



HOUSE OF REPRESENTATIVES

H. No. 5777

BY REPRESENTATIVES SALCEDA, PICHAY, PIMENTEL, SUANSING (E.), TAN (A.S.), BOLILIA, EBCAS, LAGMAN, SACDALAN, DAGOOC, GARCIA (P.J.), QUIMBO, FERNANDO, REYES, NOGRALES (J.J.), SINGSON-MEEHAN, NIETO, RIVERA, YAP (V.) AND TAMBUNTING, PER COMMITTEE REPORT NO. 130

**AN ACT
TAXING PERSONS ENGAGED IN PHILIPPINE OFFSHORE GAMING OPERATIONS
AMENDING SECTION 25, SECTION 27, SECTION 108 AND ADDING A NEW
SECTION 125-A 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

1 (F) xxx

2 (G) *ALIEN INDIVIDUAL EMPLOYED BY AN OFFSHORE GAMING LICENSEE.*

3 - AN ALIEN INDIVIDUAL REGARDLESS OF RESIDENCY AND WHO IS
4 EMPLOYED AND ASSIGNED IN THE PHILIPPINES, REGARDLESS OF TERM
5 AND CLASS OF WORKING OR EMPLOYMENT PERMIT OR VISA, BY AN
6 OFFSHORE GAMING LICENSEE OR ITS SERVICE PROVIDER AS DEFINED
7 IN SECTION 125-A AND SECTION 27 (F) OF THIS CODE, SHALL PAY A FINAL
8 WITHHOLDING TAX OF TWENTY-FIVE PERCENT (25%) ON THEIR GROSS
9 INCOME AS COMPUTED IN THE SUCCEEDING PARAGRAPH.

10 IN COMPUTING THE TAX PROVIDED IN THIS SECTION, SIX
11 HUNDRED THOUSAND PESOS (P600,000.00) SHALL BE THE PRESUMED
12 MINIMUM GROSS ANNUAL INCOME WHICH SHALL INCLUDE BASIC
13 SALARY WAGES, ANNUITIES, COMPENSATION, REMUNERATION AND
14 OTHER EMOLUMENTS, SUCH AS HONORARIA AND ALLOWANCES
15 RECEIVED FROM SUCH SERVICE PROVIDER OR OFFSHORE GAMING
16 LICENSEE.

17 THE TAX IMPOSED HEREIN MUST BE WITHHELD BY THE SERVICE
18 PROVIDER OR OFFSHORE GAMING LICENSEE AND SHALL BE REMITTED
19 QUARTERLY IN ADVANCE WITHIN TEN (10) DAYS OF THE FOLLOWING
20 MONTH OF THE INITIAL COMPENSATION PAYMENT AND ON THE 30TH
21 DAY OF THE THIRD MONTH OF THE SUCCEEDING QUARTERS TO THE
22 BUREAU OF INTERNAL REVENUE (BIR), BUT THE EXCESS OF THE
23 AMOUNT OF TAX SO WITHHELD OR SO REMITTED IN ADVANCE OVER
24 THE TAX DUE UNDER THIS SECTION SHALL BE REFUNDED TO THE
25 TAXPAYER OR THE WITHHOLDING ENTITY OR TREATED AS A TAX

1 CREDIT, WHICHEVER MAY BE APPLICABLE, SUBJECT TO THE
2 PROVISIONS OF SECTION 204: *PROVIDED*, THAT IF THE INCOME TAX
3 COLLECTED FROM THE WITHHOLDING ENTITY OR TAXPAYER IS LESS
4 THAN THE TAX DUE UNDER THIS SECTION, THE DIFFERENCE SHALL BE
5 PAID IN ACCORDANCE WITH THE PROVISIONS OF SECTION 56 OF THIS
6 CODE: *PROVIDED, FURTHER*, THAT THE TAXPAYER OR WITHHOLDING
7 ENTITY MAY AVAIL OF THE RECOURSES PROVIDED IN TITLE VIII,
8 CHAPTER III OF THIS CODE, BY REPUBLIC ACT NO. 11032 OR THE EASE OF
9 DOING BUSINESS LAW, AND OTHER APPLICABLE LEGAL REMEDIES AND
10 RECOURSES.

