



Remote gambling taxation reform

Who is likely to be affected?

This measure will affect all gambling operators who supply remote gambling to UK customers. Some terrestrial gambling operators will also be affected.

General description of the measure

The measure will change general betting duty (GBD), pool betting duty (PBD) and remote gaming duty (RGD) so that they are charged on a place of consumption basis. Some administrative changes will also be made to the three duties, and the double taxation relief for remote gambling introduced at Budget 2012 will be repealed.

Policy objective

This measure will ensure all UK facing remote gambling operators pay UK gambling tax on the gambling profits generated from UK customers, no matter where in the world the operator itself is located.

Background to the measure

This measure was announced at Budget 2012. A consultation ran between 5 April 2012 and 28 June 2012.

A summary of responses to the consultation and draft Finance Bill legislation were published on 16 August 2013 on the GOV.UK website.

Detailed proposal

Operative date

This measure will have effect on and after 1 December 2014.

Current law

GBD, PBD and RGD are set out in the Betting and Gaming Duties Act 1981 (BGDA), in sections 1-12, 26A-35 and Schedules A1, 1 and 4B respectively.

Proposed revisions

Legislation will be introduced in Finance Bill 2014 that will replace the provisions in BGDA so that these three duties will be charged on a place of consumption basis. Secondary legislation will also be introduced as necessary and appropriate.

Summary of impacts

Exchequer impact (£m)	2012-13	2013-14	2014-15	2015-16	2016-17
	-15	-20	+55	+240	+270
	These figures were set out in Table 2.1 of Budget 2012 and have been certified by the Office for Budget Responsibility. More details can be found in the policy costings document published alongside Budget 2012.				
Economic impact	<p>This measure is not expected to have significant broader economic impacts.</p> <p>This measure will impose a duty liability on all remote gambling operators, wherever they are based, who derive receipts from UK customers. Remote gambling operators based in the UK may benefit from improved competitiveness, as they will no longer be liable for UK gambling taxes on their gross gambling profits derived from foreign customers.</p>				
Impact on individuals and households	The impact on individuals and households in the UK is expected to be negligible as this measure is not expected to have a significant impact on the availability, price and payouts of remote gambling.				
Equalities impacts	This measure is not expected to have different impacts on any protected equality groups.				
Impact on business including civil society organisations	<p>For both UK and non-UK based operators there are likely to be negligible one-off costs associated with familiarisation with the new tax system, license registrations and software costs. Ongoing negligible costs will arise from separating gambling activity into UK and non-UK customers for tax purposes.</p> <p>The measure is expected to have no impact on civil society organisations.</p>				
Operational impact (£m) (HMRC or other)	HM Revenue & Customs (HMRC) is developing a new IT system to support these three duties, with associated costs of approximately £5 million. Excluding this cost, HMRC will manage the costs associated with this reform within existing resources.				
Other impacts	Other impacts have been considered and none have been identified.				

Monitoring and evaluation

Consideration will be given to evaluating any benefits, revenue effects and changes in administrative burdens arising from the remote gambling taxation reforms after five years of monitoring data have been collected and analysed. In the meantime the effects of the remote gambling taxation reforms will be kept under review.

Further advice

If you have any questions about this change, please contact Andy Grimsley on 03000 588028 (email: andy.grimsley@hmrc.gsi.gov.uk).

Consultation draft

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PART 1

BETTING AND GAMING DUTIES

CHAPTER 1

GENERAL BETTING DUTY

The duty

1 General betting duty

A duty of excise, to be known as general betting duty, is charged in accordance with this Chapter.

General and spread bets

2 Bookmakers: general bets

- (1) General betting duty is charged on a bet made by a person with a bookmaker if –
 - (a) the person who makes the bet (whether as principal or agent) does so while present at a place in the United Kingdom where the bookmaker carries on the business of receiving or negotiating bets, or
 - (b) the person who makes the bet as principal is a UK person and the bet is not an excluded bet.
- (2) Subsection (1) does not apply to –
 - (a) an on-course bet;
 - (b) a spread bet;
 - (c) a bet made by way of pool betting.
- (3) The amount of duty charged in respect of bets made with a bookmaker in an accounting period is 15% of the bookmaker's net stake receipts for that period.

3 Bookmakers: spread bets

- (1) General betting duty is charged on a spread bet made with a bookmaker who is in the United Kingdom.
- (2) A bet is a spread bet if it constitutes a contract the making or accepting of which is a regulated activity within the meaning of section 22 of the Financial Services and Markets Act 2000.
- (3) The amount of duty charged under subsection (1) in respect of spread bets made with a bookmaker in an accounting period is –

- (a) 3% of the amount of the bookmaker's net stake receipts in respect of financial spread bets for that period (if any), plus
 - (b) 10% of the amount of the bookmaker's net stake receipts in respect of other spread bets for that period (if any).
- (4) A "financial spread bet" is a spread bet the subject of which is a financial matter.
- (5) The Commissioners may by order provide that a specified matter –
- (a) is to be treated as a financial matter for the purpose of subsection (4), or
 - (b) is not to be treated as a financial matter for that purpose.

4 Net stake receipts

- (1) For the purposes of a charge under a provision of section 2 or 3 in respect of the class of bets to which the provision applies, the amount of a bookmaker's net stake receipts for an accounting period is X minus Y, where –
- (a) X is the aggregate of amounts which fall due to the bookmaker in the accounting period in respect of bets of that class made with the bookmaker, and
 - (b) Y is the aggregate of amounts paid by the bookmaker in that period by way of winnings to persons who made bets of that class with the bookmaker (irrespective of when the bets were made or determined).
- (2) Where –
- (a) a person makes a bet other than a spread bet, and
 - (b) the sum which the person will lose if unsuccessful is known when the bet is made,
- that sum is to be treated for the purposes of subsection (1)(a) as falling due when the bet is made (irrespective of when it is actually paid or required to be paid).
- (3) Where the amount of a bookmaker's net stake receipts is zero or a negative amount, it is to be disregarded for the purposes of sections 2 and 3 except as provided for by section 5.
- (4) In calculating an amount due to a bookmaker in respect of a bet, no deduction is to be made in respect of –
- (a) any other benefit secured by the person who makes the bet as a result of paying the money,
 - (b) a person's expenses, whether in paying duty or otherwise, or
 - (c) any other matter.
- (5) Where a person makes a bet in pursuance of an offer which permits the person to pay nothing or less than the amount which the person would have been required to pay without the offer, the person is to be treated for the purposes of this section as being due to pay that amount –
- (a) to the person with whom the bet is made, and
 - (b) at the time when the bet is made.
- (6) For the purpose of subsection (1)(b) –
- (a) the reference to paying an amount to a person includes a reference to holding it in an account for the person if the person is notified that the amount is being held for the person in the account and that the person is entitled to withdraw it on demand,

- (b) the return of a stake is to be treated as a payment by way of winnings, and
 - (c) only payments of money are to be taken into account.
- (7) [Retained winnings.]

5 Relief for losses

- (1) This section applies where the amount of a bookmaker's net stake receipts for an accounting period in respect of a class of bets (calculated in accordance with section 4(1)) is a negative amount.
- (2) That amount is to be carried forward to the following accounting period and, to the extent that it does not exceed it, deducted from the amount of the bookmaker's net stake receipts in respect of the same class of bets for that period.
- (3) If the amount of those net stake receipts for that following accounting period –
 - (a) is not a positive amount, or
 - (b) is less than the amount carried forward,the amount carried forward or, as the case may be, the balance of it is to be treated for the purposes of this section as if it were a negative amount of net stake receipts for that period in respect of the same class of bets.

6 Bet-brokers

- (1) This section applies where –
 - (a) one person (the “bettor”) makes a bet with another person (the “bet-taker”) using facilities provided in the course of a business, other than a betting exchange business, by a third person (the “bet-broker”), or
 - (b) one person (the “bet-broker”) in the course of a business makes a bet with another person (the “bet-taker”) as the agent of a third person (the “bettor”) (whether the bettor is a disclosed principal or an undisclosed principal).
- (2) For the purposes of sections 2 to 5 –
 - (a) the bet is to be treated as if it were made separately by the bettor with the bet-broker and by the bet-broker with the bet-taker,
 - (b) the bet-broker is to be treated as a bookmaker in respect of the bet,
 - (c) the aggregate of amounts due to be paid by the bettor in respect of the bet is to be treated as being due separately to the bet-broker and to the bet-taker (and any amount due to be paid by the bet-broker to the bet-taker is to be disregarded), and
 - (d) a sum paid by the bet-taker by way of winnings in respect of the bet is to be treated as having been paid separately by the bet-taker and by the bet-broker at that time and for that purpose (and any sum paid by the bet-broker is to be disregarded).
- (3) Where there is any doubt as to which of two persons is the bettor and which the bet-taker for the purposes of subsection (1)(a), whichever of the two was the first to use the facilities of the bet-broker to offer the bet is to be treated as the bet-taker.
- (4) In this section “betting exchange business” means a business such as is mentioned in section 14(1).

