

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 9600



Introduced by REPRESENTATIVE MERCEDES K. ALVAREZ, MNSA

EXPLANATORY NOTE

The Philippine Charity Sweepstakes Office (“PCSO”) has long served as one of the government's principal institutions for generating funds to support health programs, medical assistance, and charitable activities benefiting millions of Filipinos. However, rapid technological advancements, evolving gaming platforms, and the increasing demand for sustainable funding mechanisms require a more modern and responsive legal framework.

This bill seeks to re-establish the PCSO as the Philippine National Lottery Office (“the Office”) and strengthen its mandate as the government's lottery and sweepstakes institution. The measure grants the Office the authority to conduct and regulate lotteries, sweepstakes, keno, instant games, and other similar activities through both traditional and emerging platforms, including digital, internet-based, and mobile technologies. It likewise empowers the Office to adopt modern systems and innovations that enhance transparency, security, efficiency, and public accessibility.

The proposed measure also institutionalizes a comprehensive regulatory framework that enables the Office to supervise and license authorized operators and digital agents engaged in lottery and sweepstakes activities within its jurisdiction. Such authority is intended to ensure the integrity of gaming operations, promote responsible gaming practices, strengthen consumer protection, and prevent unauthorized or unlawful gaming activities.

Ultimately, this measure seeks to establish a financially sustainable, technologically adaptive, and well-regulated national lottery institution that will continue to generate substantial resources for public health, medical assistance, and charitable services while safeguarding the public interest.

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



ATTY. MERCEDES K. ALVAREZ, MNSA

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AN ACT
ESTABLISHING THE PHILIPPINE NATIONAL LOTTERY OFFICE,
PROVIDING FOR ITS ORGANIZATION, POWERS AND FUNCTIONS,
REPEALING FOR THE PURPOSE REPUBLIC ACT NO. 1169,
OTHERWISE KNOWN AS AN ACT PROVIDING FOR CHARITY
SWEEPSTAKES, HORSE RACES, AND LOTTERIES, AS AMENDED

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

1 Section 1. Short Title. – This Act shall be known as the “Philippine National
2 Lottery Office Act.”

3
4 Sec. 2. Declaration of Policy. – The State shall confer to the Philippine National
5 Lottery Office (“the Office”) hereby created under this Act the exclusive authority to
6 hold and conduct lotteries, sweepstakes, keno, instant paper games, and similar
7 activities for raising and providing funds for health programs, medical assistance and
8 services, and other charitable activities.

9 Toward this end, the State shall establish a governance framework that: (a)
10 enhances the efficiency and integrity of revenue generation from sweepstakes,
11 lotteries, and their modern and emerging variants; (b) institutionalizes cost-saving
12 and fiscally prudent practices; (c) ensures consistent, predictable, and equitable
13 allocations for prizes, operations, and charitable purposes; (d) safeguards the long-
14 term financial capacity of the Office to support the health and humanitarian needs of

1 the Filipino people; (e) ensure that the conduct of such sweepstakes, lotteries and
2 similar activities shall be recognized by existing special laws; and (f) promotes
3 responsible gaming practices and safeguards the public from the potential social
4 harms associated with gaming activities.

5
6 Sec. 3. Definition of Terms. – For the purposes of this Act, the following terms
7 shall be defined as follows:

- 8 (a) “Charity Fund” shall refer to the portion of gross receipts which shall be used
9 to provide funds for health programs, health and medical assistance and
10 services, as well as charitable activities related to health and medical
11 services;
- 12 (b) “Charity Race Sweepstakes” refers to a form of lottery-based fundraising
13 games authorized, operated, or regulated exclusively by the Office in which
14 participants purchase tickets to win prizes contingent upon the results of a
15 designated race or racing event conducted for the principal purpose of
16 generating revenues for charitable, social welfare, or public benefit
17 programs. Outcomes are determined by the official results of the designated
18 race, and the sweepstakes is operated under regulated lottery standards;
- 19 (c) “Electronic Tickets” refers to a digital record of participation in a lottery,
20 sweepstakes, or other authorized game of chance, generated and stored
21 within an authorized electronic gaming system and serving as the functional
22 equivalent of a physical lottery ticket;”
- 23 (d) “Instant Games” refers to lottery products offered through paper tickets,
24 digital platforms, and other channels authorized by the Office, where
25 players uncover letters, numbers, symbols, colors, patterns, or any
26 combination thereof by scratching, peeling, tapping, scanning, or using any
27 similar method to determine if they have a winning combination;
- 28 (e) “Keno” refers to refers to a fast-paced, high-frequency, lottery game in which
29 players select numbers from a fixed field and win prizes based on how many
30 of their selections match the numbers drawn through certified, secure draw
31 systems, offered through authorized retail or digital channels and subject to
32 the regulation of the Office;
- 33 (f) “Lottery” refers to a game of chance in which a player-participants pays a
34 consideration for the opportunity to win prizes, or other items of value, and