11 GOVERNMENT AGENCIES AND INSTRUMENTALITIES COLLECTING
12 APPLICABLE MANDATORY CONTRIBUTIONS, SUCH AS THE PHILIPPINE
13 HEALTH INSURANCE CORPORATION (PHIC), THE SOCIAL SECURITY
14 SYSTEM (SSS), AND THE HOME DEVELOPMENT MUTUAL FUND (HDMF),
15 MAY USE THE BASIC SALARY PORTION OF THE MINIMUM GROSS
16 ANNUAL INCOME PROVIDED HEREIN AS THE BASE FOR COMPUTING
17 APPLICABLE CONTRIBUTIONS, AND MAY IMPLEMENT A REFUND
18 SYSTEM SIMILAR TO SECTION 204 OF THIS CODE.

19 FOR THE EFFICIENT ASSESSMENT, VERIFICATION, AND
20 ADMINISTRATION OF TAXES IMPOSED IN THIS SECTION, THE BUREAU OF
21 IMMIGRATION, THE DEPARTMENT OF LABOR AND EMPLOYMENT, AND
22 THE BUREAU OF INTERNAL REVENUE SHALL ISSUE JOINT AND
23 CONSOLIDATED RULES AND REGULATIONS FOR THE IMPLEMENTATION
24 OF FREE AND EFFICIENT EXCHANGE OF INFORMATION AMONG THE
25 SAID AGENCIES IN RELATION TO THE PROPER PAYMENT OF TAXES BY

1 PERSONS COVERED UNDER THIS SECTION: *PROVIDED*, THAT THE
2 MECHANISMS FOR FILING, WITHHOLDING OF TAXES, AND CLAIMING OF
3 REFUNDS PROVIDED HEREIN SHALL ALSO APPLY TO ALIEN INDIVIDUALS
4 EMPLOYED BY AN OFFSHORE GAMING LICENSEE WHO ARE WORKING
5 UNDER PROVISIONAL WORKING PERMITS, SPECIAL WORKING PERMITS,
6 ALIEN EMPLOYMENT PERMITS, OR SIMILAR ARRANGEMENTS.

7 THE FOREGOING SHALL NOT PRECLUDE THE COMMISSIONER OF
8 INTERNAL REVENUE FROM ISSUING SUCH RULES AND REGULATIONS AS
9 MAY BE ALLOWED BY THE NATIONAL INTERNAL REVENUE CODE AND
10 OTHER LAWS, RULES, AND REGULATIONS IN ACCORDANCE WITH THIS
11 SECTION.

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. Section 27 of the National Internal Revenue Code of 1997, as amended, is hereby
17 amended to add letter (F) to read as follows:

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

19 (A) xxx

20 (B) xxx

21 (C) xxx

22 (D) xxx

23 (E) xxx

24 (F) **ACCREDITED SERVICE PROVIDERS TO OFFSHORE GAMING**
25 **LICENSEES.** – UNLESS OTHERWISE PROVIDED IN THIS CODE,

1 ACCREDITED SERVICE PROVIDERS TO OFFSHORE GAMING
2 LICENSEES SHALL NOT BE SUBJECT TO THE GAMING TAX IMPOSED
3 BY SECTION 125-A BUT SHALL PAY SUCH RATE OF TAX AS IMPOSED
4 IN SECTION 27(A) OF THIS CODE, AND SHALL BE SUBJECT TO ALL
5 OTHER APPLICABLE LOCAL AND NATIONAL TAXES.

