

AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 1067-A DATED JANUARY 1, 1977, ENTITLED "CREATING THE PHILIPPINE AMUSEMENTS AND GAMING CORPORATION, DEFINING ITS POWERS AND F...

PRESIDENTIAL DECREE NO. 1399, June 02, 1978

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WHEREAS, it is now the desire of the government to fully develop and exploit casino operations as a source of revenue to finance important infra-structure and socio-civic projects;

WHEREAS, to achieve this goal, after the successful experiment conducted in the Floating Casino, "PHILIPPINE TOURIST I" during the year 1977, there is now the need to expand the areas of operations outside the Metropolitan Manila Area;

WHEREAS, it is now the intention of the government to allocate and appropriate revenues generated from this newly developed source to fund priority infra-structure and/or socio-civic projects throughout the Philippines, as may be directed and authorized by the Office of the President;

WHEREAS, to attain this objective, certain amendments have to be made to Presidential Decrees Nos. 1067-A and 1067-B;

NOW, THEREFORE, I, FERDINAND E. MARCOS, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order and decree the following:

SECTION 1. Section 5 of Presidential Decree No. 1067-A dated January 1, 1977, is hereby amended to read as follows:

"SECTION 5. Board of Directors. The Corporation shall be governed and its activities be directed, controlled and managed by a Board of Directors that shall be composed of five (5) members, namely: (1) The Chairman of the National Development Corporation, who shall act as Chairman; (2) Government Corporate Counsel; (3) Office of the Executive Assistant, Office of the President, or their respective representatives; and two other members to be appointed by the President of the Philippines from the private sector."

SECTION 2. Section 3 of Presidential Decree No. 1067-B is hereby amended to read as follows:

"SECTION 3. SPECIAL CONDITION OF FRANCHISE.—Sixty (60%) percent of the aggregate gross earnings derived by the Franchise Holder from this Franchise shall be immediately set aside and allocated to fund the following infra-structure and socio-civic project within the Metropolitan Manila Area;

- Flood Control.
- Sewerage and Sewage.
- Nutritional Programs.
- Population Control.

- 'Tulungan ng Bayan' Centers.
- Beautification.

In addition to the priority infra-structure and socio-civic projects within the Metropolitan Manila Areas specifically enumerated above, the 60% share of the government in the aggregate gross earnings derived by the Franchise Holder from this Franchise may now be appropriated and allocated to fund and finance any infra-structure and/or socio-civic projects throughout the Philippines as may be directed and authorized by the Office of the President."

SECTION 3. Section 4 of Presidential Decree No. 1067-B is hereby amended to read as follows:

"SECTION 4. EXEMPTIONS.—

- Duties, taxes and other imposts on importations.—All importations of equipment, vehicles, automobiles, boats, ships, barges, aircraft and such other gambling paraphernalia, including accessories or related facilities for the sole and exclusive use of the casinos, the proper and efficient management and administration thereof, and such other clubs, recreation or amusement places to be established under and by virtue of this Franchise shall be exempt from the payment of duties, taxes and other imposts, including all kinds of fees, levies, or charges of any kind or nature.

Vessels and/or accessory ferry boats imported or to be imported by any corporation having existing contractual arrangements with the Franchisee, for the sole and exclusive use of the casino or to be used to service the operations and requirements of the casino, shall likewise be totally exempt from the payment of all taxes, duties and other imposts, including all kinds of fees, levies, assessments or charges of any kind or nature, whether National or local.

- Income and other taxes.—

- Franchise Holder: No tax of any kind or form, income or otherwise, as well as fees, charges, or levies of whatever nature, shall be assessed and collected under this Franchise from the Franchise Holder; nor shall any form of tax or charge attach in any way to the earnings of the Franchise Holder, except a Franchise Tax of five (5%) percent of the gross revenue or earnings derived by the Franchise Holder from its operation under this Franchise. Such tax shall be due and payable quarterly to the National Government and shall be in lieu of all taxes, levies, fees or assessments of any kind, nature or description, levied, established, or collected by any municipal, provincial or National authority.