1 whose outcome is determined by chance through: (a) a scheduled draw of
2 numbers, symbols, colors, or combinations thereof; or (b) an instant, pre-
3 generated, randomly assigned or electronically determined outcome
4 revealed through physical, electronic, digital, or other technological means;
5 Lottery games may be played through physical tickets, electronic tickets,
6 digital entries, or other equivalents, and may be played through online,
7 digital, and interactive platforms, including websites, mobile applications,
8 kiosks, authorized digital agents, and other secure technological systems
9 approved by the Office;

10 (g) "Gross receipts" shall refer to the total revenue generated from ticket sales
11 or betting activities before deductions;

12 (h) "Operating Fund" shall refer to the portion of gross receipts which shall be
13 used to finance the regular, recurring, and day-to-day operational expenses
14 of an entity, including administrative, maintenance, personnel, capital
15 expenses and other routine costs of the Office;

16 (i) "Prize Fund" shall refer to the portion of gross receipts that is allocated and
17 set aside exclusively for the payment of prizes to winning players, including
18 jackpot and minor prize categories, as well as any rollover or reserved prize
19 amounts established under the applicable game rules. Prizes not claimed by
20 the public within one year from date of draw shall be considered forfeited,
21 and be deposited to the Charity Fund; and

22 (j) "Sweepstakes" refers to the government authorized charitable program
23 authorized, operated, or regulated exclusively by the Office, for the purpose
24 of raising funds for health programs, medical assistance and services, and
25 other charitable activities of the government, implements through lottery
26 games, instant games, keno, charity race sweepstakes, or other chance-
27 based prize mechanisms authorized under this Act. Entries or tickets for
28 sweepstakes may be issued through physical tickets, electronic tickets,
29 digital entries, or any other means recorded through an authorized
30 electronic system, and may be distributed through retail outlets, digital
31 platforms, mobile applications, kiosks, or other authorized channels.
32

1 Sec. 4. Establishment of the Philippine National Lottery Office. – The
2 Philippine Charity Sweepstakes Office established under Republic Act No. 1169 is
3 hereby re-established under this Act as the Philippine National Lottery Office.
4

5 Sec. 5. Mandate. – The Office shall be an attached agency of the Office of the
6 President primarily responsible for raising and providing funds for health programs,
7 medical assistance and services, and charities of national or local character, and as
8 such shall have the general powers conferred in Section 35 of Republic Act No. 11232,
9 otherwise known as the Revised Corporation Code of the Philippines, and shall have
10 the authority to:

- 11 (a) To hold, conduct, and regulate lotteries, charity sweepstakes races, and
12 similar activities such as but not limited to lotto, keno, instant games, and
13 other games of chance at both local and national levels, on any platform
14 including digital, internet, or mobile applications, either by itself or in
15 collaboration with private entities under contractual agreements as
16 permitted by Republic Act No. 11966, otherwise known as the Public-Private
17 Partnership Code of the Philippines, and other related laws. The authority
18 shall extend to all physical and electronic distribution systems including
19 retail outlets, authorized digital agents, mobile applications, websites,
20 kiosks, blockchain-enabled platforms and other technology-enabled
21 systems and channels used for the issuance of tickets, participation in the
22 games, draw processes, result generation, prize validation and payment
23 processing. Reference to “tickets” in this Act shall include physical tickets,
24 electronic tickets, digital entries, or their equivalent recorded through an
25 authorized electronic system;
- 26 (b) The Office may adopt and implement emerging technologies, including but
27 not limited to secure digital platform, distributed ledger technologies cloud-
28 based gaming systems, artificial intelligence-enabled systems, and other
29 innovations that enhance the integrity, transparency, and efficiency of
30 Sweepstakes and games operations;
- 31 (c) To engage in health and welfare-related investments, programs, projects,
32 and activities, whether profit-oriented or not, by itself or in association,
33 collaboration or joint venture with any person, association, company, or
34 entity, domestic or foreign for the purpose of providing permanent and

1 continuing sources of funds for health programs, including the expansion of
2 existing ones, medical assistance and services, and or charitable grants:
3 Provided, That such investments shall be made in accordance with existing
4 laws;

- 5 (d) To undertake any other activity that will enhance its funds generation
6 operations and funds management capabilities, subject to the same
7 limitations provided for by law.

