COMMITTEE REPORT NO. 130

Submitted by the Committee on Ways and Means on DEC 1 0 2019
Re: House Bill No. 5777
Recommending its approval in substitution of House Bill No. 5267

Sponsor: Representative Joey Sarte Salceda

Mr. Speaker:

The Committee on Ways and Means to which was referred House Bill No. 5267 introduced by Rep. Joey Sarte Salceda, entitled:

"AN ACT TAXING TAXPAYERS ENGAGED IN PHILIPPINE OFFSHORE GAMING OPERATIONS AMENDING FOR THE PURPOSE SECTIONS 22, 25 AND 119 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED",

has considered the same and recommends that the attached House Bill No. 5777, entitled:

"AN ACT TAXING PERSONS ENGAGED IN PHILIPPINE OFFSHORE GAMING OPERATIONS, AMENDING FOR THE PURPOSE SECTION 25 AND ADDING A NEW SECTION 150-C OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED",


Respectfully submitted,

REP. JOEY SARTE SALCEDA
Chairperson
Committee on Ways & Means

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Eighteenth Congress
First Regular Session

HOUSE BILL No. 5777
(in substitution of House Bill No. 5267)


AN ACT
TAXING PERSONS ENGAGED IN PHILIPPINE OFFSHORE GAMING OPERATIONS AMENDING FOR THE PURPOSE SECTION 25 AND ADDING A NEW SECTION 150-C 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:

SECTION 1. Section 25 of the National Internal Revenue Code of 1997, as amended, is hereby amended to add letter (G) to read as follows:

“SEC. 25. Tax on Nonresident Alien Individual. –

(A) xxx
(B) xxx
(C) xxx
(D) xxx
(E) xxx
(F) xxx
(G) ALIEN INDIVIDUAL EMPLOYED BY AN OFFSHORE GAMING LICENSEE

- AN ALIEN INDIVIDUAL WHO IS A PERMANENT RESIDENT OF A FOREIGN
COUNTRY AND WHO IS EMPLOYED AND ASSIGNED IN THE PHILIPPINES
BY AN OFFSHORE GAMING LICENSEE, AS DEFINED IN SECTION 150-C OF
THIS CODE, SHALL PAY A TAX OF TWENTY-FIVE PERCENT (25%) OF THE
SALARIES, WAGES, ANNUITIES, COMPENSATION, REMUNERATION AND
OTHER EMOLUMENTS, SUCH AS HONORARIA AND ALLOWANCES
RECEIVED FROM SUCH LICENSEE.

IN COMPUTING THE TAX PROVIDED IN THIS SECTION, SIX
HUNDRED THOUSAND PESOS (P 600,000.00) SHALL BE THE MINIMUM
GROSS ANNUAL INCOME.

ANY INCOME EARNED FROM ALL OTHER SOURCES WITHIN THE
PHILIPPINES BY THE ALIEN EMPLOYEE REFERRED TO UNDER THIS
SUBSECTION SHALL BE SUBJECT TO THE PERTINENT INCOME TAX,
IMPOSED UNDER THIS CODE.”

SEC. 2. A new Section designated as Section 150-C of the National Internal Revenue Code
of 1997, as amended, is hereby added to read as follows:

“SEC. 150-C. TAX ON SERVICES RENDERED BY OFFSHORE GAMING
LICENSEES. - ANY PROVISION OF EXISTING LAWS, RULES OR
REGULATIONS TO THE CONTRARY NOTWITHSTANDING, THERE SHALL
BE LEVIED, ASSESSED AND COLLECTED A TAX EQUIVALENT TO FIVE
PERCENT (5%) BASED ON THE GROSS REVENUE OR RECEIPTS DERIVED
FROM GAMING OPERATIONS AND SIMILAR RELATED ACTIVITIES OF ALL
OFFSHORE GAMING LICENSEES: PROVIDED, THAT THE PHILIPPINE
AMUSEMENT GAMING CORPORATION (PAGCOR) SHALL COLLECT SAID
AMOUNT AND DIRECTLY REMIT TO THE BUREAU OF INTERNAL
REVENUE: PROVIDED, FURTHER, THAT IN THE CASE OF OFFSHORE
GAMING LICENSEES LOCATED WITHIN A SPECIAL ECONOMIC ZONE,
SAID AMOUNT SHALL BE COLLECTED BY THE CONCERNED SPECIAL
ECONOMIC ZONE AUTHORITY AND SHALL BE DIRECTLY REMITTED TO
THE BUREAU OF INTERNAL REVENUE.

