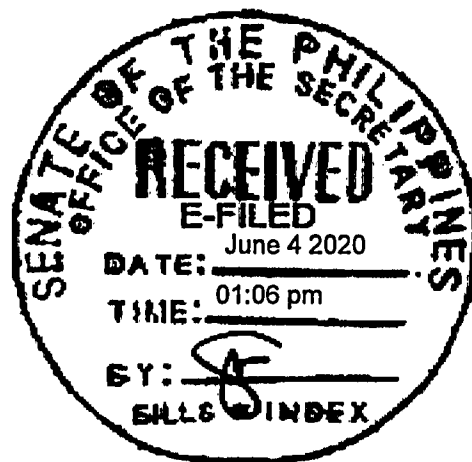


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )



SENATE

P.S. Res. No. 440

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Introduced by SENATOR LEILA M. DE LIMA

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**RESOLUTION**

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ARRESTS MADE AND CASES FILED RELATING TO THE OPERATION OF PHILIPPINE OFFSHORE GAMING OPERATORS (POGOS) TO DETERMINE WHETHER THE CASES ARE BEING HANDLED WITH DUE DILIGENCE AND RESOLVE BY OUR LAW ENFORCEMENT AGENCIES AND TO DETERMINE ULTIMATELY WHETHER THERE IS SUFFICIENT BASIS TO ALLOW CONTINUED OPERATION OF POGOS IN OUR COUNTRY**

1 WHEREAS, on 16 March 2020, President Rodrigo Duterte placed the whole  
2 island of Luzon on an enhanced community quarantine (ECQ) to contain spread of  
3 the COVID-19 virus;

4 WHEREAS, the next day, the Inter-Agency Task Force for the Management of  
5 Emerging Infectious Disease (IATF-EID), through Resolution No. 13, suspended the  
6 operations of Philippine Offshore Gaming Operators (POGOs);

7 WHEREAS, on 24 April 2020, Presidential Spokesperson Harry Roque  
8 announced that Metro Manila, Central Luzon (Region III), Calabarzon (Region IV-A),  
9 and several provinces and islands in Luzon would remain under enhanced  
10 community quarantine (ECQ) until 15 May,<sup>1</sup> and later extended to 31 May. It was also  
11 announced that the remainder of the Philippines would transition to the more  
12 relaxed General Community Quarantine (GCQ). The National Capital Region (NCR)

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<sup>1</sup> Ranada, P. *Metro Manila, other 'high-risk' Luzon areas to remain on lockdown.* (24 April 2020). Retrieved, May 30, 2020, from <https://www.rappler.com/nation/258496-metro-manila-calabarzon-bulacan-to-remain-on-lockdown>

1 was also placed under GCQ beginning 1 June. Under both forms of quarantine, mass  
2 gatherings would remain banned;<sup>2</sup>

3 WHEREAS, on 1 May 2020, Philippine Amusement and Gaming Corporation  
4 (PAGCOR) Chairman Andrea Domingo stated that licensed POGOs would be allowed  
5 to resume operations “on a very limited basis and with very strict protocols”. Among  
6 these protocols are the prerequisite for each company to provide shuttle services  
7 from their employees’ place of residence to their respective offices, temperature  
8 checks upon entry at the office premises, social distancing, proper sanitation and  
9 disinfection as well as the mandatory wearing of mask would also be required.  
10 Furthermore, POGO employees reporting for work must first undergo and obtain a  
11 negative test result from a testing facility duly-registered with the Food and Drug  
12 Administration (FDA);<sup>3</sup>

13 WHEREAS, Malacañang, through Presidential Spokesperson Harry Roque, in  
14 explaining the reason behind the resumption of operations, stated that POGOS were  
15 considered as Business Process Outsourcing (BPO) companies.<sup>4</sup> BPOs had earlier  
16 resumed operations provided employers would adopt work-from-home  
17 arrangements;<sup>5</sup>

18 WHEREAS, according to multiple statements from officials of PAGCOR, the  
19 Department of Finance (DOF) and the Bureau of Internal Revenue (BIR), despite  
20 being classified as BPOs, POGOs are not qualified for any tax incentives. As with any  
21 other gambling entity, POGOs are subject to franchise tax, value-added tax (VAT),  
22 and corporate income tax. Additionally, employees of POGO service providers are  
23 also subject to withholding taxes;<sup>6</sup>

24 WHEREAS, on 8 May 2020, Finance Secretary Carlos Dominguez III issued a  
25 statement declaring that licensed POGOs must first pay all their tax dues before  
26 being allowed to resume operations during the lockdown. The taxes to be paid

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<sup>2</sup> Ranada, P. *EXPLAINER: What happens under general community quarantine?* (28 April 2020). Retrieved May 30, 2020, from <https://www.rappler.com/newsbreak/iq/258878-explainer-what-happens-under-general-community-quarantine>

<sup>3</sup> Ramos, C. *Gov't OKs partial resumption of POGO operations.* (1 May 2020). Retrieved from <https://newsinfo.inquirer.net/1267829/ph-allows-partial-pogo-operations-amid-covid-19-pandemic>

<sup>4</sup> Ranada, P. *'No favoritism' in allowing POGOs amid lockdown - Roque.* (2 May 2020). Retrieved from <https://www.rappler.com/nation/259710-no-favoritism-allowing-pogos-amid-lockdown-harry-roque>

<sup>5</sup> Gonzales, C. *DICT: Work from home scheme should be adopted by BPO firms.* (30 March 2020). Retrieved May 30, 2020, from <https://newsinfo.inquirer.net/1251026/fwd-dict-work-from-home-for-bpo>