8
9 Sec. 6. Regulatory Power. – The Office is hereby vested with the power and
10 authority to regulate, supervise, and license natural or juridical persons to establish,
11 operate, and maintain lotteries, sweepstakes, and other similar gaming activities
12 authorized under this Act, in addition to those operated directly by the Office. For this
13 purpose, the Office shall have the authority to:

- 14 (a) Issue, amend, suspend, revoke, or cancel licenses, or permits for the conduct
15 of gaming operations falling within its jurisdiction, including licenses for
16 authorized digital agents, platform operators, and electronic distribution
17 systems involved in the same, issuance, or processing of the game entries;
- 18 (b) Prescribe and enforce rules, regulations, and standards governing the
19 operation of licensed gaming activities, including compliance, auditing, and
20 reporting requirements;
- 21 (c) Impose and collect regulatory fees, or other lawful charges in connection
22 with the grant and supervision of such license or permit;
- 23 (d) Exercise visitorial and examination powers over licensees and their gaming
24 operations to ensure compliance with this Act and applicable regulations;
25 and
- 26 (e) Enforce administrative sanctions, penalties, or corrective measures for
27 violations of this Act, its implementing rules, or license terms and
28 conditions. The exercise of the regulatory authority under this section shall
29 be subject to the approval, supervision, and control of the Board of Directors
30 (the “Board”), and shall be exercised in a manner consistent with the
31 charitable purpose, public interest, and integrity of gaming operations. No
32 license shall be issued under this Act unless it is consistent with national
33 policy on gaming regulation and does not conflict with authorities expressly
34 granted by law to other government entities; and

1 (f) Nothing in this Act shall be interpreted to authorize casino gaming,
2 electronic gaming machines, or other gaming activities reserved under
3 existing laws to other government entities. The authority of the Office shall
4 be limited to lotteries, sweepstakes, and other chance-based prize
5 mechanism authorized under this Act.
6

7 Sec. 7. Board of Directors; Composition; Term. – There is hereby created a
8 Board composed of five (5) members, all of whom shall be appointed by the President
9 of the Philippines and whose compensation shall be fixed in accordance with existing
10 government policies, rules and regulations. The Board shall be composed of a
11 Chairperson, with the General Manager who shall be the Vice-Chairperson and three
12 (3) other members, and shall be appointed based on their integrity, willingness to
13 serve, and relevant expertise and experience. Each member shall serve a term of three
14 (3) years, subject to existing laws. Provided, that a member shall continue to hold office
15 until his or her successor has been duly appointed and qualified.

16 A member appointed to fill a vacancy shall serve only for the unexpired portion
17 of the term of the member succeeded.
18

19 Sec. 8. Powers and Authority of the Board of Directors. – The Board shall be the
20 governing body of the Office and shall be responsible for providing policy direction,
21 monitoring and oversight. The Board shall have the power and authority to:

- 22 (a) Allocate the funds and distribute the gross revenues of the Office to finance
23 and support its programs, projects and activities, including but not limited
24 to health programs, medical, charitable and assistance, and other social
25 welfare services, subject to accounting and budgetary rules and regulations;
26 (b) Adopt, amend, or repeal rules, regulations, policies, and internal procedures
27 necessary to implement the provisions of this Act, ensure good governance,
28 and carry out the functions, programs, and operations of the Office;
29 (c) Adopt and implement cost-saving and efficiency measures to ensure the
30 prudent utilization of funds, consistent with applicable auditing, budgeting,
31 procurement, and governance laws;
32 (d) Enter into contracts, memoranda of agreement, joint ventures, public-
33 private partnership agreements, agency agreements, operating and/or

- 1 management contracts, and other commercial agreements with natural and
2 juridical persons;
- 3 (e) Contract loans, credits, and indebtedness, whether domestic or foreign, on
4 such terms and conditions as it may deem appropriate;
- 5 (f) Set policies to foster the long-term strategic direction of the Office, ensure
6 its long-term viability and strength, and secure its sustained
7 competitiveness;
- 8 (g) Determine the organizational structure of the Office, defining the duties and
9 responsibilities of its officers and employees, and adopting a compensation
10 and benefit scheme and placement and promotion policies as may be
11 recommended by the General Manager, subject to existing laws, rules, and
12 regulations;
- 13 (h) Provide sound policies and strategic guidelines on the corporate operating
14 budget of the Office; and
- 15 (i) Perform such powers, functions, and duties as may be directed and
16 authorized by the Office of the President or as may be necessary or proper
17 for the accomplishment of its purposes and objectives.
- 18

