IN THE 40
EXERCISE OF THEIR POWERS UNDER REPUBLIC ACT NO. 7160:
41 PROVIDED THAT, WHENEVER APPLICABLE, OFFSITE BETTING
42 STATIONS, ACTIVITIES, OR OPERATIONS SHALL BE DULY
43 AUTHORIZED OR LICENSED BY THE I-GU IN WHICH THE
44 STATIONS, ACTIVITIES, OR OPERATIONS ARE PHYSICALLY
45 LOCATED: PROVIDED, FURTHER, THAT OFFSITE BETTING, AS
46 REFERRED TO IN THIS SECTION, SHALL NOT INCLUDE OTHER
47 GAMES AND ACTIVITIES SPECIFICALLY AUTHORIZED BY LAW
48 TO BE PERFORMED BY OTHER GOVERNMENT GAMING
49 AUTHORITIES SUCH AS THE PHILIPPINE AMUSEMENT AND
50 GAMING CORPORATION AND THE PHILIPPINE CHARITY
AND 51 SWEEPSTAKES OFFICE.

1 "GAMING OPERATOR" SHALL REFER TO A REGISTERED
2 RESIDENT ENTITY, SUCH AS A CORPORATION, A
PARTNERSHIP,
3 AN INDIVIDUAL OR AN ASSOCIATION, DULY AUTHORIZED BY
4 THE GAMES AND AMUSEMENT BOARD (GAB) TO
SUPERVISE,
5 MANAGE AND OPERATE OFFSITE BETTING ACTIVITIES ON
6 LOCALLY LICENSED COCKFIGHTS AND DERBIES AS DEFINED
7 IN THIS SECTION. WHEREVER APPLICABLE, OFFSITE BETTING
8 ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND
9 DERBIES SHALL BE INCLUDED BY THE GAMING OPERATOR
IN

10 DISCLOSURES AND DOCUMENTATIONS REQUIRED BY THE
BIR,
11 THE GAB AND OTHER REGULATORY GOVERNMENT
AGENCIES
12 AND INSTRUMENTALITIES."

13

The taxes imposed herein shall be payable at the end of each quarter 15
and it shall be the duty of the proprietor, lessee or operator concerned,
16 as well as any party liable, within twenty (20) days after the end of
17 each quarter, to make a true and complete return of the amount of the 18
gross receipts derived during the preceding quarter and pay the tax 19
due hereon.

20

21 THE COMMISSIONER OF INTERNAL REVENUE SHALL ISSUE
22 RULES AND REGULATIONS AS MAY BE ALLOWED BY THE 23
NATIONAL INTERNAL REVENUE CODE AND OTHER LAWS, 24 RULES,
AND REGULATIONS.

25

26 SEC. 2. Implementing Rules and Regulations. — Within thirty (30) days after
27 the effectivity of this Act, the Commissioner of Internal Revenue and the
Chairperson 28 of the GAB shall promulgate the rules and regulations
necessary for its 29 implementation.

30

31 SEC. 3. Separability Clause. — If any part or provision of this Act is held invalid 32 or
unconstitutional, the remaining parts or provisions not affected shall remain in full 33 force
and effect.

34

35 SEC. 4. Repealing Clause. — All laws, decrees, orders, rules, and regulations 36
inconsistent with the provisions of this Act are hereby repealed or modified 37
accordingly.

38

39 SEC. 5. Effectivity. — This Act shall take effect fifteen (15) days after its 40 publication in
the Official Gazette or in any newspaper of general circulation.

41

42 Approved,