

CREATING AN AGENCY TO BE KNOWN AS NATIONAL GAMING COMMISSION TO SUPERVISE AND CONTROL ALL FORMS OF GAMING AND IMPOSING TAXES THEREON.

PRESIDENTIAL DECREE NO. 956, July 09, 1976

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WHEREAS, the present system of control and supervision of gaming, particularly the operations of offshore casino gaming, is found inadequate to cope up with the increasing pace of gaming activities in the country today;

WHEREAS, it is necessary to regulate and control all forms of authorized gaming in order to support the tourism program of the government, broaden the base for revenue generation and provide better protection to the betting public;

WHEREAS, in order to control and regulate effectively these gaming activities, it is necessary to centralize as much as possible in one agency, such power and authority of control and regulation and to impose taxes on operators of gaming establishments and on players.

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 as follows:

PART I—THE NATIONAL GAMING COMMISSION

SECTION 1.—Creation of the National Gaming Commission. There is hereby created the National Gaming Commission, hereinafter referred to as the Commission, which shall be composed of a Chairman and two (2) members, who shall be appointed by the President and shall hold office at his pleasure.

The Chairman shall receive a salary of P50,000 per annum, while each of the two (2) members shall receive P40,000 per annum.

The Chairman and members shall serve on full-time basis and shall not hold any other public or private office, nor shall they be pecuniarily interested in any business or organization conducting gaming covered by this Decree.

SEC. 2. Functions and powers of the Commission. The Commission shall have (a) Grant permits to persons who under its rules and regulations may be qualified to operate gaming activities authorized by law;

(b) Revoke the said permit if under its rules and regulations, the conduct of the gaming activities justifies such revocation;

(c) Supervise and regulate all gaming authorized by law, such as casino gambling, horse racing, jai alai and cockfighting, taking into consideration the protection of the betting public and the promotion of tourism;

(d) Authorize the use of gaming equipment, paraphernalia and such other facilities by gaming establishments;

(e) Prohibit the use of improper devices, drugs, stimulants, and other means as to artificially affect the results of any gambling game;

(f) Suspend or revoke for a reasonable cause a license or permit issued by it;

- (g) Prepare its budget, and fix the number and compensation of its personnel in accordance with law;
- (h) Recruit, appoint, suspend, or terminate the services of its personnel in accordance with law;
- (i) Delegate its licensing and regulating' powers over cockfighting to any national or local agency; and
- (j) Issue rules and regulations necessary to carry out the provisions of this Decree.

SEC. 3. Jurisdiction. The jurisdiction of the Commission shall embrace all forms of authorized gaming; Provided, however, That sweepstakes races and lotteries shall remain under the jurisdiction of the Philippine Charity Sweepstakes Office; and provided, further, That boxing, wrestling and professional basketball shall remain under the jurisdiction of the Games and Amusement Board.

SEC. 4. Appropriation. To carry out the purposes of this Decree, there is hereby appropriated out of the funds in the National Treasury not otherwise appropriated, the sum of P1,000,000 for the initial year of operation of the Commission. Thereafter, such amount as may be necessary for its operation shall be included in the annual appropriation.

PART II.—TAX ON CASINOS

SEC. 5. Taxes on Casino. There shall be collected from the grantee the following taxes and fees:

- An initial permit fee of P1,000,000 and an annual permit fee of not less than P50,000 nor more than P200,000 as may be determined by the Commission; and
- A weekly fixed tax of:
 - (1) not less than P2,000 nor more than P5,000 for each type of game per table, and
 - (2) not less than P300 nor more than P500 for each slot machine or similar devices as may be determined by the Commission.

SEC. 6. Taxes on Chips. There shall be collected on every sale-of chips by the casing operator to a player, a tax equivalent to five per centum of the value thereof. The tax herein imposed shall be in lieu of income tax for which the player may be liable on his winnings.

For this purpose, no bets shall be allowed in the casino except through chips purchased from the Cashier's box inside the casino. Under no circumstances shall chips be purchased on the gaming table nor any chips be borrowed from another player inside the casino.

SEC. 7. Annual License Fee on Gaming Employee of Casino.—There is hereby imposed an annual license fee of P75 on every casino manager and pit boss, and P50 on every dealer and other similar gaming employee of the casino.

SEC. 8. Player's Annual License Fee.—There is hereby imposed a player's annual fee of F500 on every person who enters and takes part in gambling games in the casino.

