

# [ PRESIDENTIAL DECREE NO. 1399, June 02, 1978 ]

## **AMENDING CERTAIN SECTIONS OF PRESIDENTIAL DECREE NO. 1067-A DATED JANUARY 1, 1977, ENTITLED "CREATING THE PHILIPPINE AMUSEMENTS AND GAMING CORPORATION, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES," AND PRESIDENTIAL DECREE NO. 1067-B DATED JANUARY 1, 1977, ENTITLED, "GRANTING THE PHILIPPINE AMUSEMENTS AND GAMING CORPORATION A FRANCHISE TO ESTABLISH, OPERATE, AND MAINTAIN GAMBLING CASINOS ON LAND OR WATER WITHIN THE TERRITORIAL JURISDICTION OF THE REPUBLIC OF THE PHILIPPINES."**

**WHEREAS**, it is now the desire of the government to fully develop and exploit casino operations as a source of revenue to finance important infra-structure and socio-civic projects;

**WHEREAS**, to achieve this goal, after the successful experiment conducted in the Floating Casino, "PHILIPPINE TOURIST I" during the year 1977, there is now the need to expand the areas of operations outside the Metropolitan Manila Area;

**WHEREAS**, it is now the intention of the government to allocate and appropriate revenues generated from this newly developed source to fund priority infra-structure and/or socio-civic projects throughout the Philippines, as may be directed and authorized by the Office of the President;

**WHEREAS**, to attain this objective, certain amendments have to be made to Presidential Decrees Nos. 1067-A and 1067-B;

**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 the following:

**SECTION I.** Section 5 of Presidential Decree No. 1067-A dated January 1, 1977, is hereby amended to read as follows:

**"SECTION 5. Board of Directors.** The Corporation shall be governed and its activities be directed, controlled and managed by a Board of Directors that shall be composed of five (5) members, namely: (1) The Chairman of the National Development Corporation, who shall act as Chairman; (2) Government Corporate Counsel; (3) Office of the Executive Assistant, Office of the President, or their respective representatives; and two other members to be appointed by the President of the Philippines from the private sector."

**SECTION 2.** Section 3 of Presidential Decree No. 1067-B is hereby amended to read as follows:

**"SECTION 3. SPECIAL CONDITION OF FRANCHISE.—**Sixty (60%) percent of the aggregate gross earnings derived by the Franchise Holder from this Franchise shall be immediately set aside and allocated to fund

the following infra-structure and socio-civic project within the Metropolitan Manila Area;

- a. Flood Control.
- b. Sewerage and Sewage.
- c. Nutritional Programs.
- d. Population Control.
- e. 'Tulungan ng Bayan' Centers.
- f. Beautification.

In addition to the priority infra-structure and socio-civic projects within the Metropolitan Manila Areas specifically enumerated above, the 60% share of the government in the aggregate gross earnings derived by the Franchise Holder from this Franchise may now be appropriated and allocated to fund and finance any infra-structure and/or socio-civic projects throughout the Philippines as may be directed and authorized by the Office of the President."

**SECTION 3.** Section 4 of Presidential Decree No. 1067-B is hereby amended to read as follows:

**"SECTION 4. EXEMPTIONS.—**

1. *Duties, taxes and other imposts on importations.*—All importations of equipment, vehicles, automobiles, boats, ships, barges, aircraft and such other gambling paraphernalia, including accessories or related facilities for the sole and exclusive use of the casinos, the proper and efficient management and administration thereof, and such other clubs, recreation or amusement places to be established under and by virtue of this Franchise shall be exempt from the payment of duties, taxes and other imposts, including all kinds of fees, levies, or charges of any kind or nature.

Vessels and/or accessory ferry boats imported or to be imported by any corporation having existing contractual arrangements with the Franchisee, for the sole and exclusive use of the casino or to be used to service the operations and requirements of the casino, shall likewise be totally exempt from the payment of all taxes, duties and other imposts, including all kinds of fees, levies, assessments or charges of any kind or nature, whether National or local.

2. *Income and other taxes.*—

- a. Franchise Holder: No tax of any kind or form, income or otherwise, as well as fees, charges, or levies of whatever nature, shall be assessed and collected under this Franchise from the Franchise Holder; nor shall any form of tax or charge attach in any way to the earnings of the Franchise Holder, except a Franchise Tax of five (5%) percent of the gross revenue or earnings derived by the Franchise Holder from its operation under this Franchise. Such tax shall be due and payable quarterly to the National Government and shall be in lieu of all taxes, levies, fees or assessments of any kind,