Pool betting on horse and dog races

7 Pool betting on horse and dog races

- (1) General betting duty is charged on a bet made by a person with a bookmaker by way of pool betting if the bet is a Chapter 1 pool bet.
- (2) A bet is a Chapter 1 pool bet if—
 - (a) it relates only to horse racing or dog racing,
 - (b) it is not an on-course bet, and
 - (c) either—
 - (i) the person who makes the bet (whether as principal or agent) does so while present at a place in the United Kingdom where the bookmaker carries on the business of receiving or negotiating bets or conducting pool betting operations, or
 - (ii) the person who makes the bet as principal is a UK person and the bet is not an excluded bet.
- (3) General betting duty is charged at the rate of 15% of the bookmaker's profits on Chapter 1 pool bets for an accounting period.
- (4) The bookmaker's profits on Chapter 1 pool bets for an accounting period are the aggregate of—
 - (a) the amount of the bookmaker's profits for the period in respect of such bets that are pooled stake bets (calculated in accordance with section 10), and
 - (b) the amount of the bookmaker's profits for the period in respect of such pool bets that are ordinary bets (calculated in accordance with section 11), and
 - (c) the amount of the bookmaker's profits for the period in respect of retained winnings (calculated in accordance with section 12).

8 Pooled stake bets and ordinary bets

- (1) A bet made by way of pool betting is a “pooled stake bet” for the purposes of this Chapter if all or any part of the stake money on the bet is assigned by or on behalf of the bookmaker to a fund (a “stake fund”) from which winnings are to be paid in respect of pool betting.
- (2) A bet made by way of pool betting is an “ordinary bet” for the purposes of this Chapter if it is not a pooled stake bet.

9 Stake money

- (1) The stake money on a Chapter 1 pool bet is the aggregate of the amounts which fall due in respect of the bet.
- (2) If the stake money falls due to a person other than the bookmaker, it is to be treated for the purposes of this Chapter as falling due to the bookmaker.
- (3) Where the sum which the person who makes the bet will lose if unsuccessful is known when the bet is made, that sum is to be treated for the purposes of this section as falling due when the bet is made (irrespective of when it is actually paid or required to be paid).

- (4) In calculating the amount falling due in respect of the bet, no deduction is to be made in respect of—
 - (a) any other benefit secured by the person who makes the bet as a result of paying the money,
 - (b) a person's expenses, whether in paying duty or otherwise, or
 - (c) any other matter.
- (5) Where the person makes the bet in pursuance of an offer which permits the person to pay nothing or less than the amount which the person would have been required to pay without the offer, the person is to be treated for the purposes of this section as being due to pay that amount—
 - (a) to the bookmaker with whom the bet is made, and
 - (b) at the time when the bet is made.

10 Profits on pooled stake bets

- (1) Take the following steps to calculate the amount of a bookmaker's profits for an accounting period in respect of Chapter 1 pool bets that are pooled stake bets.

Step 1

Take the aggregate of the stake money falling due to the bookmaker in the accounting period in respect of Chapter 1 pool bets that are pooled stake bets and deduct the aggregate of that stake money that is assigned by or on behalf of the bookmaker to stake funds during the period.

Step 2

If in the accounting period any amount contained in a stake fund to which stake money falling due to the bookmaker in respect of Chapter 1 pool bets has been assigned is used otherwise than to provide winnings to persons who made bets by way of pool betting, multiply each amount so used in the accounting period by the relevant proportion that applies in relation to it.

Step 3

Add the aggregate of the amounts calculated under Step 2 to the amount calculated under Step 1.

Step 4

[Top-up winnings.]

Step 5

Subtract the aggregate of the amounts calculated under Step 4 from the amount calculated under Step 3.

- (2) For the purposes of Step 2 the relevant proportion, in relation to any amount contained in a fund which is used otherwise than to provide winnings, is—
 - (a) if the amount relates to a specific bet, the proportion of that amount that consists of stake money paid to the bookmaker in respect of that bet,
 - (b) if the amount does not relate to a specific bet but relates to amounts assigned to the fund during a specific period, the proportion of that amount that consists of stake money assigned to the fund by or on behalf of the bookmaker during that period, and
 - (c) in any other case, the proportion of the total amount contained in the fund immediately before the amount is so used which consists of stake money assigned to the fund by or on behalf of the bookmaker.
- (3) Where the calculation under this section of profits for an accounting period produces a negative amount, it is not included in the calculation under section

7(4) for that accounting period but may be carried forward in reduction of the profits calculated under this section for one or more later accounting periods.

11 Profits on ordinary bets

- (1) To calculate the amount of a bookmaker's profits for an accounting period in respect of Chapter 1 pool bets that are ordinary bets –
 - (a) take the aggregate of the stake money falling due to the bookmaker in the accounting period in respect of ordinary bets, and
 - (b) subtract the aggregate of the expenditure by or on behalf of the bookmaker for the period on winnings in respect of such bets.
- (2) Where the calculation under this section of profits for an accounting period produces a negative amount, it is not included in the calculation under section 7(4) for that accounting period but may be carried forward in reduction of the profits calculated under this section for one or more later accounting periods.

12 Profits on retained winnings

- (1) The amount of a bookmaker's profits for an accounting period in respect of retained winnings is the aggregate of the amounts which –
 - (a) by virtue of being credited to a person's account led to a reduction in the amount of the bookmaker's profits calculated for any accounting period under section 10 or 11,
 - (b) have not been withdrawn by the person whose account was credited, and
 - (c) the person has, in the accounting period, ceased to be entitled to withdraw from the account.
- (2) The Commissioners may direct that subsection (1) is not to apply in a specified case or class of cases.

13 Expenditure on winnings

- (1) Subsections (2) to (4) apply for the purpose of calculating expenditure on winnings in a calculation under section 10 or 11, but have effect subject to any regulations under subsection (5).
- (2) Expenditure on winnings includes expenditure on an amount held in an account for a person if the person is notified that the amount is being held for the person in the account and that the person is entitled to withdraw it on demand.
- (3) The return of a stake is to be treated as expenditure on winnings.
- (4) Only payments of money are to be taken into account.
- (5) The Commissioners may by regulations make provision as to when expenditure on winnings is to be treated as incurred for the purposes of a calculation under section 10 or 11.

Exchanges

14 Betting exchanges

- (1) This section applies where –
 - (a) one person makes a bet with another person using facilities provided by a third person in the course of a business, and
 - (b) that business is one that does not involve the provision of premises for use by persons making or taking bets.
- (2) General betting duty is charged on the amounts (“commission charges”) that any party to the bet who is a UK person is charged, whether by deduction from winnings or otherwise, for using those facilities.
- (3) No deductions are allowed from commission charges.
- (4) The amount of duty charged under this section in respect of bets determined in an accounting period is 15% of the commission charges relating to those bets.
- (5) Where a person arranges for facilities relating to a bet to be provided by another person, the facilities are to be treated for the purposes of this section (and section 15(4) so far as relating to this section) as provided by the person who makes the arrangements instead of by the person who provides the facilities.
- (6) For the purposes of this section it does not matter –
 - (a) whether the bet is made in the United Kingdom or elsewhere;
 - (b) whether the facilities are in the United Kingdom or elsewhere.
- (7) [Provision of information.]

Supplementary

15 Liability to pay

- (1) All general betting duty chargeable in respect of –
 - (a) bets made in an accounting period, or
 - (b) in the case of duty chargeable under section 14, bets determined in an accounting period,becomes due at the end of that period.
- (2) In the case of bets made with a bookmaker in an accounting period the general betting duty is to be paid –
 - (a) when it becomes due, and
 - (b) by the bookmaker.
- (3) But general betting duty which is due to be paid by a bookmaker in respect of bets may be recovered from the following persons as if they and the bookmaker were jointly and severally liable to pay the duty –
 - (a) the holder of any licence which authorises the provision of facilities for betting by the business in the course of which the bets were made;
 - (b) a person responsible for the management of that business;
 - (c) where the bookmaker is a company, a director.

- (4) In the case of bets made in an accounting period by means of facilities provided by a person as described in section 14 the general betting duty is to be paid –
 - (a) when it becomes due, and
 - (b) by the person who provides the facilities.
- (5) This section is without prejudice to sections 35 and 39 and regulations made under those sections.

CHAPTER 2

POOL BETTING DUTY

16 Pool betting duty

- (1) A duty of excise, to be known as pool betting duty, is charged on a bet made by a person with a bookmaker by way of pool betting if the bet is a Chapter 2 pool bet.
- (2) A bet is a Chapter 2 pool bet if –
 - (a) it is not made wholly in relation to horse racing or dog racing,
 - (b) it is not made for community benefit, and
 - (c) either –
 - (i) the person who makes the bet (whether as principal or agent) does so while present at a place in the United Kingdom where the bookmaker carries on the business of receiving or negotiating bets or conducting pool betting operations, or
 - (ii) the person who makes the bet as principal is a UK person and the bet is not an excluded bet.
- (3) Pool betting duty is charged at the rate of 15% of the bookmaker's profits on Chapter 2 pool bets for an accounting period.
- (4) The bookmaker's profits on Chapter 2 pool bets for an accounting period are the aggregate of –
 - (a) the amount of the bookmaker's profits for the period in respect of Chapter 2 pool bets that are pooled stake bets (calculated in accordance with section 19),
 - (b) the amount of the bookmaker's profits for the period in respect of Chapter 2 pool bets that are ordinary bets (calculated in accordance with section 20), and
 - (c) the amount of the bookmaker's profits for the period in respect of retained winnings (calculated in accordance with section 21).

17 Pooled stake bets and ordinary bets

- (1) A bet made by way of pool betting is a “pooled stake bet” for the purposes of this Chapter if all or any part of the stake money on the bet is assigned by or on behalf of the bookmaker to a fund (a “stake fund”) from which winnings are to be paid in respect of pool betting.
- (2) A bet made by way of pool betting is an “ordinary bet” for the purposes of this Chapter if it is not a pooled stake bet.

