REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
Quezon City

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REVENUE REGULATIONS NO. 30-2020

SUBJECT: Rules and Regulations Implementing Section 11(f) and (g) of Republic Act No. 11494, otherwise known as the "Bayanihan to Recover as One Act" on the Taxes Derived from Gaming and Non-gaming Operations as Other Sources of Funding to Address the COVID-19 Pandemic

To: All Internal Revenue Officers and Others Concerned

SECTION 1. Scope. – Pursuant to the provisions of Section 244 of the National Internal Revenue Code (NIRC), as amended, the following Regulations are hereby promulgated to implement Section 11(f) and (g) of Republic Act (R.A.) No. 11494, otherwise known as "Bayanihan to Recover as One Act". The said Section enumerated the various sources of funding to address the COVID-19 pandemic, which included the taxes derived from gaming operations and from non-gaming operations, as items (f) and (g), respectively.

SECTION 2. Definition of Terms. – For purposes of these Regulations and to ensure effective implementation of Section 11 (f) and (g) of the Bayanihan to Recover as One Act, the following words and phrases shall have the meaning indicated below:

2.1. Agreed pre-determined minimum monthly revenues from gaming operations is equivalent to the Minimum Guarantee Fee (MGF) paid to PAGCOR per month as regulatory fee divided by two percent (2%) for E-casino & Sportsbetting licenses or one & half percent (1.5%) for Sportsbetting on Regulated Wagering Events.

It may also refer to any fee imposed by a government authority that issue offshore gaming licenses and the like (i.e. AFAB, APECO, CDC, CEZA, SBMA, etc.).

2.2. Audit Platform – refers to an intermediation platform operated by a competent and independent consultant, to conduct real time audit of offshore gaming licensees or operators. The platform shall be responsible for the auditing of the gaming systems of Licensees and accredited Service Providers. It is tasked to determine the Gross Gaming Revenue (GGR) generated and the corresponding imposable regulatory fees to be settled by each licensee or operator and/or service provider.

2.3. Gaming Agent refers to a duly constituted local business enterprise organized in the Philippines, or a person of good repute and financial standing who will represent an offshore gaming entity in the Philippines to act for and on its behalf.

2.4. Gross bets or turnovers refer to total bets or the total amount of money that offshore gaming players wager. For purpose of this regulations, gross bets or turnovers are the same.

2.5. Income from Gaming Operations refers to income or earning realized or derived from operating of online games of chance or sporting events via the internet using a network and software or program.

2.6. Income from Non-Gaming Operations refers to any other income or earning realized or derived by offshore gaming entities that are not classified as income from gaming operations.

2.7. Offshore Gaming refers to the offering by an offshore gaming licensee or operator of online games of chance or sporting events via the internet using a network and software or program, exclusively to offshore players.

2.8. Offshore Gaming Licensees or Operators refers to online gambling firms that operate in the Philippines pursuant to a license granted by a government authority (i.e. PAGCOR, CEZA, SBMA, etc.) but which only cater to offshore players or customers outside the Philippines.

2.7. Service Providers refers to a duly constituted business corporation organized in the Philippines that provide components of offshore gaming operations to an offshore gaming licensee or operator, including but not limited to the following:

Customer Relations Service Provider – refers to entities which provide customer service to the players, and cater to their various needs through direct contact and interaction by means of remote communication devices.

Strategic Support Provider – refers to entities that develop or improve the business processes of the offshore gaming licensee or operator. These entities usually operate as a back-office support, and do not have direct contact with players.

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IT Support Provider – refers to entities that provide technical support to a Licensee or Operator, such as but not limited to diagnosing and solving software faults, IT maintenance, installing and configuring computer systems, and the placement and management of player accounts.

Gaming Software Platform Provider – refers to entities that provide propriety products either as gaming systems (i.e. sportsbook for Sportsbetting), or games itself (i.e. RNG based games for E-casino).