AN OFFSHORE GAMING LICENSEE SHALL REFER TO THE OFFSHORE
GAMING OPERATOR, DULY LICENSED AND AUTHORIZED TO PROVIDE
OFFSHORE GAMING SERVICES, WHICH MAY BE:

a. A PHILIPPINE-BASED OPERATOR WHICH IS A DULY
   CONSTITUTED BUSINESS ENTERPRISE ORGANIZED IN THE
   PHILIPPINES; OR

b. AN OFFSHORE-BASED OPERATOR WHICH IS A DULY
   CONSTITUTED BUSINESS ENTERPRISE ORGANIZED IN ANY
   FOREIGN COUNTRY, WHO ENGAGES THE SERVICES OF THE
   ACCREDITED SERVICE PROVIDER OR SUPPORT PROVIDER OF
   PAGCOR OR ANY SPECIAL ECONOMIC ZONE AUTHORITY OR
   TOURISM ZONE AUTHORITY.

FOR PURPOSES OF THIS SECTION, AN OFFSHORE GAMING
LICENSEE (OGL) SHALL BE CONSIDERED ENGAGED IN DOING BUSINESS
IN THE PHILIPPINES.

AN OGL-GAMING AGENT SHALL REFER TO THE REPRESENTATIVE IN THE
PHILIPPINES OF AN OFFSHORE-BASED OPERATOR.”
SEC. 3. Implementing Rules and Regulations. – Within ninety (90) days after the effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for its implementation.

SEC. 4. Separability Clause. – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 5. Repealing Clause. – All laws, decrees, executive orders, rules and regulations or parts thereof which are contrary to or inconsistent with this Act are hereby repealed, amended or modified accordingly.

SEC. 6. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

COMMITTEE ON WAYS AND MEANS

FACT SHEET

HOUSE BILL NO. 5777

(in substitution of House Bill No. 5267)

"AN ACT TAXING PERSONS ENGAGED IN PHILIPPINE OFFSHORE GAMING OPERATIONS AMENDING FOR THE PURPOSE SECTION 25 AND ADDING A NEW SECTION 150-C OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED"


Committee Referral: COMMITTEE ON WAYS AND MEANS
Committee Chairperson: HON. JOEY SARTE SALCEDA

OBJECTIVES:

- To impose a tax on persons engaged in Philippine Offshore Gaming Operations (POGO) thereby amending Section 25 and adding a new Section 150-C of the National Internal Revenue Code of 1997, as amended

KEY PROVISIONS:

- Defines offshore gaming licensee which may be a Philippine-Based Operator or an Offshore-Based Operator under Section 150-C to clarify its taxability;

- Imposes income tax to alien individuals employed by offshore gaming licensees an amount equivalent to twenty five percent (25%) of the salaries, wages, annuities, compensation, remuneration and other emoluments, such as honoraria and allowances received from such licensee; and

- Imposes an excise tax equivalent to five percent (5%) of the gross revenue or receipts from gaming operations and other similar related activities on all offshore gaming operators.

RELATED LAWS:
• Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended;

• Presidential Decree 1869 entitled “Consolidating and Amending Presidential Decrees No. 1067-A, 1067-B, 1067-C, 1399 AND 1632 Relative to the Franchise and Powers of the Philippine Amusement and Gaming Corporation (PAGCOR)”.