18 Stake money

- (1) The stake money on a Chapter 2 pool bet is the aggregate of the amounts which fall due in respect of the bet.
- (2) If the stake money falls due to a person other than the bookmaker, it is to be treated for the purposes of this Chapter as falling due to the bookmaker.
- (3) Any payment that entitles a person to make the bet is, if the person makes the bet, to be treated as an amount falling due in respect of the bet.
- (4) All payments made—
 - (a) for or on account of or in connection with a Chapter 2 pool bet,
 - (b) in addition to amounts falling due in respect of the bet, and
 - (c) by the persons making the bet,are to be treated as amounts due in respect of the bet except in so far as the contrary is proved by the bookmaker whose profits on Chapter 2 pool bets are being calculated.
- (5) Subsections (6) and (7) apply for the purposes of subsection (1) but have effect subject to any regulations under subsection (8).
- (6) Where—
 - (a) a person makes a bet, and
 - (b) the bet relates to a single event, or to two or more events taking place on the same day,any sum due to the bookmaker in respect of the bet is treated as falling due on the day on which the event or events take place.
- (7) Where—
 - (a) a person makes a bet, and
 - (b) subsection (6) does not apply,any sum due to the bookmaker in respect of the bet is treated as falling due when the bet is made.
- (8) The Commissioners may by regulations make provision as to when any sum due to the bookmaker in respect of a bet is to be treated as falling due for the purposes of subsection (1).
- (9) Provision made by regulations under subsection (8) may not provide for a sum due to the bookmaker in respect of a bet to be treated as falling due—
 - (a) earlier than when the bet is made, or
 - (b) later than when the bet is determined.

19 Profits on pooled stake bets

- (1) Take the following steps to calculate the amount of a bookmaker's profits for an accounting period in respect of Chapter 2 pool bets that are pooled stake bets.

Step 1

Take the aggregate of the stake money falling due to the bookmaker in the accounting period in respect of Chapter 2 pool bets that are pooled stake bets and deduct the aggregate of that stake money that is assigned by or on behalf of the bookmaker to stake funds during the period.

Step 2

If in the accounting period any amount contained in a stake fund to which stake money falling due to the bookmaker in respect of Chapter 2 pool bets has been assigned is used otherwise than to pay winnings to persons who made bets by way of pool betting, multiply each amount so used in the accounting period by the relevant proportion that applies in relation to it.

Step 3

Add the aggregate of the amounts calculated under Step 2 to the amount calculated under Step 1.

Step 4

[Top-up winnings.]

Step 5

Subtract the aggregate of the amounts calculated under Step 4 from the amount calculated under Step 3.

- (2) For the purposes of Step 2 the relevant proportion, in relation to any amount contained in a relevant fund which is used otherwise than to provide winnings, is –
 - (a) if the amount relates to a specific bet, the proportion of that amount that consists of stake money paid to the bookmaker in respect of that bet,
 - (b) if the amount does not relate to a specific bet but relates to amounts assigned to the fund during a specific period, the proportion of that amount that consists of stake money assigned to the fund by or on behalf of the bookmaker during that period, and
 - (c) in any other case, the proportion of the total amount contained in the fund immediately before the amount is so used which consists of stake money assigned to the fund by or on behalf of the bookmaker.
- (3) Where the calculation under this section of profits for an accounting period produces a negative amount, it is not included in the calculation under section 16(4) for that accounting period but may be carried forward in reduction of the profits calculated under this section for one or more later accounting periods.

20 Profits on ordinary bets

- (1) To calculate the amount of a bookmaker's profits for an accounting period in respect of Chapter 2 pool bets that are ordinary bets –
 - (a) take the aggregate of the stake money falling due to the bookmaker in the accounting period in respect of ordinary bets, and
 - (b) subtract the aggregate of the expenditure by or on behalf of the bookmaker for the period on winnings in respect of such bets.
- (2) Where the calculation under this section of profits for an accounting period produces a negative amount, it is not included in the calculation under section 16(4) for that accounting period but may be carried forward in reduction of the profits calculated under this section for one or more later accounting periods.

21 Profits on retained winnings

- (1) The amount of a bookmaker's profits for an accounting period in respect of retained winnings is the aggregate of the amounts which –
 - (a) by virtue of being credited to a person's account led to a reduction in the amount of the bookmaker's profits calculated for any accounting period under section 19 or 20,

- (b) have not been withdrawn by the person whose account was credited, and
 - (c) the person has, in the accounting period, ceased to be entitled to withdraw from the account.
- (2) The Commissioners may direct that subsection (1) is not to apply in a specified case or class of cases.

22 Expenditure on winnings

- (1) Subsections (2) to (5) apply for the purpose of calculating expenditure on winnings in a calculation under section 19 or 20, but have effect subject to any regulations under subsection (6).
- (2) Expenditure on winnings includes expenditure on an amount held in an account for a person if the person is notified that the amount is being held for the person in the account and that the person is entitled to withdraw it on demand.
- (3) The return of a stake is to be treated as expenditure on winnings.
- (4) Only payments of money are to be taken into account.
- (5) Expenditure on winnings in respect of a bet for which no stake money fell due is to be ignored.
- (6) The Commissioners may by regulations make provision as to when expenditure on winnings is to be treated as incurred for the purposes of a calculation under section 19 or 20.

23 Payment and recovery

- (1) Pool betting duty charged on a bookmaker's profits on Chapter 2 pool bets for an accounting period –
- (a) becomes due at the end of the period,
 - (b) is to be paid by the bookmaker, and
 - (c) subject to any regulations under section 35 or 39, is to be paid when it becomes due.
- (2) Pool betting duty that is due to be paid may be recovered from the following persons as if they were jointly and severally liable to pay the duty –
- (a) the bookmaker,
 - (b) a person responsible for the management of any business in the course of which any bets have been made that are Chapter 2 pool bets for the purposes of the calculation of the amount of a bookmaker's profits on Chapter 2 pool bets for any accounting period;
 - (c) a person responsible for the management of any totalisator used for the purposes of any such business;
 - (d) where a person within any of paragraphs (a) to (c) is a company, a director.

24 Bets made for community benefit

- (1) For the purposes of this Part (but subject to any direction under subsection (3)), a bet is made “for community benefit” if –

- (a) the promoter of the betting concerned is a community society or is bound to pay all benefits accruing from the betting to such a society, and
 - (b) the person making the bet knows, when making it, that the purpose of the betting is to benefit such a society.
- (2) In the case of a bet made by means of a totalisator, the reference in subsection (1) to the promoter of the betting concerned is a reference to the operator.
 - (3) The Commissioners may direct that any bet specified by the direction, or of a description so specified, is not a bet made for community benefit.
 - (4) The power conferred by subsection (3) may not be exercised unless the Commissioners consider that an unreasonably large part of the amounts paid in respect of the bets concerned will, or may, be applied otherwise than –
 - (a) in the payment of winnings, or
 - (b) for the benefit of a community society.
 - (5) In this section “community society” means –
 - (a) a society established and conducted for charitable purposes only, or
 - (b) a society established and conducted wholly or mainly for the support of athletic sports or athletic games and not established or conducted for purposes of private or commercial gain.
 - (6) In this section “society” includes any club, institution, organisation or association of persons, by whatever name called.

CHAPTER 3

REMOTE GAMING DUTY

25 Remote gaming duty

- (1) A duty of excise, to be known as remote gaming duty, is charged on a UK person’s participation in remote gaming under arrangements (whether or not enforceable) between the UK person and another person (a “gaming provider”).
- (2) Remote gaming duty is chargeable at the rate of 15% of the gaming provider’s remote gaming profits for an accounting period.
- (3) The gaming provider’s remote gaming profits for an accounting period are the aggregate of –
 - (a) the amount of the provider’s profits for the period in respect of pooled prize gaming (calculated in accordance with section 28),
 - (b) the amount of the provider’s profits for the period in respect of ordinary gaming (calculated in accordance with section 29), and
 - (c) the amount of the provider’s profits for the period in respect of retained prizes (calculated in accordance with section 30).
- (4) “Remote gaming” is gaming in which persons participate by the use of –
 - (a) the internet,
 - (b) telephone,
 - (c) television,
 - (d) radio, or

- (e) any other kind of electronic or other technology for facilitating communication.
- (5) The Treasury may by order amend the definition of “remote gaming” in subsection (4).

26 Pooled prize gaming and ordinary gaming

- (1) Remote gaming in which a UK person participates is “pooled prize gaming” if all or any part of the gaming payment is assigned by or on behalf of the gaming provider to a fund (a “gaming prize fund”) from which prizes are to be provided to participants in the gaming.
- (2) Remote gaming in which a UK person participates is “ordinary gaming” if it is not pooled prize gaming.

27 Gaming payments

- (1) Where a UK person participates in remote gaming, the “gaming payment” is the aggregate of –
 - (a) any amount that entitles the person to participate in the gaming, and
 - (b) any other amount payable for or on account of or in connection with the person’s participation in the gaming.
- (2) If the gaming payment is made to a person other than the gaming provider, it is to be treated for the purposes of this Chapter as made to the gaming provider.
- (3) If the gaming payment has not been made at the time when the UK person begins to participate in the remote gaming to which it relates, it is to be treated for the purposes of this Chapter as being made at that time.
- (4) The Treasury may by order provide that where a person relies on an offer which waives a gaming payment or permits payment of less than the amount which would have been required to be paid without the offer, the person is to be treated for the purposes of this Chapter as having paid that amount.

