

ADVISORY

Subject : PHILIPPINE BASED & PHILIPPINE OFFSHORE GAMING OPERATIONS (POGO)

Headnote : TAXATION OF TAXPAYERS ENGAGED IN POGO & THOSE TREATED AS RESIDENT FOREIGN ENGAGED IN TRADE OR BUSINESS

Date : August 29, 2019

RMC NO. 102-2017 provides clarifications specifically on the following matters:

1. **Classification of POGO Taxpayers**

- a. **Licensee** – duly licensed and authorized by PAGCOR to provide offshore gaming services
- **Philippine-based Operator**
 - **Offshore-based Operator**
- b. **Other Entity** – duly licensed and authorized Licensee or any other business entity by PAGCOR to provided particular or specific component of the offshore gaming activities to the POGO
- **POGO-gaming Agent**
 - **Service Provider**
 - **Gaming Support Provider**

2. **Taxability of POGO**

- a. Entire gross gaming receipts/earnings or the agreed or pre-determined minimum monthly revenues;/income from Gaming operations under existing rules, whichever is higher - **5% Franchise Tax**
- b. Income from other Related Services income from non-gaming operations – **Normal Income Taxes, Value – Added Tax, and other applicable taxes**
- c. Income payments for all purchases of goods and services – **Withholding taxes as may be appropriate and applicable**
- d. Compensation, fees, commissions or any other form of remuneration as a result of services - **Withholding taxes existing revenue laws and regulations**
- e. Purchases (local or imported) and sale (local or international) of goods (tangible or intangible) or services - **Existing tax laws and revenue issuances, as may be applicable**

RMC NO. 78-2018 addresses the tax application and enforcement to offshore-based operators. The circular clarifies the following:

1. All POGO licensees (Foreign-based or Philippine-based) and those that have already been issued a license to register with the BIR; and
2. Register with the BIR Revenue District Office having jurisdiction over the place where the Head Office and/or branch or “Pogo Hub” is located.

Enclosed are the relevant circulars for your reading pleasure.



MLG | TECHNICAL AND RESEARCH

DISCLAIMER: The advisory is not a substitute for an expert opinion and is purely a general research that may have not considered the entirety of other related topics. Any tax and/or compliance advice is not intended or written by the author to be used, and cannot be used, by a client or any other person or entity for the purpose of (i) avoiding penalties that may be imposed on by the regulatory bodies, or (ii) promoting, marketing, or recommending to another party any matters addressed herein.

The opinion or advice expressed in this advisory is based on the facts and circumstances gathered. Any inaccuracy in any of the assumptions set forth above may have the effect of changing all or part of this report, and this report may not apply. The advice is based on our interpretation of the provisions of the Code, the Revenue Regulations promulgated and issued by the tax bureau, BIR positions as set forth in published Revenue Rulings, other pronouncement, orders and circulars, and judicial decisions in effect on the date of this report, any of which could be changed at any time. Any such changes may be retroactive and could significantly modify the statements and opinions/ advice expressed herein. In effect, this might render the advisory obsolete or incorrect in partial or in full. We undertake no obligation to advise you of changes that may hereafter be brought to our attention.

LET US HELP YOU ACHIEVE FURTHER BUSINESS SUCCESS

Visit us online at www.mlaguirre.org to find out more about our services, or email us at ask@mlaguirre.org for further information or for any queries.

UHY M.L. AGUIRRE & CO., CPAS

Unit 1806 Cityland Pasong Tamo Tower
2210 Chino Roces Ave., Makati City, 1230
Philippines

Phone +63 2 555 0834
Fax +63 2 804 3936
Email ask@mlaguirre.org

UHY M.L. Aguirre & Co., CPAs (the "Firm") is a member of Urbach Hacker Young International Limited, a UK company, and forms part of the international UHY network of legally independent accounting and consulting firms. UHY is the brand name for the UHY international network. The services described herein are provided by the Firm and not by UHY or any other member firm of UHY. Neither UHY nor any member of UHY has any liability for services provided by other members."

© 2019 UHY M.L. Aguirre & Co., CPAs