

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

Eighteenth Congress  
First Regular Session



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**COMMITTEE REPORT NO. 130**

Submitted by the Committee on Ways and Means on DEC 10 2019

Re: House Bill No. 5777

Recommending its approval in substitution of House Bill No. 5267

Sponsor: Representative Joey Sarte Salceda

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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”,

be approved in substitution of House Bill No. 5267 with Representatives Joey Sarte Salceda, Prospero A. Pichay, Jr., Johnny T. Pimentel, Estrellita B. Suansing, Alyssa Sheena P. Tan, Lianda B. Bolilia, Adriano A. Ebcas, Edcel C. Lagman, Joselito “Joel” S. Sacdalan, Sergion C. Dagooc, Pablo John F. Garcia, Stella Luz A. Quimbo, Bayani F. Fernando, Allan Benedict S. Reyes, and Jericho Jonas B. Nograles as authors.

Respectfully submitted,

A large, stylized handwritten signature in black ink, belonging to Representative Joey Sarte Salceda.

**REP. JOEY SARTE SALCEDA**  
Chairperson  
Committee on Ways & Means

THE HONORABLE SPEAKER  
HOUSE OF REPRESENTATIVES  
QUEZON CITY

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
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Eighteenth Congress  
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HOUSE BILL NO. **5777**

(in substitution of House Bill No. 5267)

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Introduced by Representatives Joey Sarte Salceda, Prospero A. Pichay, Jr., Johnny T. Pimentel, Estrellita B. Suansing, Alyssa Sheena P. Tan, Lianda B. Bolilia, Adriano A. Ebcas, Edcel C. Lagman, Joselito "Joel" S. Sacdalan, Sergion C. Dagooc, Pablo John F. Garcia, Stella Luz A. Quimbo, Bayani F. Fernando, Allan Benedict S. Reyes, and Jericho Jonas B. Nograles.

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**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:*

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

3           "SEC. 25. Tax on Nonresident Alien Individual. –

4           (A) xxx

5           (B) xxx

6           (C) xxx

7           (D) xxx

8           (E) xxx

9           (F) xxx



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

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

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

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

18 “SEC. 150-C. TAX ON SERVICES RENDERED BY OFFSHORE GAMING  
19 LICENSEES. - ANY PROVISION OF EXISTING LAWS, RULES OR  
20 REGULATIONS TO THE CONTRARY NOTWITHSTANDING, THERE SHALL  
21 BE LEVIED, ASSESSED AND COLLECTED A TAX EQUIVALENT TO FIVE  
22 PERCENT (5%) BASED ON THE GROSS REVENUE OR RECEIPTS DERIVED  
23 FROM GAMING OPERATIONS AND SIMILAR RELATED ACTIVITIES OF ALL  
24 OFFSHORE GAMING LICENSEES: *PROVIDED*, THAT THE PHILIPPINE  
25 AMUSEMENT GAMING CORPORATION (PAGCOR) SHALL COLLECT SAID

1 AMOUNT AND DIRECTLY REMIT TO THE BUREAU OF INTERNAL  
2 REVENUE: *PROVIDED, FURTHER*, THAT IN THE CASE OF OFFSHORE  
3 GAMING LICENSEES LOCATED WITHIN A SPECIAL ECONOMIC ZONE,  
4 SAID AMOUNT SHALL BE COLLECTED BY THE CONCERNED SPECIAL  
5 ECONOMIC ZONE AUTHORITY AND SHALL BE DIRECTLY REMITTED TO  
6 THE BUREAU OF INTERNAL REVENUE.

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

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

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

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

22 AN *OGL-GAMING AGENT* SHALL REFER TO THE REPRESENTATIVE IN THE  
23 PHILIPPINES OF AN OFFSHORE-BASED OPERATOR.”

1           **SEC. 3.** Implementing Rules and Regulations. – Within ninety (90) days after the effectivity  
2 of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of  
3 Internal Revenue, promulgate the necessary rules and regulations for its implementation.

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

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

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

11           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”**

Introduced by Representatives Joey Sarte Salceda, Prospero A. Pichay, Jr., Johnny T. Pimentel, Estrellita B. Suansing, Alyssa Sheena P. Tan, Lianda B. Bolilia, Adriano A. Ebcas, Edcel C. Lagman, Joselito “Joel” S. Sacdalan, Sergion C. Dagooc, Pablo John F. Garcia, Stella Luz A. Quimbo, Bayani F. Fernando, Allan Benedict S. Reyes, and Jericho Jonas B. Nograles.

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)”.