28 Profits on pooled prize gaming

- (1) Take the following steps to calculate the amount of a gaming provider’s remote gaming profits for an accounting period in respect of pooled prize gaming.

Step 1

Take the aggregate of the gaming payments made to the provider in the accounting period in respect of pooled prize gaming and deduct the aggregate of those payments that are assigned by or on behalf of the provider to gaming prize funds during the period.

Step 2

If in the accounting period any amount contained in a gaming prize fund to which gaming payments have been assigned by or on behalf of the provider is used otherwise than to provide prizes to participants in pooled prize gaming, multiply each amount so used in the accounting period by the relevant proportion that applies in relation to it.

Step 3

Add the aggregate of the amounts calculated under Step 2 to the amount calculated under Step 1.

Step 4

[Top-up prizes.]

Step 5

Subtract the aggregate of the amounts calculated under Step 4 from the amount calculated under Step 3.

- (2) For the purposes of Step 2 the relevant proportion, in relation to any amount contained in a fund which is used otherwise than to provide prizes to participators in pooled prize gaming, is—
 - (a) if the amount relates to a specific game of chance, the proportion of that amount that consists of gaming payments made to the provider in respect of that game,
 - (b) if the amount does not relate to a specific game of chance but relates to amounts assigned to the fund during a specific period, the proportion of that amount that consists of gaming payments assigned to the fund by or on behalf of the provider during that period, and
 - (c) in any other case, the proportion of the total amount contained in the fund immediately before the amount is so used which consists of gaming payments assigned to the fund by or on behalf of the provider.
- (3) Where the calculation under this section of profits for an accounting period produces a negative amount, it is not included in the calculation under section 25(3) for that accounting period but may be carried forward in reduction of the profits calculated under this section for one or more later accounting periods.

29 Profits on ordinary gaming

- (1) To calculate the amount of a gaming provider's remote gaming profits for an accounting period in respect of ordinary gaming—
 - (a) take the aggregate of the gaming payments made to the provider in the accounting period in respect of ordinary gaming, and
 - (b) subtract the aggregate of the provider's expenditure for the period on prizes in respect of such gaming.
- (2) The amount of the gaming provider's expenditure on prizes for an accounting period in respect of ordinary gaming is the aggregate of the value of prizes provided by or on behalf of the provider in that period which have been won (at any time) by UK persons participating in ordinary gaming.
- (3) Where the calculation under this section of profits for an accounting period produces a negative amount, it is not included in the calculation under section 25(3) for that accounting period but may be carried forward in reduction of the profits calculated under this section for one or more later accounting periods.

30 Profits on retained prizes

- (1) The amount of a gaming provider's profits for an accounting period in respect of retained prizes is the aggregate of the amounts which—
 - (a) by virtue of being credited to a person's account led to a reduction in the amount of the provider's profits calculated for any accounting period under section 28 or 29,
 - (b) have not been withdrawn by the person whose account was credited, and

- (c) the person has, in the accounting period, ceased to be entitled to withdraw from the account.
- (2) The Commissioners may direct that subsection (1) is not to apply in a specified case or class of cases.

31 Prizes

- (1) A reference in section 28 or 29 to providing a prize to a person includes a reference to crediting money to an account if the person is notified that—
 - (a) the money is being held in the account, and
 - (b) the person is entitled to withdraw it on demand.
- (2) Where the account of a person participating in gaming is credited otherwise than as described in subsection (1), the credit is to be treated for the purposes of sections 28 and 29 as the provision of a prize; but the Commissioners may direct that this subsection is not to apply in a specified case or class of cases.
- (3) The return of all or part of a gaming payment is to be treated for the purposes of sections 28 and 29 as the provision of a prize.
- (4) Where a prize is obtained by or on behalf of a gaming provider from a person not connected with the person who obtains the prize, the cost to the person who obtains the prize is to be treated as the expenditure on the prize for the purposes of sections 28 and 29.
- (5) Where a prize is a voucher which—
 - (a) may be used in place of money as whole or partial payment for benefits of a specified kind obtained from a specified person,
 - (b) specifies an amount as the sum or maximum sum in place of which the voucher may be used, and
 - (c) does not fall within subsection (4),the specified amount is the value of the voucher for the purposes of sections 28 and 29.
- (6) Where a prize is a voucher (whether or not it falls within subsection (4)) no expenditure is to be treated as having been incurred on the prize for the purposes of sections 28 and 29 if—
 - (a) it does not satisfy subsection (5)(a) and (b), or
 - (b) its use as described in subsection (5)(a) is subject to a specified restriction, condition or limitation which may make the value of the voucher to the recipient significantly less than the amount mentioned in subsection (5)(b).
- (7) In the case of a prize which is neither money nor a voucher and which does not fall within subsection (4), the expenditure on the prize for the purposes of sections 28 and 29 is—
 - (a) the amount which the prize would cost if obtained from a person not connected with the person who provides it, or
 - (b) where no amount can reasonably be determined in accordance with paragraph (a), nil.
- (8) For the purposes of this section—
 - (a) a reference to connection between two persons is to be construed in accordance with section 1122 of CTA 2010 (connected persons), and

- (b) an amount paid by way of value added tax on the acquisition of a thing is to be treated as part of its cost (irrespective of whether or not the amount is taken into account for the purpose of a credit or refund).

32 Exemptions

- (1) Remote gaming duty is not charged on participation by a UK person in remote gaming if –
 - (a) the arrangements between the UK person and the gaming provider are not entered into in or from the United Kingdom, and
 - (b) the facilities used to participate in the gaming are not capable of being used in or from the United Kingdom.
- (2) Remote gaming duty is not charged on participation by a UK person in remote gaming if and in so far as the remote gaming –
 - (a) is charged with another gambling tax, or
 - (b) would be charged with another gambling tax but for an express exception.
- (3) Subsection (2)(b) –
 - (a) does not prevent remote gaming duty being charged where the remote gaming in question is the playing of bingo which is not licensed bingo (as to the meaning of which terms see section 20C of the Betting and Gaming Duties Act 1981), and
 - (b) does not apply in cases where the other gambling tax is machine games duty.
- (4) In this section “gambling tax” means –
 - (a) machine games duty,
 - (b) bingo duty,
 - (c) gaming duty,
 - (d) general betting duty,
 - (e) lottery duty, and
 - (f) pool betting duty.
- (5) The Treasury may by order –
 - (a) confer an exemption from remote gaming duty, or
 - (b) remove or vary (whether or not by textual amendment) an exemption under this section.
- (6) In calculating a gaming provider’s remote gaming profits for an accounting period, no account is to be taken of gaming payments, assignments of amounts to a pool or expenditure on prizes if, or in so far as, they relate to remote gaming to which an exemption applies by or under this section.

33 Liability to pay

- (1) A gaming provider is liable for any remote gaming duty charged on the provider’s remote gaming profits for an accounting period.
- (2) If the gaming provider is a body corporate, the provider and the provider’s directors are jointly and severally liable for any remote gaming duty charged on the provider’s remote gaming profits for an accounting period.

- (3) Remote gaming duty which is charged on the gaming provider's remote gaming profits for an accounting period may be recovered from the holder of a remote operating licence for the business in the course of which the gaming took place as if the holder of the licence and the provider were jointly and severally liable to pay the duty.

34 Review and appeal

- (1) Sections 13A to 16 of FA 1994 (review and appeal) apply in relation to liability to pay remote gaming duty as they apply to the decisions mentioned in section 13A(2)(a) to (h) of that Act.
- (2) Sections 13A to 16 of that Act also apply to the decisions listed in subsection (3).
- (3) Those decisions are –
 - (a) a decision to direct that section 31(2) is not to apply in a specified case,
 - (b) a decision relating to remote gaming duty under regulations by virtue of section 36(3), and
 - (c) a decision to refuse an agreement relating to a person's liability to remote gaming duty under section 37(3).
- (4) A decision of a kind specified in subsection (3) is to be treated as an ancillary matter for the purposes of sections 14 to 16 of FA 1994.

CHAPTER 4

GENERAL

Administration

35 Administration

- (1) The Commissioners are responsible for the collection and management of general betting duty, pool betting duty and remote gaming duty.
- (2) General betting duty, pool betting duty and remote gaming duty are to be accounted for by such persons, and accounted for and paid at such times and in such manner, as may be required by or under regulations made by the Commissioners.
- (3) The Commissioners may make regulations providing for any matter for which provision appears to them to be necessary for the administration or enforcement of, or for the protection of the revenue from, general betting duty, pool betting duty and remote gaming duty.
- (4) Nothing in sections 36 to 40 affects the generality of the powers conferred by this section.

36 Registration

- (1) The Commissioners must maintain the following registers –
 - (a) a register of persons who carry on a general betting business,
 - (b) a register of persons who carry on a pool betting business, and
 - (c) a register of persons who enter into arrangements which may make them liable for remote gaming duty.

