

**EIGHTEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES**
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Senate
Office of the Secretary

SENATE

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INTRODUCED BY SENATOR RISA HONTIVEROS

RESOLUTION

EXPRESSING THE SENSE OF THE SENATE TO DISALLOW THE RESUMPTION OF POGO OPERATIONS IN THE COUNTRY TAKING INTO CONSIDERATION THE FINANCIAL, SOCIAL, AND THE HUMAN COSTS OF POGO OPERATIONS AND TO DIRECT THE PHP 50 BILLION UNPAID TAXES OF POGOS TO FUND THE GOVERNMENT'S RESPONSE TO COVID-19.

WHEREAS, on March 18, 2020, PAGCOR ordered the temporary suspension of Philippine Offshore Gaming Operators (POGOs) during the Enhance Community Quarantine in Luzon¹;

WHEREAS, 11 days after the PAGCOR directive, 22 POGO workers escorted by members of the Police Security and protection Group of Camp Crame who were stealthily entering Tuguegarao City was barred entry as a protocol to avoid the transmission of COVID-19²;

WHEREAS, some solons have considered POGO as a high-risk sector for transmitting and spreading COVID-19 that does not represent essential work and output and is therefore a non-essential industry³. This is contrary to what Presidential Spokesperson Harry Roque stated when he stated that POGOs is included in the list of industries that poses low-risk to the population and that contributes to the economy through taxes⁴;

WHEREAS, it is imperative for the Philippine government to consider allowing Filipino workers to work for livelihood before it can consider foreign workers in non-essential industries;

¹ <https://www.gmanetwork.com/news/money/companies/730327/pagcor-shuts-down-pogos-amid-luzon-quarantine-vs-covid-19/story/>

² <https://newsinfo.inquirer.net/1250350/22-pogo-workers-barred-from-entering-cagayan-province-as-covid-19-protocol>

³ <https://www.gmanetwork.com/news/news/nation/734947/reopening-pogos-amid-covid-19-poses-high-risks-says-villanueva/story/>

⁴ <https://www.gmanetwork.com/news/money/economy/734917/resumption-of-pogos-eyed-to-boost-state-funds-for-covid-19-response/story/>

WHEREAS, last April 22, House Appropriations Committee Chair Eric Yap stated that POGOs should be allowed to continue their operations in order to supplement the government's resources in managing the COVID-19 situation in the country. He further emphasized that the lifting of the POGO suspension will 'give our tax collection a much-needed boost'⁵;

WHEREAS, Chair Eric Yap enumerated that the country have collected PhP 6 billion from license taxes and PhP 1 billion a year from the withholding taxes of the firms (ibid);

WHEREAS, the Bureau of Internal Revenue has reported that the POGO industry in the country has yet to pay the Philippine government PhP 50 billion from their franchise, corporate and other taxes⁶;

WHEREAS, during the February 12, 2020 hearing of the Senate's Committee on Labor, BIR has reported that 'one hundred percent of the offshore-based licensees are not paying franchise tax, all of them'. It was also revealed that while PAGCOR was able to collect PhP 8 billion from POGOs, which is only 2% of the POGOs' gross gaming revenue;

WHEREAS, out of the estimated PhP 17-18 billion that was supposed to be generated from the POGOs' franchise tax, the Department of Finance was only able to collect a paltry PhP 5 billion for the 2019⁷;

WHEREAS, during the aforementioned hearing, it was brought to light that many of the POGO workers in the country do not have tax identification numbers (TINs) (ibid). This unwelcome revelation was exacerbated with the discovery made by DOLE that there are 4,000 Chinese POGO workers using the same TIN⁸;

WHEREAS, the POGO employees with fraudulent TINs means that they are not paying the proper taxes as prescribed by Philippine laws, which are reminiscent of the actions by tax evaders;

⁵ <https://www.philstar.com/headlines/2020/04/22/2008901/let-pogos-resume-crisis-response-funds>

⁶ <https://www.philstar.com/headlines/2020/02/12/1992486/pogos-unpaid-taxes-hit-p50-billion>

⁷ <https://newsinfo.inquirer.net/1227277/majority-of-licensed-pogos-failed-to-pay-p50b-in-taxes-in-2019-bir-official>

