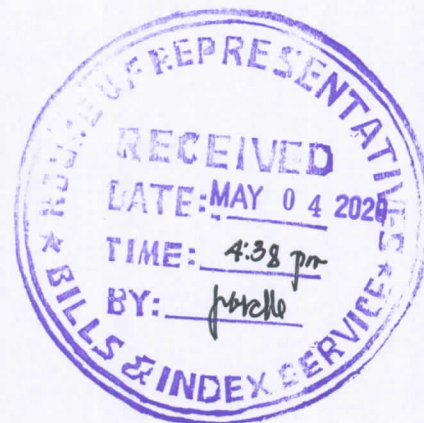


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS
First Regular Session

House Resolution No. 822

Introduced by CIBAC Party-List Representatives
Eduardo "Bro. Eddie" C. Villanueva and Domingo C. Rivera

RESOLUTION

EXPRESSING THE OPPOSITION OF THE HOUSE OF REPRESENTATIVES TO THE DECISION OF THE PHILIPPINE AMUSEMENT AND GAMING CORPORATON (PAGCOR), AS APPROVED BY THE INTER-AGENCY TASK FORCE ON EMERGING INFECTIOUS DISEASES (IATF-EID), TO ALLOW PHILIPPINE OFFSHORE GAMING OPERATORS (POGOs) TO RESUME OPERATIONS AMIDST THE CURRENT COVID-19 STATE OF NATIONAL HEALTH EMERGENCY AND THEREBY URGES THE SAME TO RESCIND THE DECISION IMMEDIATELY

WHEREAS, the Philippine Amusement and Gaming Corporation (PAGCOR) has authorized Philippine Offshore Gaming Operators (POGOs) to start resume 30% of its respective operations after April 30, 2020¹ even if different areas of the country are still placed under the

¹ <https://businessmirror.com.ph/2020/05/02/pagcor-authorizes-partial-resumption-of-pogo-operations/>.

Enhanced Community Quarantine (ECQ) or General Community Quarantine (GCQ);

WHEREAS, the government said that the basis of the decision to allow POGOs to resume operations is that POGOs are classified as business process outsourcing (BPO) companies because they cater to markets outside the country and that only the business hardware and software are located in the country, while gambling is done outside;²

WHEREAS, PAGCOR says that POGOs can contribute to state revenues to as much as P600 million a month once allowed to resume business, thereby beefing up government funds for efforts to fight the COVID-19 crisis;³

WHEREAS, PAGCOR clarifies that POGOs will have to first satisfy certain requirements prior to resumption of business, which include “updating and settlement of tax liabilities; paying all regulatory and license fees, performance bond or penalties; remittance of regulatory fees for the month of April; and readiness to implement safety protocols”⁴ like mobilizing only 30% of workforce and strict adherence to proper social distancing;

WHEREAS, the business group IT and Business Process Association of the Philippines (IBPAP) says that POGOs cannot be considered as BPO companies because “BPOs come to the country for Filipino talent and therefore give direct and indirect jobs to millions of Filipinos while POGOs, on the other hand, largely hire foreigners;”⁵

² <https://news.mb.com.ph/2020/05/01/pogos-are-under-bpo-industry-and-may-now-operate-subject-to-pagcor-regulations-roque/>

³ <https://newsinfo.inquirer.net/1268278/lawmakers-warn-pogo-reopening-a-health-risk>

⁴ *Ibid.*

⁵ <https://newsinfo.inquirer.net/1268469/pogos-are-not-bpos-business-group-tells-palace>

WHEREAS, in addition, according to IBPAP, BPO companies are registered with the Philippine Economic Zone Authority (PEZA) or the Board of Investments (BOI) while POGOs are registered with the PAGCOR, which makes the latter gambling entities, by technical classification;⁶

WHEREAS, pursuant to Section 3 (8) of the Resolution No. 30 of the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID) for the Management of Emerging Infectious Disease approved on April 30, 2020, the Department of Trade Industry (DTI) included gaming and betting activities to the Category IV list of activities that are not allowed to operate whether in ECQ or GCQ areas;⁷

WHEREAS, in a Senate-led inquiry last February 2020, it was revealed that “of the P54 billion that flowed in and out of the country through POGOs, only P7 billion was counted as net inflow according to the Anti-Money Laundering Council (AMLC)” and that “while PAGCOR annually collects 2% of the total gross profits from POGOs as fees, the Bureau of Internal Revenue (BIR) said the industry still owes the government P50 billion in the form of franchise, corporate, and other taxes”;⁸

WHEREAS, even prior to the COVID-19 state of health emergency, there were already calls from legislators to investigate the conduct of business by POGOs because there were reports that these companies were violating important provisions of the National Internal Revenue

⁶ *Ibid.*

⁷ <https://www.onenews.ph/final-list-areas-under-ecq-businesses-allowed-to-operate-guidelines-for-ecq-gcq-implementation>

⁸ <https://www.philstar.com/headlines/2020/02/12/1992486/pogos-unpaid-taxes-hit-p50-billion>

Code, Immigration Laws and the Labor Code of the Philippines⁹ to the extent that some policymakers were even calling for its suspension¹⁰;

WHEREAS, there is a strong sentiment among policymakers and interest groups that if POGOs are willing to pay their tax delinquencies prior to resumption of operations, they should very well do so in good faith even if they are still not allowed to conduct such gambling activities, as prohibited by DTI under Category IV activities;

WHEREAS, allowing POGOs to resume business while not giving the same green light to other industries in the Category IV group will place the government in a bad position for inconsistently implementing government policy, making it appear that certain industries are more favored than others in the midst of a state of national health emergency;

WHEREAS, in addition to the foregoing, some policymakers have expressed doubts if POGOs will pay the necessary taxes to augment the resources of the government for its crisis response measures because if these companies have stubbornly refused to pay obligations in the past, there's no assurance or mechanisms set in place, so far, that will ensure payment of taxes due to the government now, thereby defeating the very purpose for allowing POGOs to operate amidst this state of national health emergency;

WHEREAS, a most immediate concern would be allowing around 30,000–40,000 workers to congregate in different offices and workspaces of POGOs once they resume operations, that would surely pose a grave threat to the efforts of the government to contain and arrest the spread of the coronavirus in the country. According to PAGCOR, there are 60

⁹ <https://news.abs-cbn.com/news/09/18/19/minority-bloc-wants-house-to-probe-pogo-after-work-on-2020-budget>

¹⁰ *Supra* Note 8.

licensed POGOs in the country with a total of 120,000 workers (31,600 are Filipinos while the biggest chunk are Chinese nationals).¹¹ Allowing even only a third of these workers adds to the risk of raising the number of infections as they have been known to live in cramped housing quarters based on past news reports.

WHEREAS, the mandatory rapid testing for all POGO workers prior to being allowed to report back to work would only add up to the additional burden of testing persons who are not considered to be “essential” workers in the fight against COVID-19.

NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED, that the House of Representatives express its opposition to the decision of the Philippine Amusement and Gaming Corporation (PAGCOR), as approved by the Inter-Agency Task Force on Emerging Infectious Diseases (IATF-EID), to allow Philippine Offshore Gaming Operators (POGOs) to resume operations amidst the current COVID-19 state of national health emergency and thereby calls on the same to rescind the decision immediately.

Adopted,


HON. EDUARDO “BRG. EDDIE” C. VILLANUEVA


HON. DOMINGO C. RIVERA

¹¹ <https://www.cnnphilippines.com/news/2020/5/1/racism-Chinese-POGO-Pagcor.html>