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SENATE

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(In substitution of S.B. Nos. 1295 and 2076 taking into consideration  
H.B. No. 5777)

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Prepared by the Committee on Ways and Means with Senators Recto, Marcos,  
and Cayetano as authors

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**AN ACT**  
**TAXING PHILIPPINE OFFSHORE GAMING OPERATIONS, AMENDING FOR THE**  
**PURPOSE SECTIONS 22, 25, 27, 28, AND ADDING A NEW SECTION 125-A OF**  
**THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR**  
**OTHER PURPOSES**

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

1           **SECTION 1.** Section 22 of the National Internal Revenue Code of 1997, as  
2 amended, is hereby further amended to read as follows:  
3                   "SEC. 22. *Definitions.* - When used in this Title:  
4                   xxx  
5                   **(II) THE TERM 'OFFSHORE GAMING LICENSEE' (OGL) SHALL**  
6           **REFER TO THE OFFSHORE GAMING OPERATOR, WHETHER**  
7           **ORGANIZED ABROAD OR IN THE PHILIPPINES, DULY LICENSED AND**  
8           **AUTHORIZED, THROUGH A GAMING LICENSE, BY THE PHILIPPINE**  
9           **AMUSEMENT AND GAMING CORPORATION OR ANY SPECIAL**  
10           **ECONOMIC ZONE AUTHORITY OR TOURISM ZONE AUTHORITY OR**  
11           **FREEPORT AUTHORITY TO CONDUCT OFFSHORE GAMING**

1 OPERATIONS, INCLUDING THE ACCEPTANCE OF BETS FROM  
2 OFFSHORE CUSTOMERS.

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

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

15 SEC. 2. Section 25 of the National Internal Revenue Code of 1997, as  
16 amended, is hereby further amended to read as follows:

17 SEC. 25. *Tax on Nonresident Alien Individual.* -

18 (A) xxx

19 (B) xxx

20 (C) xxx

21 (D) xxx

22 (E) xxx

23 (F) xxx

24 (G) ALIEN INDIVIDUALS EMPLOYED BY AN OFFSHORE GAMING  
25 LICENSEE AND SERVICE PROVIDERS. - ALIEN INDIVIDUALS

1           REGARDLESS OF RESIDENCY AND WHO ARE EMPLOYED AND  
2           ASSIGNED IN THE PHILIPPINES, REGARDLESS OF TERM AND  
3           CLASS OF WORKING OR EMPLOYMENT PERMIT OR VISA, BY AN  
4           OFFSHORE GAMING LICENSEE OR ITS SERVICE PROVIDER AS  
5           DEFINED IN SECTION 125-A AND SECTION 27 (F) OF THIS CODE,  
6           SHALL PAY A FINAL WITHHOLDING TAX OF TWENTY-FIVE  
7           PERCENT (25%) ON THEIR GROSS INCOME AS COMPUTED IN THE  
8           SUCCEEDING PARAGRAPH; *PROVIDED, HOWEVER,* THAT THE  
9           MINIMUM FINAL WITHHOLDING TAX DUE FOR ANY TAXABLE  
10          MONTH FROM SAID PERSONS SHALL NOT BE LOWER THAN  
11          TWELVE THOUSAND FIVE HUNDRED PESOS (P 12,500.00).

12                 IN COMPUTING THE TAX PROVIDED IN THIS SECTION, GROSS  
13          INCOME SHALL INCLUDE BASIC SALARY / WAGES, ANNUITIES,  
14          COMPENSATION, REMUNERATION AND OTHER EMOLUMENTS,  
15          SUCH AS HONORARIA AND ALLOWANCES RECEIVED FROM SUCH  
16          SERVICE PROVIDER OR OFFSHORE GAMING LICENSEE.

17                 THE TAX IMPOSED HEREIN SHALL BE WITHHELD AND  
18          REMITTED IN ACCORDANCE WITH THE PROVISION OF THIS CODE  
19          AND FAILURE TO DO SO SHALL BE GOVERNED BY THIS CODE.  
20          FOR THE EFFICIENT ASSESSMENT, VERIFICATION, AND  
21          ADMINISTRATION OF TAXES IMPOSED IN THIS SECTION, THE  
22          BUREAU OF IMMIGRATION, THE DEPARTMENT OF LABOR AND  
23          EMPLOYMENT, THE BUREAU OF INTERNAL REVENUE, AND THE  
24          PHILIPPINE AMUSEMENT AND GAMING CORPORATION SHALL  
25          ISSUE JOINT AND CONSOLIDATED RULES AND REGULATIONS  
26          FOR THE IMPLEMENTATION OF FREE AND EFFICIENT EXCHANGE

1 OF INFORMATION AMONG THE SAID AGENCIES IN RELATION TO  
2 THE PROPER PAYMENT OF TAXES BY PERSONS COVERED  
3 UNDER THIS SECTION.