⁸ <http://tnt.abante.com.ph/dof-naisahan-ng-pogo-4k-chinese-worker-pare-pareho-ng-tin/>

WHEREAS, one example of erring POGOs is the New Oriental Club 88 Corporation which was estimated to have 23,000 foreign nationals for the taxable year of 2018 but only submitted an official list that declared only 6,736 foreign workers in their employ⁹;

WHEREAS, the Anti-Money Laundering Council (AMLC) reported that 'out of the PhP 54 billion that flowed in and out of the country through POGOs, only PhP 7 billion was counted as net inflow' and that the figures in their research indicates 'leakages through fraudulent means'¹⁰;

WHEREAS, it was reported in a Blue-Ribbon Senate inquiry that around PhP 22.68 billion have entered the Philippines from September 2019 to February 2020 and 'could be linked to money laundering due to the proliferation of POGOs' and that the huge cash flow can be linked to the presence of Chinese POGO workers¹¹;

WHEREAS, the severe lack of regulation over the POGO industry makes them 'a threat for money laundering'¹²;

WHEREAS, some solons have called for the suspension of POGO operators in the country due to lack of oversight, regulation, and lack of harmonization in implementing said regulations¹³;

WHEREAS, PAGCOR's Assistant Vice President for Offshore Gaming Licensing Jose Tria have reported that they will 'consider putting a stop to offshore gaming corporations should it prove to be too challenging to regulate the industry'¹⁴;

WHEREAS, in one of their risk assessments, the AMLC have discerned that the financial impact of POGOs to the Philippine economy only accounts to 0.04%¹⁵;

WHEREAS, during the investigation of the Senate's Committee on Women, the proliferation of prostitution dens in Metro Manila are linked to the rising number of foreign POGO workers. Women and girls, some as young as 15, are trafficked to cater to the aforementioned workers;

⁹ <https://www.dof.gov.ph/intensified-campaign-vs-errant-pogos-yields-p6-42-b-taxes-in-2019/>

¹⁰ <https://www.philstar.com/headlines/2020/02/12/1992486/pogos-unpaid-taxes-hit-p50-billion>

¹¹ <https://www.rappler.com/nation/253310-gordon-says-dirty-money-entered-philippines>

¹² <https://news.abs-cbn.com/business/02/12/20/senate-panel-eyes-pogo-industry-suspension-over-p50b-tax-deficiency>

¹³ <https://www.philstar.com/headlines/2020/02/12/1992486/pogos-unpaid-taxes-hit-p50-billion>

¹⁴ <https://www.philstar.com/headlines/2020/03/04/1998047/pagcor-open-stopping-pogos>

¹⁵ Senate Committee o Labor Hearing on Feb. 11, 2020.

WHEREAS, the investigation on the trafficking of women and girls into prostitution have uncovered a massive corruption scandal that involved Filipino immigration workers and have shown the corrosion that afflicts the issue of border control in the Philippines;

WHEREAS, the gravity of the situation involving POGOs have prompted the political attaché of China to engage with the Philippine government 'to help in the crackdown of illegal Chinese nationals who are here in the country'¹⁶;

WHEREAS, even the Chinese government are cracking down on cross-border gambling and money laundering¹⁷ and that the Philippines' continued tolerance and acceptance of POGOs shows a lack of concern and political will in eliminating this menace;

WHEREAS, the PhP 50 billion in uncollected taxes that POGO operators are yet to pay could be redirected to fund the government's response to COVID-19;

NOW, THEREFORE, BE IT RESOLVED AS IT HEREBY RESOLVED, EXPRESSING THE SENSE OF THE SENATE TO DISALLOW THE RESUMPTION OF POGO OPERATIONS IN THE COUNTRY TAKING INTO CONSIDERATION THE FINANCIAL, SOCIAL, AND THE HUMAN COSTS OF POGO OPERATIONS AND TO DIRECT THE PHP 50 BILLION UNPAID TAXES OF POGOS TO FUND THE GOVERNMENT'S RESPONSE TO COVID-19.

Adopted.


RISA HONTIVEROS
Senator

¹⁶ <https://www.philstar.com/headlines/2020/03/04/1998047/pagcor-open-stopping-pogos>

¹⁷ <https://www.scmp.com/news/asia/southeast-asia/article/3022039/duterte-administration-reels-beijing-slams-manila>