

'19 AUG 13 P2:52

SENATE

P.S. Res. No. 89

RECEIVED BY: 

---

Introduced by SEN. WIN GATCHALIAN

---

RESOLUTION

**DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE UNCOLLECTED TAXES FROM REGISTERED AND UNREGISTERED FOREIGN WORKERS, INCLUDING THOSE IN THE PHILIPPINE OFFSHORE GAMING OPERATORS (POGO) INDUSTRY, AND RELATED ISSUES ON THE EFFECTIVE IMPLEMENTATION OF THE TAX, IMMIGRATION AND LABOR LAWS OF THE PHILIPPINES, WITH THE END VIEW OF ENACTING AMENDMENTS TO EXISTING LEGISLATION THAT WILL SUPPORT EFFECTIVE AND EFFICIENT REVENUE GENERATION, RESOURCE MOBILIZATION, AND TRADE FACILITATION**

1           **WHEREAS**, Article XII, Section 1 of the 1987 Constitution recognizes  
2 equitable distribution of opportunities, income and wealth; sustained increase in  
3 the amount of goods and services produced by the nation for the benefit of the  
4 people; and expanding productivity as the key to raising the quality of life for all,  
5 especially the underprivileged, as the goals of the national economy;

6           **WHEREAS**, a robust economy can only be supported by sound government  
7 decisions, forward-looking government policies, and swift implementation of the  
8 same, including ensuring that taxes are properly collected to raise revenues and  
9 enable the government to provide adequate social services to the people;

10           **WHEREAS**, Section 2 of Republic Act No. 8424, otherwise known as the  
11 National Internal Revenue Code of 1997 (NIRC), grants the Commissioner of  
12 Internal Revenue the power to assess and collect all national internal revenue  
13 taxes, fees and charges;

1           **WHEREAS**, all foreign individuals, whether a resident or not of the  
2 Philippines, are liable to pay income tax under Sections 24(A)(1)(c) and 25(A)(1)  
3 of the NIRC, as amended, on their taxable income derived from all sources within  
4 the Philippines, while their respective employers are liable to withhold and remit  
5 their contributions under Sections 79(H) and 80(A) of the same;

6           **WHEREAS**, the number of foreign nationals coming to the Philippines for  
7 work grew from 10,823 in 2005 to 52,241 in 2018 based on the number of alien  
8 employment permits (AEPs) issued by the Department of Labor and Employment  
9 (DOLE);

10           **WHEREAS**, the recent surge of foreign workers in the Philippines,  
11 particularly Chinese nationals, is reportedly led by the emergence of the  
12 Philippine Offshore Gaming Operators (POGOs) whose clients are mostly from  
13 China and other South East Asian countries;<sup>1</sup>

14           **WHEREAS**, on May 4, 2018, Bloomberg reported that more than 50  
15 offshore gambling companies have received permits to operate in Metro Manila,  
16 allegedly employing about 200,000 predominantly Chinese workers who have  
17 been arriving since late 2016;<sup>2</sup>

18           **WHEREAS**, on April 22, 2019, the DOLE conveyed that in a review of 88  
19 POGO companies, only 16,550 workers have been issued work permits and  
20 another 7,411 with issued AEPs. It further stated that as many as 130,000  
21 workers in POGO firms are unregistered with the Bureau of Internal Revenue  
22 (BIR) and are not paying taxes to the Philippine government;<sup>3</sup>

23           **WHEREAS**, the Department of Finance (DOF) explained that based on its  
24 computation, the Philippine coffers are losing as much as PhP22.5 billion  
25 (US\$421 million annually). It further noted a Chinese newspaper report stating  
26 that foreign workers in POGOs are being paid on average the equivalent of  
27 RMB10,000 (~US\$1,500) per month. Given an average income tax of 25%, the

---

<sup>1</sup> Medenilla, Samuel, "Rising number of foreign workers shows job-skills mismatch persisting in PHL", Business Mirror, 27 March 2018, <https://businessmirror.com.ph/rising-number-of-foreign-workers-shows-job-skills-mismatch-persisting-in-phl/>.

<sup>2</sup> "Chinese Money Triggers a Dizzying Rally in Manila Property", Bloomberg, 4 May 2018, <https://www.bloomberg.com/news/articles/2018-05-03/in-china-s-new-gambling-hot-spot-property-prices-are-on-a-tear>.

<sup>3</sup> "Philippines Cracks Down on illegal Gaming Workers", 24 April 2019, <https://www.asiasentinel.com/econ-business/philippines-crack-down-illegal-gaming-workers/>.



