REPUBLIC OF THE PHILIPPINES
DEPARTMENT OF FINANCE
BUREAU OF INTERNAL REVENUE
National Office Building
Quezon City

Bringing In Revenues For Nation-Building

BAGONG PILIPINAS

MAY 26 2026

REVENUE MEMORANDUM CIRCULAR NO. 57-2026

SUBJECT : Clarification on the Inclusion of Jackpot Prizes from Casino and Other Gambling Activities Within the Statutory Definition of "Winnings" Subject to Final Tax Pursuant to Sections 24(B)(1), 25(A)(1) and 25(B) of the National Internal Revenue Code of 1997, as Amended

TO : All Internal Revenue Officers, Employees and Others Concerned

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This Circular is issued to clarify that jackpot prizes derived from casino and other gambling activities, when falling within the scope of existing tax laws, are considered "winnings", and are therefore subject to final withholding tax, pursuant to the National Internal Revenue Code of 1997, as amended (Tax Code), and its implementing regulations.

I. BACKGROUND

The Bureau of Internal Revenue (BIR) has received numerous inquiries regarding the scope of the term "winnings" under the Tax Code, particularly on whether jackpot prizes, including fixed and progressive jackpots, fall within such definition and are consequently subject to the final withholding tax.

In recent years, the Philippines gaming and gambling industry has experienced significant growth under the regulatory framework of the Philippine Amusement and Gaming Corporation (PAGCOR) and other authorized government instrumentalities, including Cagayan Economic Zone Authority (CEZA) and the Aurora Pacific Economic Zone and Freeport Authority (APECO). This expansion has led to more high-value jackpot prizes for players.

In view of these developments, there is a compelling need to clarify the tax treatment of jackpot prizes to ensure consistent application of existing laws, promote equity and uniformity in taxation, and safeguard government revenue – without expanding or modifying the scope of the law.

II. COVERAGE

This Circular shall apply to jackpot prizes or similar winnings derived by individuals, whether citizens or aliens, from participation in casino gaming and other gambling activities.

This includes jackpot prizes or winnings from activities conducted by licensed gaming operators and, where applicable, unlicensed or unauthorized gaming operators, consistent with the principle that income from any source is taxable under existing laws, subject to enforceability and applicable withholding requirements.

III. DEFINITION OF TERMS.

For purposes of this Circular, the following terms are defined as follows:

1. **Jackpot Prize** – refers to the highest or top prize awarded in any game of chance, including casino and other gambling activities, where paid in cash or in kind, typically resulting from a fixed prize pool, progressive accumulation, or winning game combination.

2. **Electronic Gaming Machine (EGM)** – refers to any device, whether wholly or partly mechanically or electronically operated, designed for playing a game of chance or a game of mixed chance and skill, where winnings may become payable as a result of placing a bet.

3. **Casino** – refers to a physical or electronic gaming establishment, whether licensed, regulated, or authorized by law or by PAGCOR, and by other duly authorized government agencies such as, but not limited to, CEZA and APECO, whether land-based or sea-based, to offer games of chance, including slot machines, table games, EGMs, and similar gaming platforms.

4. **Gaming Operators** – refer to any natural or juridical person, whether licensed, regulated, or authorized by law or by PAGCOR, and by other duly authorized government agencies, that conducts, manages, controls, or operates a casino.

5. **Bingo** – refers to a game of chance played with randomly drawn numbers which players match against numbers on cards with differently numbered square, with predetermined winning patterns.

6. **Progressive Jackpot Prize** – refers to a type of jackpot prize that increases incrementally as more bets are placed, whether across linked tables, EGMs, or bingo games, until such prize is won.

IV. TAX BASE AND TAX RATE

For purposes of this Circular, the tax base for computing the final withholding tax shall be the gross amount of the jackpot prize or winnings, without any deduction for service charges, administrative fees, commissions, or other similar charges.

Jackpot prizes or winnings derived by individuals that fall within the scope of Section 24(B)(1) of the Tax Code, shall be subject to a final withholding tax of twenty percent (20%).

In the case of non-resident aliens not engaged in trade or business within the Philippines, jackpot prizes and winnings shall be subject to final withholding tax of twenty-five percent (25%), in accordance with Section 25(B) of the Tax Code.

Nothing in this Circular shall be construed as amending, modifying, or expanding the scope, thresholds, or rates of taxable prizes and winnings beyond those expressly provided under existing law.

V. PENALTIES

Failure of the withholding agent or gaming operator to withhold and remit the correct amount of final tax on jackpot prizes or winnings shall render such party liable for the corresponding surcharge, interest, and compromise penalties, without prejudice to the filing of appropriate criminal actions, in accordance with Title X of the Tax Code.

VI. REPEALING CLAUSE

All revenue issuances, or portions thereof which are inconsistent with the provisions of this Circular are hereby amended, modified or revoked accordingly.

All internal revenue officers, employees, and others concerned are enjoined to give this Circular as wide a publicity as possible.

VII. EFFECTIVITY

This Circular shall take effect immediately.

CHARLITO MARTIN R. MENDOZA
Commissioner of Internal Revenue