4 ANY INCOME EARNED FROM ALL OTHER SOURCES WITHIN  
5 THE PHILIPPINES BY THE ALIEN EMPLOYEE REFERRED TO  
6 UNDER THIS SUBSECTION SHALL BE SUBJECT TO THE  
7 PERTINENT INCOME TAX IMPOSED UNDER THIS CODE.

8 **SEC. 3.** Section 27 of the National Internal Revenue Code of 1997, as amended,  
9 is hereby further amended to read as follows:

10 "SEC. 27. *Rates of Income Tax on Domestic Corporations.* —

11 (A) xxx

12 (B) xxx

13 (C) xxx

14 (D) xxx

15 (E) xxx

16 **(F) OFFSHORE GAMING LICENSEES - THE PROVISIONS OF EXISTING**  
17 **SPECIAL OR GENERAL LAWS TO THE CONTRARY**  
18 **NOTWITHSTANDING, THE NON-GAMING REVENUES OF**  
19 **PHILIPPINE-BASED OFFSHORE GAMING LICENSEES AS DULY**  
20 **LICENSED BY THE PHILIPPINE AMUSEMENT AND GAMING**  
21 **CORPORATION OR ANY SPECIAL ECONOMIC ZONE AUTHORITY**  
22 **OR TOURISM ZONE AUTHORITY OR FREEPORT AUTHORITY**  
23 **SHALL BE SUBJECT TO AN INCOME TAX EQUIVALENT TO**  
24 **TWENTY-FIVE PERCENT (25%) OF THE TAXABLE INCOME**  
25 **DERIVED DURING EACH TAXABLE YEAR FROM ALL SOURCES**

1           **WITHIN AND WITHOUT THE PHILIPPINES.**

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

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

1           **SEC. 4.** Section 28 of the National Internal Revenue Code of 1997, as amended,  
2 is hereby further amended to read as follows:

3           “*SEC. 28. Rates of Income Tax on Foreign Corporations. -*

4           “*(A) Tax on Resident Foreign Corporations. -*

5           “(1) xxx

6           “xxx

7           **“(7) OFFSHORE GAMING LICENSEES - THE PROVISIONS OF EXISTING**  
8           **SPECIAL OR GENERAL LAWS TO THE CONTRARY**  
9           **NOTWITHSTANDING, THE NON-GAMING REVENUES ATTRIBUTED TO**  
10           **GAME OFFERINGS OR FACILITIES LOCATED WITHIN THE**  
11           **PHILIPPINES OF FOREIGN-BASED OFFSHORE GAMING LICENSEES**  
12           **AS DEFINED AND DULY LICENSED BY THE PHILIPPINE AMUSEMENT**  
13           **AND GAMING CORPORATION OR ANY SPECIAL ECONOMIC ZONE**  
14           **AUTHORITY OR TOURISM ZONE AUTHORITY OR FREEPORT**  
15           **AUTHORITY SHALL BE SUBJECT TO AN INCOME TAX EQUIVALENT**  
16           **TO TWENTY-FIVE PERCENT (25%) OF THE GROSS INCOME DERIVED**  
17           **DURING EACH TAXABLE YEAR.**

18           **SEC. 5.** A new Section designated as Section 125-A of the National Internal  
19 Revenue Code of 1997, as amended, is hereby amended to read as follows:

20           **“SEC. 125-A. GAMING TAX ON SERVICES RENDERED BY OFFSHORE**  
21           **GAMING LICENSEES. - ANY PROVISION OF EXISTING LAWS, RULES**  
22           **OR REGULATIONS TO THE CONTRARY NOTWITHSTANDING, THE**  
23           **ENTIRE GROSS GAMING REVENUE OR RECEIPTS OR THE AGREED**  
24           **PREDETERMINED MINIMUM MONTHLY REVENUE OR RECEIPTS FROM**  
25           **GAMING, WHICHEVER IS HIGHER, SHALL BE LEVIED, ASSESSED,**