- Others: The exemption herein granted for earnings derived from the operations conducted under the franchise, specifically from the payment of any tax, income or otherwise, as well as any form of charges, fees or levies, shall insure to the benefit of and extend to corporation/s, association/s, agency/ies, or individual/s with whom the Franchisee has any contractual relationship in connection with the operations of the casino/s authorized to be conducted under the franchise and to those receiving compensation or other remuneration from the Franchise Holder as a result of essential facilities furnished and/or technical services rendered to the Franchise Holder.

- Dividend Income.—In the event the Franchisee should declare a cash dividend, that portion of the dividend income corresponding to the participation of the private sector shall, as an incentive to the beneficiaries, be subject only to a final flat income rate of ten (10%) percent in lieu of the regular income tax rates. The dividend income shall not in such case be considered as part of beneficiaries' taxable income. Provided, however, That such dividend income shall be totally exempted from income or other form of taxes if invested within six (6) months from the date the dividend income is received, in the following:

- Operation of the casino/s or investments in any affiliate activity that will ultimately redound to the benefit of the Franchisee-corporation; or any other corporation with whom Franchisee has any existing arrangements in

connection with or related to the operations of the casino/s;

- Government bonds, securities, treasury notes, or government debentures;
- BOI-registered or export-oriented corporation/s;
- Any productive enterprise, or
- In payment of government or other form of indebtedness guaranteed by the government through any of its financing or banking institutions.
- Utilization of foreign currencies.—The Franchisee shall have the right and authority, solely and exclusively in connection with the operations of the casino/s to purchase, receive, exchange, and disburse foreign exchange, subject to the following terms and conditions:
 - A specific area in the casino/s or gaming pit shall be put up solely and exclusively for players and patrons utilizing foreign currencies;
 - Franchisee shall appoint and designate a duly and accredited commercial bank, agent of the Central Bank, to handle, administer and manage the use of foreign currencies in the casino/s;
 - Franchisee shall provide an office at the casino/s exclusively for the employees of the designated bank, agent of the Central Bank, where the Franchisee shall maintain a dollar account which will be utilized exclusively for the above purpose and the casino dollar treasury employees;
 - Only persons with foreign passports, or certificates of identity (for Hongkong patrons only), duly issued by the government or country of their residence will be allowed to play in the foreign exchange gaming pit.
 - Only foreign exchange prescribed to form part of the Philippine International Reserve and the following foreign exchange currencies: Australian Dollar, Singapore Dollar, Hongkong Dollar, shall be used in this gaming pit;
 - The disbursements, administration, management and recording of foreign exchange currencies used in the casino/s shall be carried out in accordance with existing foreign exchange regulations; and periodical reports of transactions in such foreign exchange currencies by the Franchisee shall be duly recorded and reported to the Central Bank thru the designated Agent Bank.
 - The Franchisee shall issue the necessary rules and regulations for the guidance and information of players qualified to participate in the foreign exchange gaming pit, in order to make certain that the terms and conditions as above set forth are strictly complied with."

SECTION 4. Section 5, Par. (1) of Presidential Decree No. 1067-B is hereby amended to read as follows:

"SECTION 5. OTHER CONDITIONS.—

- Place.—The Franchise Holder shall conduct the gambling activities or games of chance on land or water within the territorial jurisdiction of the Republic of the Philippines. When conducted on water, the Franchise Holder shall have the right to dock the floating casino/s in any part of the Philippines where vessels/boats are authorized to dock under the Customs and Maritime Laws."

SECTION 5. This Decree shall take effect immediately.

DONE in the City of Manila, this 2nd day of June, in the year of Our Lord, nineteen hundred and seventy-eight.

(Sgd.) FERDINAND E. MARCOS

President
Republic of the Philippines

By the President:

(Sgd.) JUAN C. TUVERA
Presidential Assistant

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