

**[LETTER OF INSTRUCTIONS No. 1430, September
28, 1984]**

TO: Minister of Finance
The Acting Commissioner of Customs
The Commissioner of Internal Revenue
All concerned

WHEREAS, on June 11, 1984, Presidential Decree No. 1931 was promulgated directing the rationalization of duty and tax exemption privileges granted to government-owned and controlled corporations and all other units of government.

WHEREAS, under Section 2 thereof, the President of the Philippines is empowered to restore partially or totally the exemptions of government-owned and controlled corporations taking into consideration the relative contribution of the corporation to the revenue generation effort and in general, the greater national interest to be served.

WHEREAS, under its already existing and exclusive franchise, PAGCOR is not exempted from tax. It is required to pay a Franchise tax equivalent to 5% of its gross earnings to the national government; thereafter, 50% of the share of the government in the gross earning is mandated under Section 12 of P.D. 1869 to be allocated in the funding of specific governmental projects, provided that if the gross earning is less than P150,000,000, the allocation shall be increased to 60%.

WHEREAS, considering further that a substantial amount of PAGCOR's profit is to be channelled to government socio-civic and infrastructure projects enumerated in option 12 of the Charter of PAGCOR (P. D. 1869) or in any other projects which may be specified by the President, the restoration of PAGCOR's tax exemption could not be considered prejudicial to the country's overall program for economic development.

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 direct that:

1. The Philippine Amusement and Gaming Corporation (PAGCOR), created under P. D. 1869 shall be removed from the coverage of Section 1 of P. D. 1931 promulgated on June 11, 1984. Accordingly, the legal effects of Section 13 of P. D. 1869, relative to PAGCOR's tax-exemption shall be fully restored.
2. This LOI shall take effect immediately.

Done in the City of Manila this 28th day of September in the year of Our Lord, Nineteen Hundred and Eighty-Four.

(Sgd.) FERDINAND E. MARCOS
President of the Philippines