6 FOR PURPOSES OF THIS SECTION, AN ACCREDITED SERVICE
7 PROVIDER TO AN OFFSHORE GAMING LICENSEE ("SERVICE
8 PROVIDER") SHALL BE A CORPORATION THAT IS DULY CREATED OR
9 ORGANIZED IN THE PHILIPPINES OR UNDER ITS LAWS AND DULY
10 AUTHORIZED BY THE PAGCOR OR ANY ECONOMIC ZONE TO PROVIDE
11 ANCILLARY SERVICES TO AN OFFSHORE GAMING LICENSEE AS
12 DEFINED BY SECTION 125-A OF THIS CODE OR TO ANY GAMING
13 LICENSEE OR OPERATOR WITH LICENSES FROM OTHER
14 JURISDICTIONS. SUCH ANCILLARY SERVICES MAY INCLUDE, BUT
15 SHALL NOT BE LIMITED TO, CUSTOMER AND TECHNICAL RELATIONS
16 AND SUPPORT INFORMATION TECHNOLOGY, GAMING SOFTWARE,
17 DATA PROVISION, PAYMENT SOLUTIONS, AND LIVE STUDIO AND
18 STREAMING SERVICES.

19 SEC. 3. Section 108 of the National Internal Revenue Code of 1997, as amended, is hereby
20 amended to add item no. (9) to read as follows:

21 "Sec. 108. *Value-added Tax on Sale of Services and Use or Lease of Properties.* -

22 (A) xxx

23 (B) *Transactions Subject to Zero Percent (0%) Rate.* - The following services performed in
24 the Philippines by VAT-registered persons shall be subject to zero percent (0%) rate:

25 (1) xxx;

1 (2) xxx;

2 (3) xxx;

3 (4) xxx;

4 (5) xxx;

5 (6) xxx;

6 (7) xxx;

7 (8) xxx;

8 (9) **SERVICES RENDERED BY ACCREDITED SERVICE PROVIDERS, AS**
9 **DEFINED UNDER SECTION 27(F) OF THIS CODE, TO OFFSHORE GAMING**
10 **LICENSEES.**

11 **SEC. 4.** A new Section designated as Section 125-A of the National Internal Revenue Code
12 of 1997, as amended, is hereby amended to read as follows:

13 ***“SEC. 125-A. GAMING TAX ON SERVICES RENDERED BY OFFSHORE***
14 ***GAMING LICENSEES. - ANY PROVISION OF EXISTING LAWS, RULES OR***
15 ***REGULATIONS TO THE CONTRARY NOTWITHSTANDING, THERE SHALL***
16 ***BE LEVIED, ASSESSED AND COLLECTED A GAMING TAX EQUIVALENT TO***
17 ***FIVE PERCENT (5%) ON THE GROSS REVENUE OR RECEIPTS DERIVED***
18 ***FROM GAMING OPERATIONS AND SIMILAR RELATED ACTIVITIES OF ALL***
19 ***OFFSHORE GAMING LICENSEES IN LIEU OF ALL KINDS OF TAXES,***
20 ***INCLUDING FRANCHISE TAXES, LEVIES, FEES OR ASSESSMENTS OF ANY***
21 ***KIND, NATURE OR DESCRIPTION EXCEPT FOR REGULATORY FEES***
22 ***THAT MAY BE IMPOSED BY THE PHILIPPINE AMUSEMENT AND GAMING***
23 ***CORPORATION (PAGCOR) AND THE SPECIAL ECONOMIC ZONES. THIS***
24 ***INCOME IS THEREFORE EXEMPT FROM ANY KIND OF TAX, INCOME OR***
25 ***OTHERWISE, AS WELL AS FEES, CHARGES OR LEVIES OF WHATEVER***

