

THIRTEENTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
*First Regular Session* )

'04 JUN 30 P5:38

SENATE

S. No. 450

RECEIVED BY: *Osmeña*

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Introduced by Senator S. R. Osmeña III

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EXPLANATORY NOTE

This bill seeks to amend Sections 126 and 190 of the National Internal Revenue Code of 1997 for the purpose of rationalizing the tax on winnings in horse racing and documentary stamp tax on horse race tickets, lotto, jai-alai and other authorized number games.

The bill specifies the coverage of the tax so as to avoid any misinterpretation on the application of the National Internal Revenue Code on these areas and as much as is foreseeable, eliminate any possible loophole in the existing law.

In view hereof, approval of this measure is highly recommended.

*S. Osmeña III*  
SERGIO OSMEÑA III  
Senator

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**AN ACT**

**RATIONALIZING THE TAX ON WINNINGS AND DOCUMENTARY STAMP TAX ON HORSE RACING, AMENDING FOR THE PURPOSE SECTIONS 126 AND 190 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, SECTIONS 11 AND 13 OF REPUBLIC ACT NO. 8407 AND SECTIONS 8 AND 10 OF REPUBLIC ACT NO 7953**

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

1           SECTION 1. Section 126 of the National Internal Revenue Code of 1997,  
2 as amended, is hereby further amended to read as follows:

3           "Sec. 126. Tax on Winnings. – Every person who wins in horse races  
4 shall pay a tax equivalent to ten percent (10%) of his winnings or  
5 'dividends,' the tax to be based on the actual amount paid to him for  
6 every winning ticket after deducting the cost of the ticket: [Provided, That  
7 in the case of winnings from double, forecast/ quinella and trifecta bets,  
8 the tax shall be four percent (4%).] PROVIDED, THAT IN THE CASE OF  
9 WINNINGS FROM THE FOLLOWING SPECIAL BETS, THE TAX SHALL  
10 BE EQUIVALENT TO FOUR PERCENT (4%):

- 11           (1) "DAILY DOUBLE EVENT" IS A RACING EVENT WHEREIN THE  
12           BETTOR SELECT AND BETS ON A NUMBER IN EACH OF TWO  
13           (2) CONSECUTIVE RACES, AND THE SELECTED NUMBERS IN  
14           THE TWO (2) RACES MUST FINISH "FIRST" IN ORDER TO WIN.  
15           (2) "EXTRA DOUBLE EVENT" IS A RACING EVENT WHEREIN THE  
16           BETTOR SELECTS AND BETS ON A NUMBER IN EACH OF THE  
17           TWO (2) DESIGNATED RACES AND THE SELECTED NUMBERS

1 IN THE TWO (2) RACES MUST FINISH "FIRST" IN ORDER TO  
2 WIN.

3 (3) "FORECAST EVENT" IS A RACING EVENT WHEREIN THE  
4 BETTOR SELECTS AND BETS ON TWO (2) NUMBERS IN A  
5 SINGLE RACE AND THE SELECTED NUMBERS MUST FINISH  
6 "FIRST" AND "SECOND" IN THEIR CORRECT ORDER OF  
7 SELECTION IN ORDER TO WIN.

8 (4) "DOUBLE QUINELLA" EVENT IS A RACING EVENT WHEREIN  
9 THE BETTOR SELECTS AND BETS ON TWO (2) NUMBERS IN  
10 EACH OF TWO (2) DESIGNATED RACES AND THE SELECTED  
11 NUMBER IN THE TWO (2) RACES MUST FINISH "FIRST" AND  
12 "SECOND" IN EITHER ORDER OF SELECTION IN ORDER TO  
13 WIN.

14 (5) "TRIFECTA EVENT" IS A RACING EVENT WHEREIN THE  
15 BETTOR SELECTS AND BETS ON THREE (3) NUMBERS IN A  
16 SINGLE RACE AND THE SELECTED NUMBERS MUST FINISH  
17 "FIRST," "SECOND" AND "THIRD" IN THEIR CORRECT ORDER  
18 OF SELECTION IN ORDER TO WIN.