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- (2) A person may not carry on a general betting business or a pool betting business, or enter into arrangements mentioned in subsection (1)(c), without being registered in the appropriate register.
 - (3) The Commissioners may make regulations about registration; in particular, the regulations may include provision about—
 - (a) the procedure for applying for registration (including provision requiring applications to be made electronically);
 - (b) the timing of applications;
 - (c) the information to be provided;
 - (d) notification of changes;
 - (e) de-registration;
 - (f) re-registration after a person ceases to be registered.
 - (4) The regulations may require a person registered under this section to give notice to the Commissioners before applying for a remote operating licence.
 - (5) The regulations may permit the Commissioners to impose conditions or requirements on persons registered under this section.
 - (6) In the case of a person of a description specified in the regulations, the regulations may, in particular, permit the Commissioners to require the appointment of a United Kingdom representative with responsibility for one or both of the following—
 - (a) making returns in respect of general betting duty, pool betting duty or remote gaming duty;
 - (b) discharging liability to general betting duty, pool betting duty or remote gaming duty.
 - (7) The regulations may include provision for the registration of groups of persons; and may provide for the modification of provisions of this Part in their application to groups.
 - (8) The modifications may, for example, include a modification ensuring that each member of a group will be jointly and severally liable for the duty payable by any member of the group.
 - (9) In this section—

“general betting business” means a business the carrying on of which involves, or may involve, any sums becoming payable by the person carrying on the business by way of general betting duty, or would or might involve such sums becoming so payable if on-course bets were not excluded from that duty;

“pool betting business” means a business the carrying on of which involves, or may involve, any sums becoming payable by the person carrying on the business by way of pool betting duty, or would or might involve such sums becoming so payable if receipts from bets made for community benefit (as defined by section 24) were not excluded from that duty.

37 Accounting period

- (1) For the purposes of this Part—
 - (a) a period of 3 consecutive months is an accounting period, but

- (b) the Commissioners may by regulations provide for some other period specified in, or determined in accordance with, the regulations to be an accounting period.
- (2) The first day of an accounting period is such day as the Commissioners may direct.
- (3) The Commissioners may agree with a person to make either or both of the following changes for the purposes of that person's liability to general betting duty, pool betting duty or remote gaming duty –
 - (a) to treat specified periods (whether longer or shorter than 3 months) as accounting periods;
 - (b) to begin accounting periods on days other than those applying by virtue of subsection (2).
- (4) The Commissioners may by direction make transitional arrangements for periods (whether of 3 months or otherwise) to be treated as accounting periods where –
 - (a) a person becomes or ceases to be registered, or
 - (b) an agreement under subsection (3) begins or ends.
- (5) A direction under this section may apply generally or only to a particular case or class of case.

38 Returns

- (1) The Commissioners may make regulations requiring returns to be made to the Commissioners in respect of general betting duty, pool betting duty and remote gaming duty.
- (2) The regulations may, in particular, make provision about –
 - (a) liability to make a return,
 - (b) timing,
 - (c) form,
 - (d) content,
 - (e) method of making (including provision requiring returns to be made electronically),
 - (f) declarations,
 - (g) authentication, and
 - (h) when a return is to be treated as made.

39 Payment

- (1) The Commissioners may by regulations make provision about payment of general betting duty, pool betting duty and remote gaming duty.
- (2) The regulations may, in particular, make provision about –
 - (a) timing (including provision requiring payments to be made on account),
 - (b) instalments,
 - (c) methods of payment (including provision requiring payments to be made electronically),
 - (d) when payment is to be treated as made, and

- (e) the process and effect of assessments by the Commissioners of amounts due.
- (3) Subject to regulations under section 35 and this section, section 12 of the Finance Act 1994 (assessment) applies in relation to liability to pay general betting duty, pool betting duty and remote gaming duty.

40 Information and records

The Commissioners may by regulations require the provision to such persons, or display in such manner, of such information or records as the regulations may specify –

- (a) by persons engaging or proposing to engage in any activity by reason of which they are or may be or become liable for general betting duty, pool betting duty or remote gaming duty (or would be or might be or become liable to general betting duty if on-course bets were not excluded), and
- (b) by persons providing facilities for another to engage in such an activity or entering into any transaction in the course of any such activity.

41 Stake funds and pooled prize funds

- (1) The Treasury may by order make provision as to –
- (a) the circumstances in which the stake money on a bet is, or is not, to be treated for the purposes of Chapters 1 and 2 as assigned to a stake fund, and
 - (b) the circumstances in which gaming payments are, or are not, to be treated for the purposes of Chapter 3 as assigned to a gaming prize fund.
- (2) The Commissioners may by notice make provision about stake funds and gaming prize funds, and the notice may (in particular) make provision –
- (a) as to how such funds are to be held,
 - (b) requiring information relating to such funds to be recorded by persons responsible for them, and
 - (c) requiring such information to be provided to the Commissioners.
- (3) A notice under subsection (2) may be revised or replaced.
- (4) [Sanction for failure to comply.]

Security and enforcement

42 Security for payment

- (1) The Commissioners may by notice given to a registrable person require the person to give security, or further security, for the payment of any general betting duty, pool betting duty or remote gaming duty for which the person is or may become liable.
- (2) The Commissioners may give such a notice only if they consider –
- (a) that there is a serious risk that the duty will not be paid, or
 - (b) that the person usually lives in or, if a body corporate, is legally constituted in a country or territory with which the United Kingdom

does not have satisfactory arrangements for the enforcement of liabilities.

- (3) The notice must specify –
 - (a) the amount of security or further security to be given, and
 - (b) the manner in which, and the date by which, the security or further security is to be given.
- (4) That date must not be less than 30 days after the date when the notice is given.
- (5) Any requirement imposed by the notice has no effect at any time when –
 - (a) the registrable person is entitled under Chapter 2 of Part 1 of FA 1994 to require a review of, or to bring an appeal against, the decision to give the notice,
 - (b) an appeal may ordinarily be brought against a decision on such an appeal, or
 - (c) proceedings on such a review, appeal or further appeal, are in progress.
- (6) A person is a “registrable person” for the purposes of this section and section 43 if the person –
 - (a) is, or is required to be, registered under section 36, or
 - (b) has applied for registration under that section.

43 Security for payment: review and appeal

- (1) A decision to give a notice under section 42(1) is to be treated as a relevant decision for the purposes of sections 15A and 15C to 16 of FA 1994 (customs and excise reviews and appeals) and, accordingly, the notice must include an offer of a review of the decision under section 15A of FA 1994.
- (2) Only the registrable person may bring an appeal under section 16 of FA 1994 as applied by subsection (1).
- (3) The decision appealed against is to be treated for the purposes of that section as a decision as to an ancillary matter.
- (4) [Provision of security before review or appeal can proceed.]
- (5) Such amendments to the notice as are necessary to give effect to any decision on a review, appeal or further appeal must be made by whichever of the following is appropriate in the case in question –
 - (a) the Commissioners,
 - (b) the appeal tribunal, and
 - (c) the court which has determined an appeal from the appeal tribunal.
- (6) In this section “appeal tribunal” has the same meaning as in Chapter 2 of Part 1 of FA 1994.

44 Offence of failing to provide security

- (1) A person who is, or is required to be, registered under section 36 is guilty of an offence if the person –
 - (a) is required to give security or further security by a notice under section 42, and
 - (b) does not comply with that requirement.

- (2) A person guilty of an offence under this section is liable, on summary conviction, to a fine [of amount].

45 Enforcement

- (1) Contravention of a provision made by or by virtue of section 33, 36 or 38 so far as relating to remote gaming duty –
- (a) is conduct to which section 9 of FA 1994 applies (penalties), and
 - (b) attracts daily penalties under that section.
- (2) A person who is knowingly concerned in, or in taking steps with a view to, the fraudulent evasion of remote gaming duty commits an offence.
- (3) A person guilty of an offence under subsection (2) is liable on summary conviction to –
- (a) a fine of –
 - (i) [amount], or
 - (ii) if greater, three times the duty which is unpaid or the payment of which is sought to be avoided,
 - (b) imprisonment for a term not exceeding six months, or
 - (c) both.
- (4) A person guilty of an offence under subsection (2) is liable on conviction on indictment to –
- (a) a fine of any amount,
 - (b) imprisonment for a term not exceeding seven years, or
 - (c) both.
- (5) [Provision for enforcement: general betting duty and pool betting duty.]

46 Suspension and revocation of remote operating licences

Schedule 1 makes provision about the suspension and revocation of remote operating licences.

Offences and evidence

47 Offences by bodies corporate

Where an offence under this Part is committed by a body corporate, every person who at the date of the commission of the offence is a director, general manager, secretary or other similar officer of the body corporate (or purporting to act in such a capacity) is also guilty of the offence unless –

- (a) the offence is committed without the person's consent or connivance, and
- (b) the person has exercised all such diligence to prevent its commission as the person ought to have exercised, having regard to the nature of the person's functions in that capacity and to all the circumstances.

48 Protection of officers

Where an officer takes any action in pursuance of instructions of the Commissioners given in connection with the enforcement of the enactments

relating to general betting duty or remote gaming duty and, apart from the provisions of this section, the officer would in taking that action be committing an offence under the enactments relating to betting or gaming, the officer is not guilty of that offence.

49 Evidence by certificate, etc

- (1) A certificate of the Commissioners –
 - (a) that any notice required by or under this Part to be given to them had or had not been given at any date,
 - (b) that any registration required by or under this Part had or had not been effected at any date,
 - (c) that any return required by or under this Part had not been made at any date, or
 - (d) that any duty shown as due in any return made in pursuance of this Part or in any assessment made under section 12 of FA 1994 had not been paid at any date,is sufficient evidence of that fact until the contrary is proved.
- (2) A photograph of any document furnished to the Commissioners for the purposes of this Part and certified by them to be such a photograph is admissible in any proceedings, whether civil or criminal, to the same extent as the document itself.
- (3) Any document purporting to be a certificate under subsection (1) or (2) is to be treated to be such a certificate until the contrary is proved.