1 BIR estimates that PhP18,750 per month, excluding taxes on allowances and  
2 fringe benefits, are not being collected from each foreign worker;<sup>4</sup>

3 **WHEREAS**, the significant influx of Chinese POGO workers and having  
4 approximately 130,000 individuals not paying taxes to the Philippine government  
5 have clearly raised red flags on the implementation of our tax, immigration and  
6 labor laws;

7 **WHEREAS**, it was also reported by the Philippine Center for Investigative  
8 Journalism in an interview with a Chinese POGO worker that his pay amounts  
9 to US\$600 a month as a POGO employee in the Philippines, and it could be as  
10 high as US\$2,800, but his employer deducts lodging expenses, which is a better  
11 and more viable option than working in China;<sup>5</sup>

12 **WHEREAS**, concerns over the government's lenient control measures on  
13 the influx of foreign workers and its lax enforcement of our tax, immigration and  
14 labor laws led to the joint issuance on June 27, 2019 by the Bureau of  
15 Immigration (BI), the DOLE, the Department of Justice, and the BIR of BI  
16 Operations Order Nos. JHM-2019-008 and JHM-2019-009, which aim to ensure  
17 that work permits are issued only to foreign nationals whose jobs cannot be  
18 performed by a Filipino, and to require them to secure a taxpayer identification  
19 number (TIN) upon securing work-related visas and permits;

20 **WHEREAS**, on July 3, 2019, the Business World reported that the BIR is  
21 expecting to generate about PhP4.4 billion in withholding taxes from the online  
22 gaming industry, while DOF estimates that foreign workers earning an average  
23 of US\$1,500 per month and taxed at 25% of gross income can generate PhP32  
24 billion in taxes each year based on the initial findings over 138,000 foreigners;<sup>6</sup>

25 **WHEREAS**, on August 5, 2019, the BIR conveyed that it has collected only  
26 PhP200 million from foreigners – mostly Chinese – working in the POGO sector  
27 in July, the first month that the government mandated automatic withholding of  
28 personal income taxes from them. It was further reported that the BIR was having  
29 difficulty in issuing the TINs at a faster pace and bigger volume than usual. For  
30 July, it was reported that the BIR issued only 10,000 TINs to previously

---

<sup>4</sup> Caraballo, Mayvelling, "Government losing P22B from POGO workers", 26 March 2019, <https://www.manilatimes.net/govt-losing-p22b-from-pogo-workers/530984/>.

<sup>5</sup> Camba, Alvin A., "Inside a Chinese gambling entity: What happens, who works, how?", 9 May 2019, <https://pcij.org/article/1665/inside-a-chinese-gambling-entity-br-what-happens-who-works-how>.

<sup>6</sup> DOLE to manage database on foreign workers; over P4B expected from POGOs, <https://www.bworldonline.com/dole-to-manage-database-on-foreign-workers-over-p4b-expected-from-pogos/>.

1 unregistered POGO workers in the cities of Manila, Paranaque and Pasay even as  
2 there were as many as 130,000 of them;<sup>7</sup>

3 **WHEREAS**, these implementation drawbacks, including the failure to  
4 monitor the revenues and revenue-generating activities of the POGO industry, do  
5 not only have an impact on the potential tax revenue losses, but also raise issues  
6 on fairness with respect to our own Filipino taxpayers who are regularly paying  
7 their taxes;

8 **WHEREAS**, there is a need to review our capability and enhance our  
9 capacity to enforce our tax, immigration and labor laws to balance the protection  
10 we need to accord our people vis-à-vis the contribution of industries and foreign  
11 workers to the country's economic growth;

12 **WHEREAS**, it is imperative for the Senate to conduct an assessment and  
13 careful analysis to determine how these tax collection agencies can better perform  
14 their enforcement functions prior to introducing another set of laws which these  
15 agencies may have a difficulty implementing;

16 **WHEREAS**, it is also the Senate's duty to review policies set forth by the  
17 Executive as it annually deliberates on the government's expenditure plan, which  
18 is affected by the projected tax revenues and other macroeconomic fundamental  
19 assumptions;

20 **NOW, THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED,**  
21 to direct the appropriate Senate Committee to conduct an inquiry, in aid of  
22 legislation, on the uncollected taxes from registered and unregistered foreign  
23 workers, including those in the POGO industry, and related issues on the  
24 effective implementation of our tax, immigration and labor laws, with the end  
25 view of enacting amendments to existing legislations that will support effective  
26 and efficient revenue generation, resource mobilization, and trade facilitation.  
27

28 Adopted,



**WIN GATCHALIAN**

---

<sup>7</sup> De Vera, Ben O., "Government nets P200M from Pogo workers", The Philippine Daily Inquirer, 5 August 2019, <https://business.inquirer.net/276158/govt-nets-p200m-from-pogo-workers>.