

PCSO CHARTER

H. NO. 1305
Third Congress

REPUBLIC ACT NO. 1169
"AN ACT PROVIDING FOR CHARITY SWEEPSTAKES, HORSE RACES, AND LOTTERIES"

(As amended by Batas Pambansa Blg. 42 and Presidential Decree No. 1157)

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The Philippine Charity Sweepstakes Office. — The Philippine Charity Sweepstakes Office, hereinafter designated the Office, shall be the principal government agency for raising and providing for funds for health programs, medical assistance and services, and charities of national character, and as such shall have the general powers conferred in section thirteen of Act Numbered One thousand four hundred fifty-nine, as amended, and shall have the authority:

- A. To hold and conduct charity sweepstakes races, lotteries, and other similar activities, in such frequency and manner, as shall be determined, and subject to such rules and regulations as shall be promulgated by the Board of Directors.
- B. Subject to the approval of the Minister of Human Settlements, to engage in health and welfare-related investments, programs, projects and activities which may be profit-oriented, by itself or in collaboration, association or joint venture with any person, association, company or entity, whether domestic or foreign, except for the activities mentioned in the preceding paragraph (A), for the purpose of providing for permanent and continuing sources of funds for health programs, including the expansion of existing ones, medical assistance and services, and/or charitable grants: Provided, That such investments will not compete with the private sector in areas where investments are adequate, as may be determined by the National Economic and Development Authority.
- C. To undertake any other activity that will enhance its funds generation operations and funds management capabilities, subject to the same limitations provided for in the preceding paragraph.

It shall have a Board of Directors, hereinafter designated the Board, composed of five members who shall be appointed, and whose compensation and term of office shall be fixed, by the President (Prime Minister). [Amended by Batas Pambansa Blg. 42 dated 24 September 1979]

SECTION 2. The general manager shall be appointed by the Board of Directors and he can be removed or suspended only for cause as provided by law. He shall have the direction and control of the Office in all matters which are not specifically reserved for action by the Board. Subject to the approval of the Board of Directors, he shall also appoint the personnel of the Office, except the Auditor and the personnel of the Office of the Auditor who shall be appointed by the Auditor General.

SECTION 3. Operating expenses. — The operating expenses of the Office shall be paid from its receipts.

SECTION 4. Holding of sweepstakes. — The Office shall hold charity horse race sweepstakes under such regulations as shall be promulgated by the Board in accordance with Republic Act No. 309: Provided, however, That when the holding of a sweepstakes race to determine prizes is impossible due to war, public calamity, or other unforeseen or fortuitous event, or when there is no sufficient number of

horses to determine the major prizes, the Board of Directors may determine the procedure to be followed in the distribution of prizes in the most just, equitable, and expeditious manner. The horse races and the sale of tickets in the said sweepstakes shall be exempted from all taxes, except that each ticket shall bear a twelve-centavo internal revenue stamp and that from that from the total prize fund as provided herein from the proceeds of the sale of tickets there shall be deducted an amount equivalent to five per centum of such total prize fund, which shall be paid to the Bureau of Internal Revenue not later than ten days after each sweepstakes in lieu of the income tax heretofore collected from sweepstakes prize winners: Provided, however, That any prizes that may be paid out from the resulting prize fund, after said five per centum has been deducted, shall be exempted from income tax. The tickets shall be printed by the Government and shall be considered government securities for the purposes of penalizing forgery or alteration. [As amended by Presidential Decree No. 1157 dated 3 June 1977].

SECTION 5. The Board of Directors of the Philippine Charity Sweepstakes is hereby authorized to fix heights of race horses to run in each sweepstakes race as provided for in this Act.

Only horses born in the Philippines that have run for a prize previously in any race may participate in any sweepstakes race under this Act. The Board of Directors of the Philippine Charity Sweepstakes shall fix the dates of registration, measurement, and declaration of horses to participate in any sweepstakes race. No horse owner shall be permitted to register more than one entry that may participate in any sweepstakes race.