<sup>6</sup> Leyco, C. *POGOs are ineligible for tax breaks — gaming, tax officials.* (6 May 2020). Retrieved May 30, 2020, from <https://business.mb.com.ph/2020/05/05/pogos-are-ineligible-for-tax-breaks-gaming-tax-officials/>

1 include the franchise tax which is to be paid to the PAGCOR, and their income and  
2 other taxes which are to be paid to the BIR;

3 WHEREAS, this means that no licensed POGOs would be allowed to operate  
4 even if they were to comply with stringent public health protocols, such as physical  
5 distancing, to contain the spread of the COVID-19 virus;

6 WHEREAS, on 9 May 2020, BIR Commissioner revealed that most, if not all,  
7 POGOs had yet to settle their mandatory tax obligations;

8 WHEREAS, on 21 May 2020, BIR Deputy Commissioner Arnel Guballa  
9 announced that no POGOs or any of their service providers would be allowed to  
10 resume their activities as not one of them had fully paid their tax obligations as part  
11 of the conditions to resume operations amidst the COVID-19 lockdown;<sup>7</sup>

12 WHEREAS, on 7 May 2020, a composite team from the National Capital  
13 Region Police Office, Makati City Police and Southern Police District raided a  
14 building in Barangay Olympia, Makati City after being tipped off that illegal POGO  
15 activities were being held at the location;<sup>8</sup>

16 WHEREAS, in the aforementioned raid, the police managed to apprehend a  
17 total of 63 Chinese nationals and 13 Filipino employees. However, the main target  
18 and alleged operator of the POGO – a certain Xiao Bao – managed to escape;<sup>9</sup>

19 WHEREAS, on 14 May 2020, around 265 Chinese nationals allegedly involved  
20 in illegal POGO activities were arrested in a hotel in Las Piñas City for violating the  
21 local city ordinance and the national directive against mass gathering;<sup>10</sup>

22 WHEREAS, in the raid, policemen from the NCRPO, Regional Special  
23 Operations Group, Las Piñas Police and the Southern Police District seized around  
24 110 laptop computers, 467 cell phones, 251 Chinese passports, internet and WiFi  
25 connection devices, two counting machines, and cash amounting to ₱6.46 million;<sup>11</sup>

26 WHEREAS, on 30 May 2020, a total of 92 Chinese nationals were  
27 apprehended by agents of the Philippine National Police-Criminal Investigation and

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<sup>7</sup> De Vera, B. *Not a single POGO can resume ops yet, as not one has fully paid tax dues - BIR.* (21 May 2020). Retrieved from <https://business.inquirer.net/297837/not-a-single-pogo-can-resume-ops-yet-as-not-one-has-fully-paid-tax-dues-bir>

<sup>8</sup> Zurbano, J. *Cops raid illegal POGO hubs in Makati.* (7 May 2020). Retrieved May 30, 2020, from <https://www.manilastandard.net/mobile/article/323185>

<sup>9</sup> *Ibid.*

<sup>10</sup> Agoncillo, J. *265 Chinese nationals in illegal Pogo nabbed.* (16 May 2020). Retrieved May 30, 2020, from <https://newsinfo.inquirer.net/1275936/265-chinese-nationals-in-illegal-pogo-nabbed>

<sup>11</sup> *Ibid.*

1 Detection Group in a motel in Bacoor, Cavite for engaging in illegal POGO activities.  
2 Authorities noted that most of the individuals arrested had neither work nor travel  
3 documents;<sup>12</sup>

4 WHEREAS, these POGOs continue to operate despite their illegality and in  
5 openly defying strict guidelines against mass gatherings to manage the spread of the  
6 COVID-19 virus;

7 WHEREAS, the current administration's kid glove approach against POGO-  
8 related criminality has emboldened these POGOs to continue its activities  
9 unimpeded within the Philippines, with little to no regard for our laws nor our  
10 standards for public health and safety;

11 WHEREAS, the increasing frequency of these illegal POGO activities right in  
12 the middle of a public health crisis merits a clear and unequivocal action from our  
13 government, including Congress;

14 WHEREAS, there is need to determine the resolve in which our law  
15 enforcement sector implement our laws against POGOs;

16 WHEREAS, PNP, the Department of Justice, and the Bureau of Immigration  
17 should report on the cases involving POGOs and how said cases are being dealt with  
18 in order to determine if our government is meeting the challenges posed by the  
19 POGOs against our rule of law;

20 WHEREAS, there is also need to determine the cost of policing the POGOs to  
21 see whether their presence actually contributes to our economy and whether the  
22 revenues justify the social costs;

23 WHEREAS, PAGCOR and the Department of Finance must present  
24 justification as to why POGOs should be allowed to continue in our country in spite  
25 of their well-documented, repeated and continuous offenses against Philippine laws;

26 WHEREAS, Congress should now step up and re-evaluate our country's  
27 policies concerning the regulation of POGOs and determine whether or not they  
28 should be permitted to legally operate in our country once and for all;

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<sup>12</sup> Inquirer Bandera. *92 Intsik huli sa motel*. (30 May 2020). Retrieved May 30, 2020 from <https://bandera.inquirer.net/255296/92-intsik-huli-sa-motel>

1 . NOW, THEREFORE, BE IT RESOLVED BY THE SENATE, directing the  
2 appropriate Senate Committee to conduct an inquiry, in aid of legislation, on the  
3 arrests made and cases filed relating to the operation of Philippine offshore gaming  
4 operators (POGOs) to determine whether the cases are being handled with due  
5 diligence and resolve by our law enforcement agencies and to determine ultimately  
6 whether there is sufficient basis to allow continued operation of POGOs in our  
7 country.

*Adopted,*

  
LEILA M. DE LIMA