19 Sec. 9. Powers and Duties of the Chairperson. – The Chairperson shall be the
20 head of the Board and shall lead it in setting the overall direction, policies, and
21 strategies of the Office. The duties of the Chairperson include convening meetings to
22 ensure the Board can effectively discharge its responsibilities; presiding, when
23 present, over the meetings of the Board, overseeing the flow of information between
24 Management.

25

26 Sec. 10. Powers and Duties of the General Manager. – The General Manager
27 shall be elected by the Board and can be removed or suspended only for cause as
28 provided by law. He shall have the direction and control of the Office in all matters
29 which are not specifically reserved for action by the Board. Subject to the approval of
30 the Board, he shall likewise appoint the personnel of the Office.

31

32 Sec. 11. Allocation and Distribution of Gross Receipts. – Pursuant to existing
33 laws governing the distribution of proceeds from the operations of the Office, and
34 subject to the approval of the Office of the President, the Board shall determine the

1 manner in which the Gross Receipts derived from charity sweepstake races, lotteries,
2 or similar activities shall be allocated. The Gross Receipts of the Office shall be
3 allocated to the following funds after deducting direct costs related to lottery
4 operations:

5 (a) The Prize Fund shall be set aside for the payment of prizes to winning ticket
6 holders, including sellers of the winning tickets, and owners and jockeys of
7 running horses. Prizes not claimed within six (6) months from the date of
8 the draw shall be automatically forfeited and shall form part of the Charity
9 Fund;

10 (b) The Charity Fund shall be set aside to provide funds for health programs,
11 medical assistance and services, and other charitable activities and social
12 welfare services. The Board may disburse part of the Charity Fund to
13 investments: Provided, That in no case shall such amount exceed ten
14 percent (10%) of the gross receipts of the year; and

15 (c) The Operating Fund shall be set aside to cover administrative, personnel,
16 and operational expenses necessary for the efficient conduct of the
17 operations of the Office. The annual Operating Fund shall not exceed fifteen
18 percent (15%) of annual gross receipts.

19 All disbursements shall be subject to the usual auditing rules and regulations.
20

21 **Sec. 12. Income and Other Taxes.** – Notwithstanding any provision of law to the
22 contrary, no tax of any kind or form, income or otherwise, as well as fees, charges or
23 levies of whatever nature, whether National or Local, shall be assessed and collected
24 from the Office; nor shall any form of tax or charge attach in any way to the earnings
25 of the Office, except a franchise tax of five percent (5%) of the gross revenue derived
26 from its operations. Such tax shall be due and payable quarterly to the National
27 Government and shall be in lieu of all kinds of taxes, levies, fees, duties, or assessments
28 of any kind, nature, or description, levied, established or collected by any municipal,
29 provincial or national government authority.
30

31 **Sec. 13. Exemption of Lottery Equipment from Customs Duties and Taxes.** – All
32 importations of equipment, machinery, devices, spare parts, supplies, and related
33 technologies and paraphernalia, including software and systems, that are directly and
34 exclusively used by the Office in the conduct, operation, maintenance, or

1 modernization of its lottery games and gaming activities, shall be exempt from the
2 payment of customs duties, value-added tax, excise taxes, and all other import-related
3 taxes, fees, and charges, notwithstanding any provision of law to the contrary.
4

5 Sec. 14. Use of the Charity Fund and Inviolability of the Charity Fund;
6 Exemption from Garnishment, Levy, or Execution. – The Charity Fund established
7 under this Act, including all monies, deposits, receivables, earnings, donations,
8 unclaimed prizes reverting thereto, and any interest thereon is hereby declared a
9 special public fund held in trust exclusively to carry out the health, medical, or
10 charitable mandates of the Office, including but not limited to medical assistance to
11 individuals, support for hospitals and health facilities, funding of public health
12 programs, and other activities directly related to the preservation, restoration, and
13 promotion of health. The Charity Fund shall not be subject to levy, attachment,
14 garnishment, execution, set-off, or any court process to satisfy any judgment, order,
15 or claim against the Office, its officers, or agents.
16

