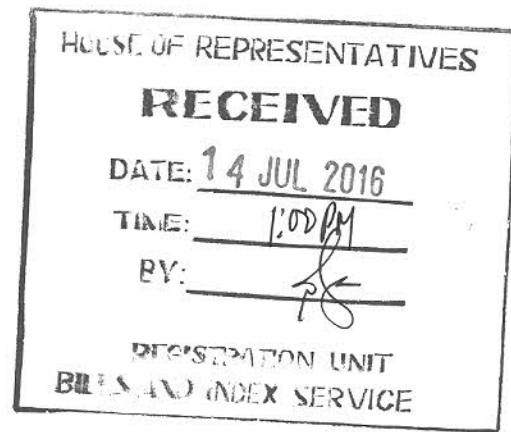


Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**SEVENTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL No. 1589**



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**Introduced by: HON. ARNULFO "NOLI" P. FUENTEBELLA**

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### **EXPLANATORY NOTE**

The Philippine Amusement and Gaming Corporation is a government-owned and controlled corporations created by virtue of Presidential Decree No. 1869 to enable the government "To centralize and integrate the right and authority to operate and conduct games of chance not heretofore authorized by existing franchises or permitted by law in order to attain xxx" certain objectives among others, "to fund infrastructure facilities and socio-civic projects, such as flood control programs, beautification, sewerage and sewage projects, xxx such other essential services and xxx create recreation facilities which will expand and improve the country's tourist attractions xxx".

Moreover, pursuant to existing legal mandates, PAGCOR likewise provides direct funding to various government programs such as 1. Early Childhood Care and Development Program; 2. Sports Benefits and Incentives Act; 3. Gasoline Station and Training Loan Fund; 4. National Museum Act of 1998; 5. Comprehensive Dangerous Act of 2002; 6. Children TV Act of 1997; 7. Barangay Micro Business Enterprises Development Fund; 8. Philippine Seafarer's One Stop Processing Center; 9. The Philippine Sports Commission Act; 10. The Law Providing Compensation to Victims of Unjust Imprisonment or Detention and Victims of Violent Crimes.

To tap it all, PAGCOR contributes billions of pesos to the President's Social Fund (PSF) to enable the Office of the President to carry out its social responsibility and to immediately respond in times of calamities.

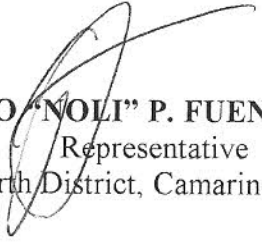
In view of these legal impositions and other essential social responsibilities laid on the PAGCOR's shoulders, it was exempted from income tax together with other government-owned and controlled corporations performing socio-civic functions such as the Government Service Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC) and the Philippine Charity Sweepstakes Office (PCSO).

However, In a sudden twist of fate, the tax exemption privilege enjoyed by PAGCOR under Republic Act No. 8424 otherwise known as the "Tax Reform Act of 1997" was removed when it was amended by Republic Act No. 9337 in the year 2005.

Consequently, while other GOCCs mentioned in the law continue to enjoy tax exemption privilege, PAGCOR was single-handedly left out and was deprived of such tax relief but the burden resulting from existing legal impositions remain on its shoulders.

This bill therefore seeks to rectify this absurd situation by repealing Section 27 (C) of Republic Act No. 9337 in order to restore the effectivity of the old law, the Tax Reform Act of 1997. The provision of the former is a verbatim reproduction of the later law, except that PAGCOR was expressly deleted.

In view of the foregoing reasons, the approval of this bill is earnestly sought.



**ARNULFO "NOLI" P. FUENTEBELLA**  
Representative  
Fourth District, Camarines Sur

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

1589

HOUSE BILL No. \_\_\_\_\_

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Introduced by: HON. ARNULFO "NOLI" P. FUENTEBELLA

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AN ACT  
RESTORING THE TAX EXEMPTION PRIVILEGE GRANTED TO THE PHILIPPINE  
AMUSEMENT AND GAMING CORPORATION (PAGCOR) UNDER REPUBLIC ACT  
No. 8424 OTHERWISE KNOWN AS THE TAX REFORM ACT OF 1997, AMENDING  
FOR THE PURPOSE SECTION 27 (C) OF REPUBLIC ACT No. 9337

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

**SECTION 1.** Section 27 (C) of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 27. Rates of Income Tax on Domestic Corporations. –

(A) In General. – xxx    xxx    xxx

“(C) Government-owned or – Controlled Corporations, Agencies or Instrumentalities. – The provisions of existing special or general laws to the contrary notwithstanding, all corporations, agencies, or instrumentalities owned or controlled by the Government, except the Government Service Insurance System (GSIS), the Social Security System (SSS), the Philippine Health Insurance Corporation (PHIC), THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION (PAGCOR) and the Philippine Charity Sweepstakes Office (PCSO), shall pay such rate of tax upon their taxable income as are imposed by this Section upon corporation or associations engaged in a similar business, industry, or activity.”

x x x

x x x

x x x”

**SEC. 2.** Section 27 (C) of Republic Act No. 9337 and all laws, decrees, executive orders, rules and regulations which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

**SEC. 3.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved.*