Committee Report No. 608

Submitted by the Committee on Ways and Means on Nov 2, 2020
Re: House Bill No. 8065

Recommending its approval in substitution of House Bill No. 7919

Sponsors: Representatives Joey Sarte Salceda and Sharon S. Garin

Mr. Speaker:

The Committee on Ways and Means to which was referred House Bill No. 7919 introduced by Representative Joey Sarte Salceda, entitled:

"An Act
Imposing Taxes on Offsite Betting Activities
On Locally Licensed Games, Adding a New Section 125-A
To the National Internal Revenue Code of 1997, As Amended, and for Other Purposes"

has considered the same and recommends that the attached House Bill No. 8065, entitled:

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


Respectfully submitted

JOEY SARTE SALCEDA
Chairperson
Committee on Ways and Means

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

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 8065
(in substitution of House Bill No. 7919)


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:

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

"SEC. 125. Amusement Taxes. There shall be collected from the proprietor, lessee and operator of cockpits, including operators of online platforms for such cockpits, cabarets, night or day clubs, boxing exhibitions, professional basketball games, Jai-Alai and racetracks, a tax equivalent to:

(a) Eighteen percent (18%) in the case of cockpits: PROVIDED, THAT FOR OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES AND OTHER DERIVATIVE ACTIVITIES, THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED A TAX EQUIVALENT TO FIVE PERCENT (5%)
BASED ON GROSS RECEIPTS, WHICH SHALL BE DIRECTLY 
REMITTED TO THE BUREAU OF INTERNAL REVENUE (BIR) 
AND SHALL BE IN LIEU OF ALL OTHER PERCENTAGE TAXES 
PURSUANT TO SECTION 109 (1)(E), BUT NOT OF LOCAL 
GOVERNMENT TAXES AND REGULATORY FEES AND 
CHARGES APPLICABLE TO SUCH ACTIVITIES.

(b) xxx

c) xxx

d) xxx

e) xxx

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

FOR PURPOSES OF SECTION 125 (a) HEREIN, THE TERM 
‘GROSS RECEIPTS’ EMBRACES ALL THE RECEIPTS DERIVED 
BY THE PERSON, ENTITY OR ASSOCIATION, INCLUDING 
INCOME DERIVED FROM ‘PLASADA’ OR NET COMMISSION 
FROM OFFSITE BETTING ON LOCALLY AUTHORIZED AND 
REMITLY BROADCAST COCKFIGHTING MATCHES OF ALL 
GAMING OPERATORS.

“OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED 
COCKFIGHTS AND DERBIES” SHALL REFER TO ACTIVITIES BY 
GAMING OPERATORS, AS DEFINED IN THIS SECTION, WHICH 
INVOLVE PLACING AND ACCEPTANCE OF WAGERS, INCLUDING 
FACILITATION THEREOF, BY REMOTE AND/OR ELECTRONIC 
MEANS, ON COCKFIGHTING ACTIVITIES DULY AUTHORIZED 
AND LICENSED BY LOCAL GOVERNMENT UNITS (LGU) IN THE 
EXERCISE OF THEIR POWERS UNDER REPUBLIC ACT NO. 7160: 
PROVIDED THAT, WHENEVER APPLICABLE, OFFSITE BETTING 
STATIONS, ACTIVITIES, OR OPERATIONS SHALL BE DULY 
AUTHORIZED OR LICENSED BY THE LGU IN WHICH THE 
STATIONS, ACTIVITIES, OR OPERATIONS ARE PHYSICALLY 
LOCATED: PROVIDED, FURTHER, THAT OFFSITE BETTING, AS 
REFERRED TO IN THIS SECTION, SHALL NOT INCLUDE OTHER 
GAMES AND ACTIVITIES SPECIFICALLY AUTHORIZED BY LAW 
TO BE PERFORMED BY OTHER GOVERNMENT GAMING 
AUTHORITIES SUCH AS THE PHILIPPINE AMUSEMENT AND 
GAMING CORPORATION AND THE PHILIPPINE CHARITY AND 
SWEEPSTAKES OFFICE.
“GAMING OPERATOR” SHALL REFER TO A REGISTERED RESIDENT ENTITY, SUCH AS A CORPORATION, A PARTNERSHIP, AN INDIVIDUAL OR AN ASSOCIATION, DULY AUTHORIZED BY THE GAMES AND AMUSEMENT BOARD (GAB) TO SUPERVISE, MANAGE AND OPERATE OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES AS DEFINED IN THIS SECTION. WHEREVER APPLICABLE, OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES SHALL BE INCLUDED BY THE GAMING OPERATOR IN DISCLOSURES AND DOCUMENTATIONS REQUIRED BY THE BIR, THE GAB AND OTHER REGULATORY GOVERNMENT AGENCIES AND INSTRUMENTALITIES.”

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


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

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

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

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

Approved,
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

Introduced by Reps. Joey Sarte Salceda, Sharon S. Garin, Alfelito "Alfel" M. Bascug,
Adrian A. Ebcas, Rico B. Geron, Sonny L. Lagon, Sergio C. Dagoooc, Conrado M. Estrella
III, Teodorico T. Haresco, Jr., Mark O. Go, Adolph Edward G. Plaza, Rosemarie "Baby" J.
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Cheryl Deloso-Montalla, Eric Go Yap, Anthony Peter "Onyx" D. Crisologo, Deogracias
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Lorenz R. Defensor, Ma. Theresa V. Collantes, Jesus "Bong" C. Suntay, Ria Christina G.
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Ecleo, Joaquin M. Chipeco, Jr., Cesar "Jawo"L. Jimenez, Jr., Rufus B. Rodriguez, Alyssa
Sheena P. Tan, Jose "Pingping" I. Tejada, Faustino Michael Dy, III, and Joy Myra S.
Tambunting as authors

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

OBJECTIVES:

- To impose a tax regime on offsite betting activities on locally licensed cockfights
  and derbies

- To maximize the revenue-generating capacity of the national government on
  offsite betting activities on locally licensed cockfights and derbies without
  encroaching on the powers of local governments and of the government gaming
  agencies

- To enable the government to regulate offsite betting activities and verify tax
  assessments, thus enabling transparency and accountability
KEY PROVISIONS:

- Imposes a tax equivalent to five percent (5%) based on the gross receipts derived from offsite betting activities on duly licensed cockfights and derbies, and other derivative activities;

- Requires the relevant gaming operators to specify offsite betting activities on locally licensed cockfights and derbies in disclosures and documentations required by the Bureau of Internal Revenue (BIR), the Games and Amusement Board (GAB), and other regulatory government agencies and instrumentalities;

- Mandates the operators of offsite betting activities on locally licensed cockfights and derbies to directly remit the payment of tax to the BIR;

- Provides that the tax imposed shall be in lieu of all other percentage taxes pursuant to Section 109 (1)(E) but not of local government taxes and regulatory fees and charges applicable to such activities;

- Mandates the GAB to issue rules and regulations for the fair conduct of offsite betting on locally licensed cockfights and derbies, including devices required of gaming operators, agents, and other related parties; and

- Mandates the Commissioner of Internal Revenue to issue rules and regulations as may be allowed by the National Internal Revenue Code and other laws, rules, and regulations to implement this Act.

RELATED LAWS

1. Republic Act No. 8424, otherwise known as the National Internal Revenue Code of 1997, as amended;

2. Republic Act No. 7160, otherwise known as the Local Government Code of 1991; and

3. Presidential Decree No. 1802-A, entitled “Amending Section 4 of Presidential Decree No. 1802, Creating the Philippine Gamefowl Commission.”