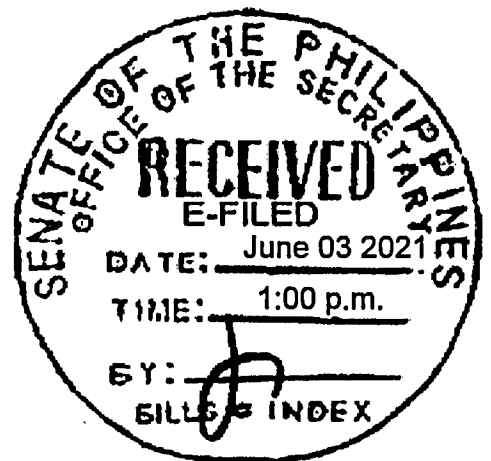


EIGHTEENTH CONGRESS OF THE ]  
REPUBLIC OF THE PHILIPPINES ]  
*Second Regular Session* ]



SENATE

S.B. No. 2281

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Introduced by SEN. WIN GATCHALIAN

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

**EXPLANATORY NOTE**

"*Sabong*" or the placing of bets on live cockfighting is an established tradition in the Philippines which has been present as far back as three thousand (3,000) years ago. With the advent of technology, it has evolved to prevalence of online platform where patrons can place bets or "E-Sabong," which has become more popular during the outbreak of the COVID-19 pandemic with the closure of physical cockpits. E-Sabong is defined 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.<sup>1</sup>

Under the current system, live cockfighting is regulated by the LGU concerned while E-Sabong is regulated by the Philippine Amusement and Gaming Corporation (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,

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<sup>1</sup> PAGCOR Regulatory Framework for Electronic Sabong (E-Sabong)

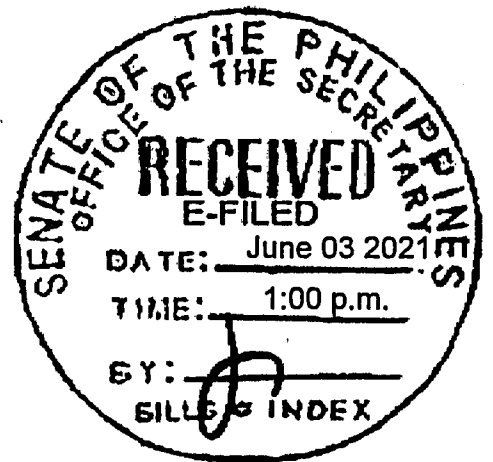
whichever is higher. However, with the rising popularity of E-Sabong, which consequently results to higher revenues for the operators, and declining tax revenues from other gaming activities, a clear tax regime for E-sabong is urgently needed.

Accordingly, this 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.

  
**WIN GATCHALIAN**

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REVENUE CODE OF 1997, AS AMENDED**

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

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

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

8 (a) Eighteen percent (18%) in the case of cockpits: **PROVIDED, THAT**  
9 **FOR OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED**  
10 **COCKFIGHTS AND DERBIES AND OTHER DERIVATIVE ACTIVITIES,**  
11 **THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED A TAX**  
12 **EQUIVALENT TO FIVE PERCENT (5%) BASED ON THE GROSS**  
13 **RECEIPTS WHICH SHALL BE DIRECTLY REMITTED TO THE BUREAU**

1           **OF INTERNAL REVENUE (BIR) AND SHALL BE IN LIEU OF ALL**  
2           **OTHER PERCENTAGE TAXES PURSUANT TO SECTION 109 (1) (E),**  
3           **BUT NOT OF LOCAL GOVERNMENT TAXES AND REGULATORY FEES**  
4           **AND CHARGES APPLICABLE TO SUCH ACTIVITIES.**