1 AND COLLECTED A GAMING TAX EQUIVALENT TO FIVE PERCENT  
2 (5%), IN LIEU OF ALL OTHER INTERNAL REVENUE TAXES WITH  
3 RESPECT TO GAMING INCOME: *PROVIDED*, THAT THE GAMING TAX  
4 SHALL BE DIRECTLY REMITTED TO THE BUREAU OF INTERNAL  
5 REVENUE NOT LATER THAN THE 20TH DAY FOLLOWING THE END OF  
6 EACH MONTH: *PROVIDED, FURTHER*, THAT THE PHILIPPINE  
7 AMUSEMENT AND GAMING CORPORATION OR ANY SPECIAL  
8 ECONOMIC ZONE AUTHORITY OR TOURISM ZONE AUTHORITY OR  
9 FREEPORT AUTHORITY MAY IMPOSE REGULATORY FEES ON  
10 OFFSHORE GAMING LICENSEES WHICH SHALL NOT CUMULATIVELY  
11 EXCEED TWO PERCENT (2%) OF THE GROSS GAMING REVENUE OR  
12 RECEIPTS DERIVED FROM GAMING OPERATIONS AND SIMILAR  
13 RELATED ACTIVITIES OF ALL OFFSHORE GAMING LICENSEES OR A  
14 PREDETERMINED MINIMUM GUARANTEED FEE, WHICHEVER IS  
15 HIGHER: *PROVIDED, FURTHERMORE*, THAT FOR PURPOSES OF THIS  
16 SECTION, GROSS GAMING REVENUE OR RECEIPTS SHALL MEAN  
17 GROSS WAGERS LESS PAYOUTS: *PROVIDED, FINALLY*, THAT THE  
18 TAKING OF WAGERS MADE IN THE PHILIPPINES SHALL RESULT IN  
19 THE REVOCATION OF THE LICENSE OF THE OFFSHORE GAMING  
20 LICENSEE.

21 THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION OR  
22 ANY SPECIAL ECONOMIC ZONE AUTHORITY OR TOURISM ZONE  
23 AUTHORITY OR FREEPORT AUTHORITY SHALL EMPLOY A THIRD-  
24 PARTY AUDIT PLATFORM THAT WOULD DETERMINE THE GROSS  
25 GAMING REVENUES OR RECEIPTS OF OFFSHORE GAMING  
26 LICENSEES. TO ENSURE THAT THE PROPER TAXES AND

1           REGULATORY FEES ARE LEVIED, PERIODIC REPORTS ABOUT THE  
2           RESULTS OF THE OPERATION SHOWING, AMONG OTHERS, THE  
3           GROSS GAMING REVENUE OR RECEIPTS OF EACH OFFSHORE  
4           GAMING LICENSEE SHALL BE SUBMITTED TO THE BUREAU OF  
5           INTERNAL REVENUE BY THE PHILIPPINE AMUSEMENT AND GAMING  
6           CORPORATION OR ANY SPECIAL ECONOMIC ZONE AUTHORITY OR  
7           TOURISM ZONE AUTHORITY OR FREEPORT AUTHORITY AS  
8           CERTIFIED BY THEIR THIRD PARTY AUDITOR.

9           **SEC. 6. *Implementing Rules and Regulations.*** – Within ninety (90) days after the  
10          effectivity of this Act, the Secretary of Finance shall, upon the recommendation of the  
11          Commissioner of Internal Revenue, promulgate the necessary rules and regulations for  
12          its implementation.

13          **SEC. 7. *Separability Clause.*** – If any provision of this Act shall be held  
14          unconstitutional or invalid, the other provisions not otherwise affected shall remain in  
15          full force and effect.

16          **SEC. 8. *Repealing Clause.*** – All laws, decrees, executive orders, rules and  
17          regulations or parts thereof, including Republic Act No. 9487, otherwise known as  
18          “PAGCOR Charter” and Republic Act No. 11494, otherwise known as the “Bayanihan to  
19          Recover As One Act”, which are contrary to or inconsistent with this Act are hereby  
20          repealed, amended or modified accordingly.

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

*Approved,*