1 NATURE, WHETHER NATIONAL OR LOCAL: *PROVIDED*, THAT THE
2 PAGCOR SHALL COLLECT SAID AMOUNT AND DIRECTLY REMIT TO THE
3 BUREAU OF INTERNAL REVENUE: *PROVIDED, FURTHER*, THAT IN THE CASE OF
4 OFFSHORE GAMING LICENSEES LOCATED WITHIN A SPECIAL
5 ECONOMIC ZONE, SAID AMOUNT SHALL BE COLLECTED BY THE
6 CONCERNED SPECIAL ECONOMIC ZONE AUTHORITY AND SHALL BE
7 DIRECTLY REMITTED TO THE BUREAU OF INTERNAL REVENUE:
8 *PROVIDED, FURTHER*, THAT PAGCOR OR A SPECIAL ECONOMIC ZONE
9 MAY IMPOSE REGULATORY FEES ON OFFSHORE GAMING LICENSEES
10 WHICH SHALL NOT CUMULATIVELY EXCEED TWO PERCENT (2%) OF THE
11 GROSS REVENUE OR RECEIPTS DERIVED FROM GAMING OPERATIONS
12 AND SIMILAR RELATED ACTIVITIES OF ALL OFFSHORE GAMING
13 LICENSEES OR A PRE-DETERMINED MINIMUM GUARANTEED FEE,
14 WHICHEVER IS HIGHER: *PROVIDED, FURTHER*, THAT OFFSHORE GAMING
15 LICENSEES WITHIN SPECIAL ECONOMIC ZONES SHALL PAY AT THEIR
16 EXISTING RATE OF TAX OR THAT WHICH IS PROVIDED HEREIN, WHICHEVER IS
17 HIGHER: *PROVIDED, FURTHERMORE*, THAT FOR PURPOSES OF THIS SECTION,
18 GROSS REVENUE OR RECEIPTS SHALL MEAN GROSS WAGERS LESS PAYOUTS:
19 *PROVIDED, FINALLY*, THAT THE TAKING OF WAGERS MADE IN THE PHILIPPINES
20 SHALL RESULT IN THE REVOCATION OF THE LICENSE OF THE OFFSHORE
21 GAMING LICENSEE.

22 AN OFFSHORE GAMING LICENSEE SHALL REFER TO THE OFFSHORE
23 GAMING OPERATOR, WHETHER ORGANIZED AND REGISTERED ABROAD OR IN
24 THE PHILIPPINES DULY LICENSED AND AUTHORIZED, THROUGH A GAMING
25 LICENSE, BY PAGCOR OR ANY SPECIAL ECONOMIC ZONE AUTHORITY OR
26 TOURISM ZONE AUTHORITY TO CONDUCT GAMING OPERATIONS INCLUDING
27 THE ACCEPTANCE OF BETS FROM OFFSHORE CUSTOMERS.

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

4 **AN OGL-GAMING AGENT SHALL REFER TO THE REPRESENTATIVE**
5 **IN THE PHILIPPINES OF AN OFFSHORE-BASED OPERATOR WHO SHALL**
6 **ACT AS A RESIDENT AGENT FOR THE MERE PURPOSE OF RECEIVING**
7 **SUMMONS, NOTICES AND OTHER LEGAL PROCESSES FOR THE OGL AND**
8 **TO COMPLY WITH DISCLOSURE REQUIREMENTS OF THE SECURITIES**
9 **AND EXCHANGE COMMISSION (SEC). THE OGL-GAMING AGENT SHALL**
10 **NOT BE INVOLVED WITH THE BUSINESS OPERATIONS OF THE OFFSHORE**
11 **GAMING LICENSEE AND SHALL DERIVE NO INCOME THEREFROM.”**

12 **SEC. 5. *Implementing Rules and Regulations.*** – Within ninety (90) days after the effectivity
13 of this Act, the Secretary of Finance shall, upon the recommendation of the Commissioner of
14 Internal Revenue, promulgate the necessary rules and regulations for its implementation.

15 **SEC. 6. *Separability Clause.*** – If any provision of this Act shall be held unconstitutional or
16 invalid, the other provisions not otherwise affected shall remain in full force and effect.

17 **SEC. 7. *Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations or
18 parts thereof, including Republic Act No. 9487 and Republic Act No, 11494, which are contrary to
19 or inconsistent with this Act are hereby repealed, amended or modified accordingly.

20 **SEC. 8. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in the
21 *Official Gazette* or in a newspaper of general circulation.

22 Approved,