5           (b)     xxx

6           (c)     xxx

7           (d)     xxx

8           (e)     xxx

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

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

21          **"OFFSITE BETTING ACTIVITIES ON LOCALLY LICENSED**  
22          **COCKFIGHTS AND DERBIES" SHALL REFER TO ACTIVITIES BY**  
23          **GAMING OPERATORS, AS DEFINED IN THIS SECTION, WHICH**  
24          **INVOLVE PLACING AND ACCEPTANCE OF WAGERS, INCLUDING**  
25          **FACILITATION THEREOF, BY REMOTE AND/OR ELECTRONIC**  
26          **MEANS, ON COCKFIGHTING ACTIVITIES DULY AUTHORIZED AND**  
27          **LICENSED BY LOCAL GOVERNMENT UNITS (LGU) IN THE**  
28          **EXERCISE OF THEIR POWERS UNDER REPUBLIC ACT NO. 7160:**  
29          **PROVIDED, THAT WHENEVER APPLICABLE, OFFSITE BETTING**  
30          **STATIONS, ACTIVITIES OR OPERATIONS SHALL BE DULY**

1       **AUTHORIZED OR LICENSED BY THE LGU IN WHICH THE**  
2       **STATIONS, ACTIVITIES, OR OPERATIONS ARE PHYSICALLY**  
3       **LOCATEDL PROVIDED, FURTHER, THAT OFFSITE BETTING, AS**  
4       **REFERRED TO IN THIS SECTION, SHALL NOT INCLUDE OTHER**  
5       **GAMES AND ACTIVIVIES SPECIFICALLY AUTHORIZED BY LAW TO**  
6       **BE PERFORMED BY OTHER GOVERNMENT GAMING AUTHORITIES,**  
7       **SUCH AS THE PHILIPPINE AMUSEMENT AND GAMING**  
8       **CORPORATION AND THE PHILIPPINE CHARITY AND**  
9       **SWEEPSTAKES OFFICE.**

10       **"GAMING OPERATOR" SHALL REFER TO A REGISTERED RESIDENT**  
11       **ENTITY, SUCH AS A CORPORATION, A PARTNERSHIP, AN**  
12       **INDIVIDUAL OR AN ASSOCIATION, DULY AUTHORIZED BY THE**  
13       **GAMES AND AMUSEMENT BOARD (GAB) TO SUPERVISE, MANAGE**  
14       **AND OPERATE OFFSITE BETTING ACTIVITIES ON LOCALLY**  
15       **LICENSED COCKFIGHTS AND DERBIES AS DEFINED IN THIS**  
16       **SECTION. WHEREVER APPLICABLE, OFFSITE BETTING ACTIVITIES**  
17       **ON LOCALLY LICENSED COCKFIGHTS AND DERBIES SHALL BE**  
18       **INCLUDED BY THE GAMING OPERATOR IN DISCLOSURES AND**  
19       **DOCUMENTATIONS REQUIRED BY THE BIR, THE GAB AND OTHER**  
20       **REGULATORY           GOVERNMENT           AGENCIES           AND**  
21       **INSTRUMENTALITIES."**

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

27       **FOR THE EFFICIENT ASSESSMENT AND VERIFICATION OF TAX**  
28       **DUES AND TO ENSURE THE VIABILITY OF THE ACTIVITIES TAXED**  
29       **HEREIN AS A REVENUE SOURCE, THE GAB SHALL ISSUE RULES**  
30       **AND REGULATIONS FOR THE FAIR CONDUCT OF OFFSITE BETTING**

1           **ON LOCALLY LICENSED COCKFIGHTS AND DERBIES, INCLUDING**  
2           **DEVICES REQUIRED OF GAMING OPERATORS, AGENTS, AND**  
3           **OTHER RELATED PARTIES: PROVIDED, THAT THE FOREGOING**  
4           **SHALL NOT PRECLUDE THE COMMISSIONER OF INTERNAL**  
5           **REVENUE FROM ISSUING SUCH RULES AND REGULATIONS AS**  
6           **MAY BE ALLOWED BY THE NATIONAL INTERNAL REVENUE CODE**  
7           **AND OTHER LAWS, RULES AND REGULATIONS.**

8  
9           **SEC. 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.

12  
13           **SEC. 3 *Separability Clause.*** – If any part or provision of this Act is held invalid or  
14           unconstitutional, the remaining parts or provisions not affected shall remain in full  
15           force and effect.

16  
17           **SEC. 4. *Repealing Clause.*** – All laws, decrees, orders, rules, and regulations  
18           inconsistent with the provisions of this Decree are hereby repealed or modified  
19           accordingly.

20  
21           **SEC. 5. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication in  
22           the Official Gazette or in any newspaper of general circulation.

23  
24           Approved,  
25