50 Facilities capable of being used in United Kingdom: burden of proof

- (1) This section applies where, in civil proceedings in any court or tribunal, it is necessary to determine whether the facilities used to make a bet or to participate in remote gaming were capable of being used in or from the United Kingdom.
- (2) The burden of proof lies on any person claiming that the facilities were not capable of being so used.

Definitions

51 Betting

- (1) In this Part “bet” does not include any bet made or stake hazarded in the course of, or incidentally to, any gaming.
- (2) For the purposes of pool betting duty, “bet” does not include the taking of a ticket or chance in a lottery.
- (3) Where payments are made for the chance of winning any money or money’s worth on terms under which the persons making the payments have a power of selection that may (directly or indirectly) determine the winner, those payments are (subject to subsection (1)) to be treated as bets for the purposes of pool betting duty even if the power is not exercised.
- (4) Where any payment entitles a person to take part in a transaction that is, on the person’s part only, not a bet made by way of pool betting by reason of the

person not in fact making any stake as if the transaction were such a bet, the transaction is to be treated as such a bet for the purposes of pool betting duty (and section 18(4) applies to any such payment).

52 Pool betting

- (1) For the purposes of this Part, a bet is to be treated as being made by way of pool betting unless it is a bet at fixed odds.
- (2) In particular, bets are to be treated as being made by way of pool betting wherever a number of persons make bets—
 - (a) on terms that the winnings of such of those persons as are winners are to be, or to be a share of, or to be determined by reference to, the stake money paid or agreed to be paid by those persons, whether the bets are made by means of a totalisator, or by filling up and returning coupons or other printed or written forms, or in any other way,
 - (b) on terms that the winnings of such of those persons as are winners are to be, or are to include, an amount (not determined by reference to the stake money paid or agreed to be paid by those persons) which is divisible in any proportions among such of those persons as are winners, or
 - (c) on the basis that the winners or their winnings are, to any extent, to be at the discretion of the promoter or some other person.
- (3) Where a person carries on a business of receiving or negotiating bets and there is or has been issued in connection with that business any advertisement or other publication calculated to encourage in persons making bets of any description with or through the person a belief that the bets are made on the basis mentioned in subsection (2)(c), then any bets of that description subsequently made with or through the person in the course of that business are to be treated for the purposes of this section as being made on that basis.

53 Fixed odds

- (1) A bet is at fixed odds for the purposes of this Part only if, when making the bet, each of the persons making it knows or can know the amount the person will win, except in so far as that amount is to depend on—
 - (a) the result of the event or events betted on,
 - (b) any such event taking place or producing a result,
 - (c) the numbers taking part in any such event,
 - (d) the starting prices or totalisator odds for any such event, or
 - (e) the time when the person's bet is received by any person with or through whom it is made.
- (2) A bet made with or through a person carrying on a business of receiving or negotiating bets and made in the course of that business is not a bet at fixed odds for the purposes of this Part if the winnings of the person by whom it is made consist or may consist wholly or in part of something other than money.
- (3) In this section—
 - “starting prices” means, in relation to any event, the odds ruling at the scene of the event immediately before the start, and
 - “totalisator odds” means the odds paid on bets made—
 - (a) by means of a totalisator, and

- (b) at the scene of the event to which the bets relate.

54 UK person

- (1) In this Part “UK person” means –
 - (a) an individual who usually lives in the United Kingdom, or
 - (b) a body corporate which is legally constituted in the United Kingdom.
- (2) The Treasury may by order –
 - (a) amend the definition of “UK person” in subsection (1),
 - (b) make provision as to the cases in which a person is, or is not, a UK person for the purposes of this Act, and
 - (c) make provision about bets made, and arrangements to participate in remote gaming entered into, by bodies of persons unincorporate.
- (3) The Commissioners may by notice published by them –
 - (a) specify steps that must be taken in order to determine whether a person making a bet or entering into arrangements to participate in remote gaming is a UK person,
 - (b) specify who must take those steps,
 - (c) specify circumstances in which a person making a bet or entering into arrangements to participate in remote gaming is to be treated as a UK person because of a failure to produce sufficient evidence to the contrary, and
 - (d) specify circumstances in which a person making a bet or entering into arrangements to participate in remote gaming is to be treated as not being a UK person on the basis of evidence of a description specified in the notice.
- (4) A notice under subsection (3) may be revised or replaced.

55 On-course betting and excluded betting

- (1) A bet is an on-course bet for the purposes of this Part if it –
 - (a) is made by a person present at a horse or dog race meeting or by a bookmaker,
 - (b) is not made through an agent of an individual making the bet or through an intermediary, and
 - (c) is made –
 - (i) with a bookmaker present at the meeting, or
 - (ii) by means of a totalisator situated in the United Kingdom, using facilities provided at the meeting by or by arrangement with the person operating the totalisator.
- (2) A bet is an excluded bet for the purposes of this Part if –
 - (a) it is not made in or from the United Kingdom, and
 - (b) the facilities used to receive or negotiate the bet or (in the case of pool betting) to conduct the pool betting operations are not capable of being used in or from the United Kingdom.
- (3) The Treasury may by order amend subsection (2).

56 Gaming

- (1) In this Part—
 - (a) “gaming” means playing a game of chance for a prize, and
 - (b) “game of chance” has the meaning given by section 6(2) of the Gambling Act 2005.
- (2) For the purposes of subsection (1)—
 - (a) “playing a game of chance” is to be read in accordance with section 6(3) of that Act, and
 - (b) “prize” does not include the opportunity to play the game again.

57 Other definitions

In this Part—

“bookmaker” means a person who—

- (a) carries on the business of receiving or negotiating bets or conducting pool betting operations (whether as principal or agent and whether regularly or not), or
- (b) holds himself or herself out or permits himself or herself to be held out, in the course of a business, as a person within paragraph (a);

“the Commissioners” means the Commissioners for Her Majesty’s Revenue and Customs;

“operator”, in relation to bets made by means of a totalisator, means the person who, as principal, operates the totalisator;

“promoter”, in relation to any betting, means the person to whom the persons making the bets look for the payment of their winnings, if any;

“remote operating licence” has the same meaning as in the Gambling Act 2005 (see section 67 of that Act);

“winnings”, in relation to any betting, includes winnings of any kind, and references to amount and to payment in relation to winnings are to be read accordingly.

Supplementary

58 Amounts not in sterling

- (1) If any amount of stake money, gaming payment, winnings or prize is in a currency or method of payment other than sterling, it is to be treated for the purposes of this Part as being the equivalent amount in sterling.
- (2) The equivalent amount in sterling, in relation to any day, is to be determined by reference to—
 - (a) the London closing exchange rate for the previous day, or
 - (b) if no such rate exists, the rate specified in or determined in accordance with a notice published by the Commissioners.
- (3) A notice published under subsection (2)(b) may be revised or replaced.

59 Effect of imposition of duties

The imposition by this Part of general betting duty, pool betting duty, or remote gaming duty does not make lawful anything which is unlawful apart from this Part.

60 Orders and regulations

- (1) This section applies to orders and regulations under this Part.
- (2) Orders and regulations –
 - (a) may make provision which applies generally or only for specified cases or purposes,
 - (b) may make different provision for different cases or purposes,
 - (c) may include incidental, consequential, transitional or transitory provision,
 - (d) may confer a discretion on the Commissioners, and
 - (e) may make provision by reference to things specified in a notice published by the Commissioners in accordance with the regulations or order (and not withdrawn by a subsequent notice).
- (3) Orders and regulations are to be made by statutory instrument.
- (4) A statutory instrument containing an order or regulations is subject to annulment in pursuance of a resolution of the House of Commons.
- (5) But the following provisions of this section apply instead of subsection (4) in the case of –
 - (a) an order under section 32(5) which has the effect of adding to the class of activities in respect of which remote gaming duty is chargeable;
 - (b) an order under section 41(1) which has the effect of increasing the amount of duty that is chargeable in any case;
 - (c) an order under section 54(2) which has the effect of adding to the class of persons falling within the definition of “UK person”;
 - (d) an order under section 55(3).
- (6) In such a case –
 - (a) the statutory instrument containing the order must be laid before the House of Commons, and
 - (b) the order ceases to have effect at the end of the period of 28 days beginning with the day on which it was made unless, during that period, it is approved by a resolution of the House of Commons.
- (7) In reckoning the 28-day period, no account is to be taken of any time during which –
 - (a) Parliament is dissolved or prorogued, or
 - (b) the House of Commons is adjourned for more than 4 days.
- (8) An order ceasing to have effect by virtue of subsection (6)(b) does not affect –
 - (a) anything previously done under the order, or
 - (b) the making of a new order.

61 Consequential amendments and repeals

Schedule 2 contains consequential amendments and repeals.

62 Transitional provision

Schedule 3 contains transitional provision.

63 Commencement

This Part has effect in relation to accounting periods beginning on or after 1 December 2014.

