

[EXECUTIVE ORDER NO. 194, June 16, 1987]

**RESTRUCTURING THE TAXES ON AND PROVIDING FOR THE
DISTRIBUTION OF RECEIPTS IN HORSE RACING, AND FOR
OTHER PURPOSES.**

WHEREAS, there is a need to restructure the taxes on horse racing in order to maximize their revenue productivity and optimize their contribution to national economic recovery;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, by virtue of the powers vested in me by the Constitution, do hereby order:

SECTION 1. *Distribution of gross receipts.* – Any provision of existing general or special law to the contrary notwithstanding, the total wager funds or gross receipts from the sale of betting tickets in horse races shall be apportioned as follows: eighty-two (82%) per cent shall be distributed in the form of dividends among the holders of winning tickets; eight and one-half (8 ½%) per cent shall be set aside as commission of the franchise grantee conducting the horse races; eight and one-half (8 ½%) per cent shall be set aside for the payment of stakes or prizes to winning horses; and one (1%) per cent shall be set aside for use of the Philippine Racing Commission: *Provided*, That in the case of gross receipts derived from the total sale of tickets for *pari mutuel* races, the one (1%) per cent government share shall be set aside for use of the Games and Amusements Board.

SEC. 2. *Stamp tax on horse race tickets.* – On each horse race ticket, there shall be collected a documentary, stamp tax of ten (P0.10) centavos: *Provided*, That if the cost of the ticket exceeds one (P1.00) peso, an additional tax of ten (P.010) centavos on every one (P1.00) peso or fractional part thereof shall be collected: *Provided, further*, That in the case of double, forecast/quinella and trifecta bets, the tax shall be five (P0.05) centavos on every one (P1.00) peso worth of ticket.

SEC. 3. *Tax on Winning.* – Every person who wins in horse races shall pay a tax equivalent to ten (10%) per cent of his winnings or “dividends,” the tax to be based on the actual amount paid to him for every winning ticket after deducting the cost of the ticket: *Provided*, That in the case of winnings from double, forecast/quinella and trifecta bets, the tax shall be four (4%) per cent. In the case of owners of winning race horses, the tax shall be ten (10%) per cent of the prizes.

The tax herein prescribed shall be deducted from the “dividends” corresponding to each winning ticket or the “prize” of each winning race horse owner and withheld by the operator, manager, or person in charge of the horse races before paying the dividends or prizes to the persons entitled thereto.

The operator, manager, or person in charge of horse races shall, within twenty (20) days from the date the tax was deducted and withheld in accordance with the