SECTION 6. Allocation of Net Receipts. — From the gross receipts from the sale of sweepstakes tickets, whether for sweepstakes races, lotteries, or similar activities, shall be deducted the printing cost of such tickets, which in no case shall exceed two percent of such gross receipts to arrive at the net receipts. The net receipts shall be allocated as follows:

- A. Fifty-five percent (55%) shall be set aside as a prize fund for the payment of prizes, including those for the owners, jockeys of running horses, and sellers of winning tickets.

Prizes not claimed by the public within one year from date of draw shall be considered forfeited, and shall form part of the charity fund for disposition as stated below.

- B. Thirty percent (30%) shall be set aside as contributions to the charity fund from which the Board of Directors, in consultation with the Ministry of Human Settlement on identified priority programs, needs, and requirements in specific communities and with approval of the Office of the President (Prime Minister), shall make payments or grants for health programs, including the expansion of existing ones, medical assistance and services and/or charities of national character, such as the Philippine National Red Cross, under such policies and subject to such rules and regulations as the Board may from time establish and promulgate. The Board may apply part of the contributions to the charity fund to approved investments of the Office pursuant to Section 1 (B) hereof, but in no case shall such application to investments exceed ten percent (10%) of the net receipts from the sale of sweepstakes tickets in any given year.

Any property acquired by an institution or organization with funds given to it under this Act shall not be sold or otherwise disposed of without the approval of the Office of the President (Prime Minister), and that in the event of its dissolution all such property shall be transferred to and shall automatically become the property of the Philippine Government.

- C. Fifteen (15%) percent shall be set aside as contributions to the operating expenses and capital expenditures of the Office.
- D. All balances of any funds in the Philippine Charity Sweepstakes Office shall revert to and form

part of the charity fund provided for in paragraph (B), and shall be subject to disposition as above stated.

The disbursements of the allocation herein authorized shall be subject to the usual auditing rules and regulations. [As amended by Batas Pambansa Blg. 42 dated 24 September 1979].

SECTION 7. Annual Report of the Board. — The Board shall submit, during the month of July of each year, a report to the President of the Philippines and to both House of Congress on the activities of the Office.

SECTION 8. Acts penalized. — The following shall be punished by imprisonment of not less than one month and not more than three years:

- A. Any person who, without being a duly authorized agent of the Office, sells tickets of the Office, or, being such agent, sells tickets, fractions or coupons thereof not issued by the Office, representing or tending to represent an interest in tickets issued by the Office.
- B. Any person who sells tickets issued by the Office at a price greater than the price stated on the ticket.
- C. Any officer or employee of a hospital or other charitable or hygienic institution or organization who uses funds obtained from the Office under this Act for purposes other than those herein authorized.

SECTION 9. Powers and Functions of the Board of Directors. — The Board of Directors of the Office shall have the following powers and functions:

- A. To adopt or amend such rules and regulations to implement the provisions of this Act.
- B. Consistent with the purposes of this Act, to determine and approve the most effective organizational framework for the Office and its staffing pattern; to fix the salaries and determine the reasonable allowances, bonuses, and other incentives of its officers and employees as may be recommended by the General Manager; and to prescribe the manner of hiring and compensating on a contractual basis such sales and other personnel as may be required for its operations, subject to pertinent civil service and compensation laws.
- C. To contract loans, credits, and indebtedness, whether domestic or foreign, on such terms and conditions as it may deem appropriate for the accomplishment of its purposes, subject to applicable laws, rules, and regulations.
- D. To promulgate rules and regulations for the operation of the Office and to do such act or acts as may be necessary for the attainment of its purposes and objectives.

SECTION 10. The Board of Directors of the Sweepstakes, with the approval of the President of the Philippines, shall promulgate rules and regulations for the holding of lotteries; shall fix the number and price of the tickets for the same and number of tickets usually given gratis to the ticket vendors; fix the number and amount of prizes; fix the date when the sale of tickets shall close; and designate the dates and place or places where such lotteries shall be held.

SECTION 11. Laws affected. — Act No. 430, as amended by Commonwealth Act Nos. 301 and 546 and by Republic Acts Nos. 72 and 574, and all other Acts or parts thereof, except Commonwealth Act No. 595 and Republic Act No. 620, inconsistent with the provisions of this Act, are hereby repealed.

SECTION 12. Date of Effectivity. — This Act shall take effect upon its approval.

Approved, June 18, 1954.