SCHEDULES

SCHEDULE 1

Section 46

SUSPENSION AND REVOCATION OF REMOTE OPERATING LICENCES

Breach notice

- 1 (1) The Commissioners may give a breach notice to the holder of a remote operating licence if it appears to them that there has been a breach of—
 - (a) a requirement to be registered under this Part in respect of an activity authorised by the licence,
 - (b) any conditions or requirements relating to registration under this Part in respect of such an activity,
 - (c) a requirement to pay general betting duty, pool betting duty or remote gaming duty in respect of such an activity, or
 - (d) a requirement imposed in respect of such an activity by a notice given under section 42 (requirement to provide security or further security).
- (2) The breach notice must specify—
 - (a) the breach,
 - (b) the action that must be taken in order to remedy the breach, and
 - (c) the period (which must be at least 90 days) within which the action must be taken.
- (3) The Commissioners may by regulations—
 - (a) make provision as to cases in which a breach notice may or may not be given (including provision amending this paragraph);
 - (b) amend sub-paragraph (2)(c) by substituting for the period for the time being specified there a different period.

Final notice

- 2 (1) If it appears to the Commissioners that the breach has not been remedied in full within the period specified in the breach notice, they may give the holder of the remote operating licence a final notice.
- (2) The final notice must—
 - (a) specify the breach and the extent to which it has not been remedied since the breach notice was given,
 - (b) specify the period within which a review may be required or appeal brought, and
 - (c) state that (unless the breach is remedied and subject to the outcome of any review, appeal or further appeal) the Commissioners will

direct the Gambling Commission to suspend the remote operating licence after the end of the period.

- (3) The decision to give the final notice is to be treated as a relevant decision for the purposes of sections 15A and 15C to 16 of FA 1994 (customs and excise reviews and appeals) and, accordingly, the final notice must include an offer of a review of the decision under section 15A of that Act.
- (4) Only the holder of the remote operating licence may bring an appeal under section 16 of FA 1994 as applied by sub-paragraph (3).

Direction to suspend remote operating licence

- 3 (1) After the review request period has ended, the Commissioners may direct the Gambling Commission to suspend the remote operating licence if the breach specified in the final notice has not been remedied in full to the satisfaction of the Commissioners.
- (2) But if the Commissioners have been required to review the decision, or an appeal has been brought against the decision, a direction may be given under sub-paragraph (1) only if—
 - (a) the decision to give the final notice has been upheld (in whole or in part) and the period within which any appeal or further appeal may ordinarily be brought has ended,
 - (b) the proceedings on the review, appeal or any further appeal have been abandoned, withdrawn or discontinued, or
 - (c) the proceedings on the review, appeal or any further appeal are in progress but—
 - (i) the holder of the remote operating licence is a non-EU person,
 - (ii) the breach was a failure to pay an amount of general betting duty, pool betting duty or remote gaming duty, and
 - (iii) the holder of the licence has not given to the Commissioners such security as appears to them adequate for the payment of the amount of duty that remains due.
- (3) A direction under this paragraph may include provision directing the Gambling Commission as to how it is to exercise its powers under section 118(4) of the Gambling Act 2005 (time and duration of suspension and saving and transitional provision).
- (4) In this paragraph—
 - “non-EU person” means a person who—
 - (a) in the case of an individual, is not usually resident in a member state of the European Union,
 - (b) in the case of a body corporate, does not have an established place of business in a member state of the European Union, and
 - (c) in any other case, does not include an individual who is usually resident in a member state of the European Union;
 - “the review request period” means the period of 30 days beginning with the date of the final notice, subject to any extension given under section 15D of FA 1994.

Reinstatement of remote operating licence

- 4 (1) The Commissioners may direct the Gambling Commission to reinstate a remote operating licence suspended pursuant to a direction under paragraph 3 if they are satisfied that –
- (a) the breach specified in the final notice has been remedied in full,
 - (b) there are no other grounds on which a breach notice could be given in respect of the licence, and
 - (c) the holder of the licence has given to the Commissioners any security requested by them for the payment of amounts of general betting duty, pool betting duty and remote gaming duty likely to be due in future in respect of any activity authorised by the licence.
- (2) [Right of review and appeal for licence holder against refusal by Commissioners to direct reinstatement.]
- (3) An appeal tribunal may direct the Gambling Commission to reinstate a remote operating licence suspended pursuant to a direction under paragraph 3 if the tribunal gives permission to appeal against a decision to give a final notice under section 16(1F) of FA 1994 (appeal out of time).
- (4) The reinstatement of a remote operating licence pursuant to a direction given under sub-paragraph (3) does not prevent the Commissioners from giving a further direction under paragraph 3(1) in reliance on the final notice if –
- (a) the decision to give the notice is upheld (in whole or in part) in the proceedings on the appeal or any further appeal, or the proceedings on the appeal or any further appeal have been abandoned, withdrawn or discontinued, and
 - (b) the period during which any further appeal may ordinarily be brought has ended without an appeal being brought.
- (5) In this paragraph “appeal tribunal” has the same meaning as in Chapter 2 of Part 1 of FA 1994.

Revocation of remote operating licence

- 5 (1) The Commissioners may direct the Gambling Commission to revoke a remote operating licence suspended pursuant to a direction under paragraph 3 if the breach specified in the final notice has not been remedied in full to the satisfaction of the Commissioners within the period of 6 months beginning with the day on which the direction under paragraph 3 was given.
- (2) A direction under this paragraph may include provision directing the Gambling Commission how it is to exercise its powers under section 119(4) of the Gambling Act 2005 (time of revocation and saving and transitional provision).
- (3) [Right of review and appeal for licence holder against revocation.]

[Consent requirement for grant of new remote operating licence

- 6 Provision requiring consent of Commissioners in certain cases.]

Supplementary

- 7 (1) A notice under this Schedule –
- (a) must be in writing, and
 - (b) may specify more than one breach.
- (2) The fact that a breach notice specifying one or more breaches has been given to the holder of a remote operating licence does not prevent a breach notice specifying other breaches being given to the holder of the licence.
- 8 References in this Schedule to the holder of a remote operating licence are to the person to whom the licence is or was issued.

SCHEDULE 2

Section 61

PART 1: CONSEQUENTIAL AMENDMENTS AND REPEALS

PART 1

BGDA 1981

- 1 The following provisions of BGDA 1981 are omitted –
- (a) sections 1 to 12 (general betting duty and pool betting duty),
 - (b) sections 26A to 26M (remote gaming duty), and
 - (c) Schedules A1, 1 and 4B (double taxation relief and betting duties).

PART 2

OTHER AMENDMENTS

Customs and Excise Management Act 1979

- 2 CEMA 1979 is amended as follows.
- 3 (1) In CEMA 1979, section 1(1) (interpretation) is amended as follows.
- (2) In the definition of “the revenue trade provisions of the customs and excise Acts”, after paragraph (f) insert –
- “(g) the provisions of Part 1 of the Finance Act 2014;”.
- (3) In paragraph (a)(ic) of the definition of “revenue trader”, for “the Betting and Gaming Duties Act 1981 (see section 33(1))” substitute “Part 1 of the Finance Act 2014 (see section 56)”.

Finance Act 1994

- 4 In section 12 of the Finance Act 1994 (assessments to excise duty), in subsection (2)(c) –
- (a) omit “1 or”, and
 - (b) after “2012” insert “or Part 1 of the Finance Act 2014”.

Finance Act 2008

- 5 (1) The Table in paragraph 1 of Schedule 41 to FA 2008 (penalties: failure to notify and certain VAT and excise wrongdoing) is amended as follows.
- (2) For the entries relating to general betting duty and pool betting duty substitute –

“General betting duty	Obligation to register under section 36(2) of FA 2014 (registration of general betting business).
Pool betting duty	Obligation to register under section 36(2) of FA 2014 (registration of pool betting business).”

- (3) For the entry relating to remote gaming duty substitute –

“Remote gaming duty	Obligation to register under section 36(2) of FA 2014 (registration of persons who enter into arrangements which may make them liable for remote gaming duty).”
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SCHEDULE 3

Section 62

PART 1: TRANSITIONAL PROVISION

Existing notifications, permits and registrations

- 1 Provision for conversion of notifications, permits and registrations under BGDA 1981 into registrations under this Part.

EXPLANATORY NOTE

BETTING AND GAMING DUTIES

SUMMARY

1. Clauses [X] and Schedules [Y] makes provision for changing the scope of general betting duty, pool betting duty and remote gaming duty so that they are charged on a place of consumption basis. It replaces the taxing, administration and enforcement provisions for these duties in the Betting and Gaming Duties Act 1981.

DETAILS OF THE CLAUSE

Part [1] – Betting and gaming duties

Chapter [1] General betting duty

2. Chapter [1] contains clauses [1] to [15] which make provision for general betting duty.
3. Clause[2] charges general betting duty on bets made with a bookmaker by a UK person, or by any person at a place in the United Kingdom where bets are taken, subject to exclusions and specified exemptions. Excluded bets are defined at clause 55.
4. Clause [3] defines a spread bet and charges general betting duty on a spread bet that is made with a bookmaker who is in the UK. It provides for financial spread bets to be charged at 3 per cent of a bookmaker's net stake receipts, all other spread bets to be charged at 10 per cent and allows HM Revenue & Customs (HMRC) to provide by secondary legislation whether a bet is or is not to be treated as a financial spread bet.
5. Clause [4] describes the net stake receipts against which a bookmaker's duty liability is calculated for each class of bet as the total amount due to him for bets made with him in that accounting period, minus the total amount of winnings paid out by him in that period i.e. (stakes due - winnings paid).
6. Subsection [4(2)] provides that for bets other than spread bets, the bookmaker must account for stakes when the bet is made regardless of whether the money has actually been received.
7. Subsection [4(3)] provides that no general betting duty will be charged if a bookmaker's net stake receipts is zero or a negative amount, but any negative amount may be carried forward to offset future liabilities under clause 5.
8. Subsection [4(4)] prevents a bookmaker from making any deductions to reduce the value of dutiable stakes and subsection [4(5)] provides that where a bookmaker offers free or

cut price bets, the full notional value of the stake will be deemed to be due to the bookmaker at the time the bet is made.