17 Sec. 15. Penal Acts. – The following shall be punished by imprisonment of not
18 less than six (6) years but not more than twelve (12) years, or a fine of not less than
19 Five Hundred Thousand Pesos (P500,000.00) but not more than Two Million Pesos
20 (P2,000,000.00), or both:

- 21 (a) Any person who, without being a duly authorized agent of the Office, sells
22 tickets of the Office, or, being such agent, sells tickets, fractions or coupons
23 thereof not issued by the Office, representing or tending to represent an
24 interest in tickets issued by the Office;
- 25 (b) Any person who sells tickets issued by the Office at a price greater than the
26 price stated on the ticket;
- 27 (c) Any officer or employee of a hospital or other charitable or hygienic
28 institution or organization who uses funds obtained from the Office under
29 this Act for purposes other than those herein authorized;
- 30 (d) Any person who alters or tampers with a genuine lottery or sweepstakes
31 ticket, or possess, use, transfer, or present any altered ticket or any ticket
32 that appears to be a genuine lottery or sweepstakes ticket, including aiding
33 or conspiring in such acts, for purposes of fraud or of claiming or attempting
34 to claim any prize or benefit;

1 (e) Any person who shall advertise, market, publish, broadcast, or otherwise
2 promote any lottery or sweepstakes or similar activity, as mentioned in this
3 Act, not authorized by the Office, whether physically, online, through social
4 media, mobile applications, or other media platforms. This shall likewise
5 apply to the owners or administrators of accounts, pages, channels, or
6 platforms through which such unauthorized activities are advertised,
7 marketed, or promoted, as well as to any person found in possession of
8 tickets, paraphernalia, advertisements, or other materials intended for use
9 in such unauthorized activities; and

10 (f) Any person who shall engage in, organize, conduct, or participate in any
11 lottery, sweepstakes, or similar activity not authorized by the Office.

12 In case of juridical persons, the penalty shall be imposed upon the responsible
13 officers thereof.

14
15 Sec. 16. Annual Report of the Board of Directors. – The Board shall submit an
16 annual report to the Office of the President and to both Houses of Congress on the
17 activities of the Office.

18 Both Houses of Congress shall oversee, monitor, and evaluate the
19 implementation of this Act.

20
21 Sec. 17. Responsible Gaming and Player Protection. – The Office shall adopt
22 and implement policies and mechanisms to promote responsible participation in
23 lotteries, sweepstakes, and other authorized games, and to protect the welfare of the
24 public. For this purpose, the Office shall:

- 25 (a) Establish responsible gaming programs designed to prevent excessive or
26 compulsive participation in lottery and sweepstakes games;
- 27 (b) Implement safeguards to prevent participation by minors and other
28 unauthorized persons, including appropriate age verification and identity
29 authentication measures across physical and digital platforms;
- 30 (c) Provide public education programs on responsible gaming and the risks
31 associated with excessive gaming participation;
- 32 (d) Establish mechanisms allowing individuals to voluntarily restrict or exclude
33 themselves from participating in lottery or sweepstakes games;

1 (e) Ensure that advertising and promotional activities relating to lotteries and
2 sweepstakes are conducted in a responsible manner and do not target
3 minors or vulnerable sectors of society;

4 (f) Maintain systems and procedures for monitoring gaming activity and
5 identifying potentially harmful gaming behavior, particularly in digital or
6 online environments; and

7 (g) Coordinate with appropriate government agencies and health institutions
8 in addressing gaming-related harm and in promoting responsible gaming
9 awareness.

10 This Office shall ensure that responsible gaming policies apply equally
11 to physical, electronic, digital, and technology-enabled gaming platforms operated
12 directly by the Office or by its authorized licensees or agents.
13

14 Sec. 18. Repealing Clause. – Republic Act No. 1169 otherwise known as An Act
15 Providing for Charity Sweepstakes, Horse Races, And Lotteries, as amended, is hereby
16 repealed. All laws, decrees, orders, rules and regulations, or other issuances or parts
17 thereof, inconsistent with the provisions of this Act, including those that provide for
18 the use of charity funds for purposes other than health-related programs and projects-
19 are hereby repealed, amended, or modified accordingly.
20

21 Sec. 19. Separability Clause. – Should any provision of this Act be declared
22 unconstitutional, the remainder of this Act or any provision not affected thereby shall
23 remain in force and effect.
24

25 Sec. 20. Effectivity. – This Act shall take effect fifteen (15) days following its
26 publication in the *Official Gazette* or in a newspaper of general circulation in the
27 Philippines.

Approved,