

# [ PRESIDENTIAL DECREE NO. 1157, June 03, 1977 ]

## **INCREASING THE RATES OF TAX ON WINNINGS IN JAI-ALAI AND HORSE-RACING AND THE SHARE OF THE GOVERNMENT FROM THE SWEEPSTAKES TOTAL PRIZE FUND.**

**WHEREAS**, the rising need for additional revenues for accelerated national development has rendered it imperative for the Government to tap sources from which this might equitably be derived;

**WHEREAS**, the primary justification for the existence and maintenance of gambling establishments is the allocation of a portion of the income derived therefrom to worthwhile projects such as charitable activities and the upleap of the Government;

**WHEREAS**, aside from its revenue potential, moral and economic reason justify the imposition of higher taxes on legalized gambling;

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

SECTION 1. Section 260-A of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

"SEC. 260-A. *Tax on Winnings.*-Every person who wins in horse races or Jai-Alai shall pay a tax equivalent to ten per cent of his winnings or "dividends", the tax to be based on actual amount paid to him for every winning ticket after deducting the cost of the ticket. The tax herein prescribed shall be deducted from the "dividends" corresponding to each winning ticket and withheld by the operator, manager, or person in charge of the horse-races or Jai-Alai before paying the "dividends" to the person entitled thereto. The same tax shall be collected from owners of winning race horses at the same time and in the same manner above.

SEC. 2. Section 4 of the Republic Act Numbered 1169 is hereby amended to read as follows:

"SEC. 4. *Holding of sweepstakes.*-The Office shall hold charity horse race sweepstakes under such regulations as shall be promulgated by the Board in accordance with Republic Act Numbered 309: *Provided, however,* That when the holding of a sweepstakes race to determine prizes is impossible due to war, public calamity, or other unforeseen or fortuitous event or when there is no sufficient number of horses to determine the major prizes, the Board of Directors may determine the procedure to be followed in the distribution of prizes in the most just, equitable and expeditious manner. The horse races and the sale of tickets in the said sweepstakes shall be exempt from all taxes, except that each ticket shall bear a twelve-centavos internal revenue stamp and that from the total prize fund as provided herein from the proceeds of the sale of tickets, there shall be deducted an amount equivalent to five *per centum* of such total prize, which shall be paid to the Bureau of Internal Revenue