Live Studio and Streaming Provider – refers to entities that provide real time streaming of authorized gaming activities coming from live studios and/or licensed gaming venues via the internet to the websites of the licensee or operator.

Special Class of BPO – refers to entities that are servicing legitimately licensed gaming operators abroad and do not in any way handle betting but purely product marketing and customer relations; and are not servicing any PAGCOR licensee or operator and have at least ninety (90%) percent Filipino workforce.

SECTION 3. Sources of Funding for the Subsidy, Stimulus Measures, and Other Measures to address the COVID-19 Pandemic. –

a. Franchise Tax at the rate of five percent (5%) imposed on the gross bets or turnovers, or the agreed pre-determined minimum monthly revenues from gaming operations, whichever is higher, earned by offshore gaming licensees, including gaming operators, gaming agent, service providers and gaming support providers.

b. Income Tax, Value-Added Tax, and other applicable taxes imposed on income from Non-Gaming Operations earned by offshore gaming licensees, including gaming operators, gaming agent, service providers and gaming support providers.

The above taxes shall be computed on the peso equivalent of the foreign currency used and based on the prevailing official exchange rate at the time of payment.

SECTION 4. Information required by the BIR. –

PAGCOR and/or the company awarded or chosen as its third-party intermediary/audit platform shall furnish the Bureau of Internal Revenue (BIR) with information pertaining to the following:

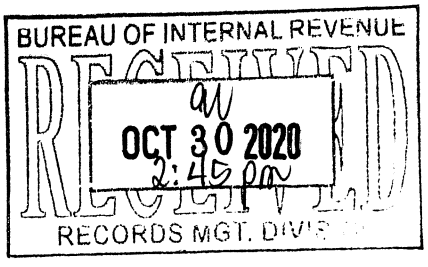
(1) gross bets or turnovers earned by offshore gaming licensees, including gaming operators, gaming agent, service providers and gaming support providers;

(2) Minimum Guarantee Fee (MGF) or the minimum amount of regulatory fees paid by offshore gaming licensees, including gaming operators, gaming agent, service providers and gaming support providers per month; and

(3) other relevant data (i.e. List of Licensees and accredited Service Providers; no. of foreign nationals employed, etc.).

BIR can also obtain the above information or data from any government or authority that issue offshore gaming licenses, and other third parties.

SECTION 5. Fraudulent Acts. – Non-payment, underpayment and/or payment of taxes computed not in accordance with the prevailing official exchange rate at the time of payment by offshore gaming licensees, operators, agents, service providers and support providers shall be considered as fraudulent acts and subject to incremental penalties under Sections 248(B), 249(B), 253 and 255 of the National Internal Revenue Code (NIRC) of 1997, as amended.



SECTION 6. Closure Orders against Erring entities. – The BIR shall implement closure orders against offshore gaming licensees or operators, gaming agents, and service or support providers that fail to pay the taxes due as enumerated under Section 3 and/or committed any of the fraudulent acts in Section 5, and such erring entities shall cease to operate.

The implementation of closure orders against operators, licensees or agents shall necessarily include the closure of all their respective accredited service providers, which must also cease to operate.

SECTION 7. General Fund of the Government. – After two years or upon a determination that the threat of COVID-19 has been successfully contained or abated, whichever comes first, the revenues derived from franchise taxes on gross bets or turnovers and income from non-gaming operations, under Section 3 of these regulations or items (f) and (g), respectively, of Section 11 of R.A 11494, shall continue to be collected and shall accrue to the General Fund of the Government.

SECTION 8. Repealing Clause. All revenue rules and regulations and other revenue issuances or parts thereof, which are inconsistent with these Regulations, are hereby amended or modified accordingly.

SECTION 9. Effectivity. – These Regulations shall take effect immediately after publication in the Official Gazette or in a newspaper of general circulation, whichever comes first.

CARLOS G. DOMINGUEZ III
Secretary of Finance

OCT 28 2020

Recommending Approval:

CAESAR R. DULAY
Commissioner of Internal Revenue

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