

Pagcor says GMA social fund to suffer under proposed tax

The Philippine Amusement and Gaming Corp. (Pagcor), the state-owned operator of casinos and other gaming activities, said that it would no longer be able to contribute to President Arroyo's social fund if the government insists on taxing the corporation.

This was the message relayed by Pagcor to the Department of Finance (DOF) during a Senate hearing last week on the tax liabilities of Pagcor.

Pagcor said that if the government insists on taxing Pagcor, the corporation would incur a net cash loss and would thus be unable to remit any cash contribution to the President's social fund.

According to Pagcor, this translates to a reduction of about P1.048 billion yearly.

The Department of Finance (DOF), the Bureau of Internal Revenues (BIR) and the National Tax Research Center wants Pagcor to pay corporate income tax pursuant to Republic Act 9337 or the Reformed Value Added Tax law.

The law deleted Pagcor from the coverage of government-owned and controlled corporations that are exempt from income tax.

The government also wants to impose value added tax (VAT) on Pagcor, saying that VAT had already replaced the five percent franchise tax imposed on the corporation.

Furthermore, the government wants Pagcor to clearly define its basis for gross income tax computation.

At present, Pagcor has four licensed casinos – Fontana Casino in Pampanga, East Bay Casino in Rizal, Poro Point Casino in La

Union and Fort Stotsenberg, also in Pampanga.

The NTRC said that the government should require Pagcor to declare all its income and thus, remit a bigger amount of tax to the government.

NTRC noted that Pagcor's operations have evolved, with bingo operations in its 13 Casino Filipino branches and through private bingo licensees.

„They are also engaged in Internet gaming, chipwashing operations and licensing of privately operated casinos. There is therefore an urgent need to evaluate and define the sources of income on which the franchise tax and the 50 percent government share are based,“ NTRC said.

The NTRC cited that in 2006, Pagcor's total income amounted to more than P24 billion.