

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9617



Introduced by Honorable Wes Gatchalian

**AN ACT
IMPOSING TAXES ON OFFSITE BETTING ACTIVITIES ON LOCALLY LI-
CENSED COCKFIGHTS AND DERBIES, AMENDING SECTION 125 OF
THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.**

Explanatory Note

Cockfighting or “Sabong” is a form of gambling, the presence of which in the Philippines can be traced as far back as three thousand (3,000) years ago. This gaming activity is done by placing two roosters/cocks, equipped with metal spurs, in an arena and betting on which between the two will come out victorious.

Before the pandemic, "Sabong" was allowed only in licensed cockpits on Sundays and legal holidays, as well as during local fiestas lasting a maximum of three days. To help prevent the spread of the coronavirus disease, however, our government ordered the closure of cockpit arenas and stoppage of all cockfighting activities. This contributed to the fast accent in popularity of online cockfighting platform or “E-Sabong.” the Philippine Amusement and Gaming Corporation (PAGCOR) defined ESabong as the online or remote or off-site wagering or betting on live cockfighting matches, events, and/or activities streamed by local government unit (LGU) having jurisdiction thereof.¹

Under the current system, live cockfighting is regulated by the LGU concerned while E-Sabong is regulated by PAGCOR, which charges E-Sabong operators with a fixed regulatory fee amounting to only P12,500 per fight or a minimum guaranteed fee of P75 million per month, whichever is higher. However, with the rising popularity of E-Sabong, which consequently results

¹ PAGCOR Regulatory Framework for Electronic Sabong (E-Sabong)

to higher revenues for the operators, and declining tax revenues from other gaming activities, a clear tax regime for E-sabong is urgently needed.

This proposed measure aims to impose franchise tax on transactions involving offsite betting activities on locally licensed cockfights and derbies to provide a more transparent tax collection system and to recoup revenues following the closure of casinos and gaming facilities due to the pandemic.

In view of the foregoing, passage of this bill is earnestly sought.



HON. WES GATCHALIAN
Representative, 1st District of Valenzuela

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

SECTION 1. SECTION 1. Section 125 of the National Internal Revenue Code of 1997, as amended, is hereby added to read as follows:

“SEC. 125. Amusement Taxes. There shall be collected from the proprietor lessee and operator of cockpits, **INCLUDING OPERATORS OF ONLINE PLATFORMS AND OFFSITE BETTING STATIONS FOR SUCH 6 COCKPITS**, cabarets, night or day clubs, boxing exhibitions, professional basketball games, Jai-Alai and racetracks, a tax equivalent to:

(a) Eighteen percent (18%) in the case of cockpits: **PROVIDED, THAT FOR OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES AND OTHER DERIVATIVE ACTIVITIES, THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED A TAX EQUIVALENT TO FIVE PERCENT (7%) BASED ON THE GROSS RECEIPTS WHICH SHALL BE DIRECTLY REMITTED TO THE BUREAU OF INTERNAL REVENUE (BIR) AND SHALL BE IN LIEU OF ALL OTHER PERCENTAGE TAXES PURSUANT TO SECTION 109 (1) (E), BUT NOT OF LOCAL GOVERNMENT TAXES AND REGULATORY FEES AND CHARGES APPLICABLE TO SUCH ACTIVITIES.**

(b) xxx

(c) xxx

(d) xxx

(e) xxx

For the purpose of the amusement tax, the term 'gross receipts' embraces all the receipts of the proprietor, lessee or operator of the amusement place. Said gross receipts also include income from television, radio and motion picture rights, if any. A person or entity or association conducting an activity subject to the tax herein imposed shall be similarly liable for said tax with respect to such portion of the receipts derived by him or it.

FOR PURPOSES OF SECTION 125 (a) HEREIN, THE TERM "GROSS RECEIPTS" EMBRACES ALL THE RECEIPTS DERIVED BY THE PERSON, ENTITY OR ASSOCIATION, INCLUDING INCOME DERIVED FROM 'PLASADA' OR NET COMMISSION FROM OFFSITE BETTING ON LOCALLY AUTHORIZED AND REMOTELY BROADCAST COCKFIGHTING MATCHES OF ALL GAMING OPERATORS.

"OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES" SHALL REFER TO ACTIVITIES BY GAMING OPERATORS, AS DEFINED IN THIS SECTION, WHICH INVOLVE PLACING AND ACCEPTANCE OF WAGERS, INCLUDING FACILITATION THEREOF, BY REMOTE AND/OR ELECTRONIC MEANS, ON COCKFIGHTING ACTIVITIES DULY AUTHORIZED AND LICENSED BY LOCAL GOVERNMENT UNITS (LGU) IN THE EXERCISE OF THEIR POWERS UNDER REPUBLIC ACT NO. 7160: PROVIDED, THAT WHENEVER APPLICABLE, OFFSITE BETTING STATIONS, ACTIVITIES OR OPERATIONS SHALL BE DULY AUTHORIZED OR LICENSED BY THE LGU IN WHICH THE STATIONS, ACTIVITIES, OR OPERATIONS ARE PHYSICALLY LOCATED PROVIDED, FURTHER, THAT OFFSITE BETTING, AS REFERRED TO IN THIS SECTION, SHALL NOT INCLUDE OTHER GAMES AND ACTIVITIES SPECIFICALLY AUTHORIZED BY LAW TO BE PERFORMED BY OTHER GOVERNMENT GAMING AUTHORITIES, SUCH AS THE PHILIPPINE AMUSEMENT AND GAMING CORPORATION AND THE PHILIPPINE CHARITY AND SWEEPSTAKES OFFICE.

"GAMING OPERATOR" SHALL REFER TO A REGISTERED RESIDENT ENTITY, SUCH AS A CORPORATION, A PARTNERSHIP, AN INDIVIDUAL OR AN ASSOCIATION, DULY AUTHORIZED BY THE

GAMES AND AMUSEMENT BOARD (GAB) TO SUPERVISE, MANAGE AND OPERATE OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES AS DEFINED IN THIS SECTION. WHEREVER APPLICABLE, OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED COCKFIGHTS AND DERBIES SHALL BE INCLUDED BY THE GAMING OPERATOR IN DISCLOSURES AND DOCUMENTATIONS REQUIRED BY THE BIR, THE GAB AND OTHER REGULATORY GOVERNMENT AGENCIES AND INSTRUMENTALITIES.”

The taxes imposed herein shall be payable at the end of each quarter and it shall be the duty of the proprietor, lessee or operator concerned, as well as any party liable, within twenty (20) days after the end of each quarter, to make a true and complete return of the amount of the gross receipts derived during the preceding quarter and pay the tax due thereon.

FOR THE EFFICIENT ASSESSMENT AND VERIFICATION OF TAX DUES AND TO ENSURE THE VIABILITY OF THE ACTIVITIES TAXED HEREIN AS A REVENUE SOURCE, THE GAB SHALL ISSUE RULES AND REGULATIONS FOR THE FAIR CONDUCT OF OFFSITE BETTING ON LOCALLY LICENSED COCKFIGHTS AND DERBIES, INCLUDING DEVICES REQUIRED OF GAMING OPERATORS, AGENTS, AND OTHER RELATED MAY BE ALLOWED BY THE NATIONAL INTERNAL REVENUE CODE AND OTHER LAWS, RULES AND REGULATIONS.”

SECTION 2. Implementing Rules and Regulations. - Within thirty (30) days after the 10 effectivity of this Act, the Commissioner of Internal Revenue and the Chairperson of 11 GAB shall promulgate the rules and regulations necessary for its implementation.

SECTION 3. Separability Clause. - If, for any reason or reasons, any part or provision of this Act shall be declared as unconstitutional or invalid, the other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 4. Repealing Clause. - All provisions of existing laws, orders, rules and regulations or parts thereof which are in conflict or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 5. Effectivity. - This Act shall take effect immediately upon its publication in the Official Gazette or in at least two (2) newspapers of general circulation in the Philippines.

Approved,