19 (6) "DAILY DOUBLE+1 EVENT" IS A RACING EVENT WHEREIN THE  
20 BETTOR SELECTS AND BETS ON THREE (3) NUMBERS IN  
21 THREE (3) DESIGNATED RACES AND THE SELECTED  
22 NUMBERS MUST FINISH "FIRST IN ORDER TO WIN.

23 (7) "PARI-MUTUEL EVENT" IS A RACING EVENT WHEREIN THE  
24 BETTOR SELECTS AND BETS ON A NUMBER IN A RACE AND  
25 THE SELECTED NUMBER MUST FINISH:

26 (7.1) WIN - FIRST PLACER ONLY IN A RACE

27 (7.2) PLACE - FIRST OR SECOND OR THIRD

28 PLACER IN A RACE

1           In the case of owners of winning race horses, the tax shall be ten  
2 percent (10%) of the prizes.

3           "The tax herein prescribed shall be deducted from the 'dividends'  
4 corresponding to each winning ticket or the 'prize' of each winning race  
5 horse owner and withheld by the operator, manager or person in charge  
6 of the horse races before paying the dividends or prizes to the persons  
7 entitled thereto.

8           "The operator, manager or person in charge of horse races shall,  
9 within twenty (20) days from the date the tax was deducted and withheld  
10 in accordance with the second paragraph hereof, file a true and correct  
11 return with the Commissioner in the manner or form to be prescribed by  
12 the Secretary of Finance, and pay within the same period the total  
13 amount of tax so deducted and withheld."

14       SEC. 2. Sec. 190 of the same Act, as amended, is hereby further  
15 amended to read as follows:

16       ""SEC. 190. Stamp Tax on Jai-alai, Horse Race Tickets, Lotto or Other  
17 Authorized Numbers Games. — On each jai-alai, [horse race ticket,] lotto,  
18 or other authorized numbers games, there shall be collected a  
19 documentary stamp tax of Ten centavos (P0.10): Provided, That if the  
20 cost of the ticket exceeds One peso (P1.00), an additional tax of Ten  
21 centavos (P0.10) on every One peso (P1.00), or fractional part thereof,  
22 shall be collected.

23       (B) STAMP TAX ON HORSE RACE TICKETS. — ON EACH HORSE  
24 RACE TICKET, THERE SHALL BE COLLECTED A DOCUMENTARY  
25 STAMP TAX OF TEN CENTAVOS (P0.10): PROVIDED, THAT IF THE  
26 COST OF THE TICKET EXCEEDS ONE PESO (P1.00), AN  
27 ADDITIONAL TAX OF TEN CENTAVOS (P0.10) FOR EVERY ONE  
28 PESO (P1.00) OR FRACTIONAL PART THEREOF SHALL BE  
29 COLLECTED: PROVIDED, FURTHER, THAT IN THE CASE OF DAILY

1 DOUBLE, DAILY DOUBLE+1, EXTRA-DOUBLE, FORECAST, DOUBLE  
2 QUINELLA, TRIFECTA AND PARI-MUTUEL BETS, THE TAX SHALL BE  
3 FIVE CENTAVOS (P.0.05) ON EVERY ONE PESO (P1.00) WORTH OF  
4 TICKET.”

5 SEC. 3. Implementing Rules Regulations. — The Secretary of Finance  
6 shall, in consultation with the Commissioner of Internal Revenue and the  
7 Chairman of the Philippine Racing Commission, promulgate the necessary rules  
8 and regulations for the immediate and effective implementation of this Act.

9 SEC. 4. Repealing Clause. – This Act specifically amends Sections 11  
10 and 13 of Republic Act No. 8407 and Sections 8 and 10 of Republic Act No.  
11 7953. All other laws, decrees, executive orders, rules and regulations, or parts  
12 hereof inconsistent with the provision of this Act are hereby repealed, amended  
13 or modified accordingly.

14 SEC. 5. This Act shall take effect fifteen (15) days after its publication in  
15 the Official Gazette or in at least two (2) newspapers of general circulation  
16 whichever comes earlier.

17 Approved,