The Commission shall prescribe the qualifications of persons who may apply for the player's license: Provided, however, That in no case shall a player's license be issued to a person whose annual net taxable income, as shown by his latest income tax returns, be less than P50,000: Provided, farther, That a tourist from broad shall be allowed to enter and play in the casino without having to comply with these requirements other the presentation of a valid passport.

SEC. 9. Manner, place and time for payment of tax.— It shall be the duty of the grantee to make a true and complete return of the types of games per table, slot machines or similar devices under Section 5(b), and pay the tax to the Bureau of Internal Revenue on or before the first business day of the following week.

For purposes of collecting the tax imposed in Section 6, the grantee is hereby constituted withholding agent and shall submit a weekly return of the amount of chips sold and remit the tax due thereon to the Bureau of Internal Revenue on or before the first business day of the following week.

All taxes and fees imposed under Sections 5(a), 7 and 8 of this Decree shall be paid to the Bureau of Internal Revenue on or before the 31st of January.

If the tax or fee is not paid within the time prescribed therein, the amount of the tax shall be increased by twenty-five per centum, the increment to be a part of the tax. In addition thereto, there shall be collected an interest of fourteen (14) per centum per annum, from the original due date.

In case of willful neglect to file the return within the period prescribed herein, or in case a false or fraudulent return is willfully made, there shall be added to the tax, or to the deficiency tax, in case any payment has been made on the basis of such returns before the discovery of the falsity or fraud, a surcharge of fifty per centum of the amount of such tax or deficiency tax. The amount so added to any tax shall be collected at the same time and in the same manner and as part of the tax, unless the tax has been paid before the discovery of the falsity or fraud, in which case, the amount so added shall be collected in the same manner as the tax.

SEC. 10. Apportionment of Revenue.—The proceeds of the taxes, fees and licenses collected under this Decree shall be apportioned as follows:

- To the Metropolitan Manila Authority, the taxes under Section 5 of this Decree.
- To the National Government, the proceeds of the taxes and fees under Sections 6, 7 and 8 of this Decree.

SEC. 11. Importation of Gaming Paraphernalia and Devices.—The importation of gaming paraphernalia and devices shall not be allowed, except when the importation is made by the grantee for its exclusive use in the casino and duly authorized by the Commission. The paraphernalia and devices so imported shall be subject to a tariff duty of 100% ad valorem of the dutiable value of such article and a 70% compensating tax, the provisions of existing laws to the contrary notwithstanding.

SEC. 12. Keeping of books of accounts, invoices and receipts.—The grantee shall keep books of accounts and other accounting records for its daily transactions and issue invoices or receipts for every sale of chips. The books of accounts, accounting records, invoices or receipts, which shall be duly registered with the Bureau of Internal Revenue, in accordance with the pertinent provisions of Sections 334 to 337 of the National Internal Revenue Code and the regulations thereunder, shall be open for inspection and examination by the Commission and the Bureau of Internal Revenue.

PART III—PENALTIES

SEC. 13. Penalties.—Any person who violates any of the rules and regulations promulgated by the National Gaming Commission pursuant to this Decree shall, upon conviction, be fined in an amount not less than P2,000 nor more than P5,000, and suffer imprisonment for not less than one year nor more than three years.

If the offender is a juridical person, the penalties shall be imposed on its President, or Vice President, or officer or officers responsible for the offense.

If the offender is an alien, he shall, after he has paid the fine and served the sentence imposed by the Court as

hereinabove prescribed, suffer the additional penalty of deportation without the necessity of further proceedings to be instituted by the Commission on Deportation and Immigration.

PART IV—TRANSITORY AND REPEALING PROVISIONS

SEC. 14. Transitory Provisions.—Pending issuance of implementing letters of instructions to effect the smooth turnover to the Commission of the appropriate functions of the Games and Amusements Board, the Philippine Racing Commission, and the Agencies which presently regulate cockfighting, said Board, Commission and Agencies shall continue to perform their respective functions.

SEC. 15. Repealing Clause.—All Acts, Decrees, Executive Orders, proclamations, rules and regulations, or parts thereof inconsistent with any of the provisions of this Decree are hereby repealed or modified accordingly.

SEC. 16. Effectivity.—This Decree shall take effect upon approval.

Done in the City of Manila, this 9th day of July, in the year of Our Lord, nineteen hundred and seventy-six.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines

By the President:

(Sgd.) JACOBO C. CLAVE
Presidential Executive Assistant

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