9. Subsection [4(6)] expands on subsection [4(1)(b)] and provides that the calculation of amounts paid as winnings shall include the payment of winnings to a customer's account, and also allows for the return of customers' stakes to be regarded as winnings. In either case only payments of money can be taken into consideration: non-monetary prizes cannot be used to reduce the net stake receipts.

10. Clause [5] provides that if a bookmaker has negative net stake receipts (i.e. makes a loss) for any class of bets in one accounting period, that negative amount can be carried forward to reduce future liabilities for that class of bets until it is spent.

11. Clause [6] provides that where a person (a "bet-broker") provides facilities in the course of a business (other than a betting exchange under clause [14]) that allows a "bettor" to make bets with a "bet taker", or acts as an agent for the bettor, the bet-broker will be treated as a bookmaker and will have the same liability as the bet taker to account for duty on those bets.

12. Clause [7] defines certain pool bets on horse or dog racing that are made by a UK person, or by a person at a place in the United Kingdom where bets are taken, as "Chapter 1 pool bets" that will be charged with general betting duty on the bookmaker's profits under clauses [10 to 12].

13. Clause [9] provides for stakes on Chapter 1 pool bets to be treated as falling due when the bet is made regardless of whether the money has actually been received and prevents a bookmaker from making any deductions to reduce the value of dutiable stakes. Where a bookmaker offers free or cut price bets, the full notional value of the stake will be deemed to be due to the bookmaker at the time the bet is made.

14. Clause [10] makes provision for a bookmaker to calculate his profit from pooled bets by making an equitable apportionment between dutiable and non-dutiable stakes on a staged basis.

15. Clause [11] describes the profits on ordinary bets as the stakes due minus winnings paid out in an accounting period. If this results in a loss, that negative amount can be carried forward to reduce future liabilities for ordinary bets.

16. Clause [12] provides that if any money has been assigned as winnings, but the customer has not, and is not entitled to, withdraw it, that amount will be treated as retained profits on which duty will be charged.

17. Clause [13] provides that the calculation of expenditure on winnings shall include the payment of winnings to a customer's account, and also allows for the return of customers' stakes to be regarded as winnings. In either case only payments of money can be used to reduce the net stake receipts.

18. Clause [14] defines a betting exchange as a business that allows one person to make a bet with another person but does not provide premises for use by those persons, and provides that general betting duty will be due on any commissions charged by the betting exchange to a UK person.

19. Clause [15] provides that all general betting duty that is chargeable shall become due at the end of the accounting period, and describes the persons by whom the duty is to be paid and from whom it may be recovered.

Chapter 2 Pool betting duty

Chapter 2 contains clauses [16] to [24] which make provision for pool betting duty.

20. Clause [16] defines certain pool bets, subject to exclusions and specified exemptions, that are made by a UK person, or by a person at a place in the United Kingdom where bets are taken, as “Chapter 2 pool bets” that will be charged with pool betting duty on the bookmaker’s profits.

21. Clause [18] provides that any amounts that are paid in connection with a Chapter 2 pool bet, or that entitle a person to make a Chapter 2 pool bet, will be treated as stakes unless the bookmaker can prove otherwise. Stakes will be treated as falling due either when the bet is made or, in certain circumstances, on the day of the event being bet on.

22. Clause [19] makes provision for a bookmaker to calculate his profit from pooled stake bets by making an equitable apportionment between dutiable and non-dutiable stakes on a staged basis.

23. Clause [20] describes the profits on Chapter 2 bets that are ordinary bets on which duty is charged. These are the stakes due minus winnings paid out in an accounting period. If this results in a loss, that negative amount can be carried forward to reduce future liabilities for ordinary bets.

24. Clause [21] provides that if any money has been assigned as winnings, but the customer has not, and is not entitled to, withdraw it, that amount will be treated as retained profits on which duty will be charged.

25. Clause [22] provides that the calculation of expenditure on winnings shall include the payment of winnings to a customer’s account, and also allows for the return of customers’ stakes to be regarded as winnings. In either case only payments of money can be used to reduce the net stake receipts.

26. Clause [23] provides that all pool betting duty that is chargeable on Chapter 2 pool bets shall become due at the end of the accounting period, and describes the persons by whom the duty is to be paid and from whom it may be recovered.

27. Clause [24] describes the circumstances under which a pool bet may be regarded as a bet made “for community benefit”. Such bets are excluded from any liability to pool betting duty under clause 16, above.

Chapter 3 Remote gaming duty

28. Chapter 3 contains clauses [25] to [34] which make provision for remote gaming duty.

29. Clause [25] defines “remote gaming” and imposes a charge to duty on a UK person’s participation in remote gaming. The amount of duty is calculated by reference to the profits described at clauses [28 to 30], below.

30. Clause [27] provides that any amounts that are paid in connection with, or that entitle a UK person to participate in, remote gaming will be treated as a “gaming payment”. Payments will be treated being made no later than the time when a person begins to participate in the gaming, and, by means of secondary legislation, where a provider offers free or cut-price gaming, the Treasury may require full notional value to be taken into account.

31. Clause [28] makes provision for a gaming provider to calculate his profit from pooled prize gaming by making an equitable apportionment between dutiable and non-dutiable payments on a staged basis.

32. Clause [29] describes the profits from ordinary gaming on which duty is charged. These are the gaming payments made minus winnings paid out in an accounting period. If this results in a loss, that negative amount can be carried forward to reduce future liabilities for ordinary gaming.

33. Clause [30] provides that if any money has been assigned as winnings, but the customer has not, and is not entitled to, withdraw it, that amount will be treated as retained profits on which duty will be charged.

34. Clause [31] provides that the calculation of expenditure on prizes shall include the payment of winnings to a customer’s account, and also allows for the return of any part of customers’ gaming payments to be regarded as an expenditure on prizes. This clause further provides valuation provisions in respect of non-money prizes.

35. Clause [32] specifies the circumstances under which remote gaming duty will not apply and provides for additional exemptions to be granted, or existing exemptions to be amended through secondary legislation.

36. Clause [33] describes the persons who are liable for the duty, and those from whom it may be recovered.

37. Clause [34] provides that certain decisions in relation to remote gaming duty are appealable matters under the review and appeal provisions of the Finance Act 1994.

Chapter [4] General

38. Chapter [4] contains clauses [35] to [63] which make provision relating to administrative matters, security and enforcement, offences and evidence, definitions and supplementary matters.
39. Clause [35] provides that the Commissioners are responsible for the collection and management of general betting duty, pool betting duty and remote gaming duty. Commissioners' regulations may: require the manner and time in which the duties are to be accounted for and paid, and; provide as appears necessary for the administration, enforcement of and protection of revenue from the duties.
40. Clause [36] provides for registration for the duties. The Commissioners must keep registers, those carrying on relevant businesses or entering into relevant arrangements may not do so without registering and the Commissioners may make regulations about registration. Inter alia, these regulations may provide that: the Commissioners can, in specified circumstances require the appointment of a United Kingdom representative responsible for making returns and/ or discharging liability, and; for the registration of groups including that group members are jointly and severally liable for each others' liabilities for the duties.
41. Clause [37] provides that an accounting period is three consecutive months or another period as provided for by Commissioners' regulations. The first day of an accounting period is as directed by the Commissioners. With the agreement of the Commissioners, a person may have accounting periods longer or shorter than three months and/ or periods may begin on days other than that specified in the Commissioners' direction on the matter. The Commissioners may make transitional arrangements by direction.
42. Clause [38] provides for Commissioners' regulations about returns for the duties.
43. Clause [39] provides for Commissioners' regulations about payment of the duties and that, subject to these regulations, section 12 of the Finance Act 1994 applies in relation to assessments to duty.
43. Clause [40] provides for Commissioners' regulations about the provision and display of information and records.
44. Clause [41] provides for a Treasury Order about when stake money/ gaming payments are or are not treated as assigned to a stake fund/ gaming prize fund. The Commissioners may, by notice, make provision about stake funds and gaming prize funds.
45. Clause [42] provides that the Commissioners, may by notice, require a registrable person to give security or further security in the following circumstances: there is a serious risk that the duty will not be paid, or: the person is in a country or territory with which the United Kingdom does not have satisfactory arrangements for the enforcement of liabilities. The person has at least 30 days from the date of the notice to give security and the notice has no effect if it is under review or appeal.

46. Clause [43] provides for the review and appeal of a Commissioners' notice requiring a person to give security or further security.

47. Clause [44] provides that a person who does not comply with a notice requiring them to give security is guilty of a summary offence.

48. Clause [45] provides for a penalty under section 9 of the Finance Act 1994 in the case of non payment of remote gaming duty or failure to register correctly or to make a correct return. Fraudulent evasion is an offence and provision is made in respect of penalties for such an offence.

Clause [46 and Schedule 1] Suspension and Revocation of Remote Operating Licences

49. Schedule [1] sets out the process under which the Commission may direct the Gambling Commission to revoke a person's Remote Operating Licence. The process may be begun where the person: is required to register for a duty but has not done so; does not comply with conditions or requirements relating to registration; has not paid a duty, or; is required to give security but has not done so. The Commissioners' decision is subject to review and appeal; following the review and appeal procedures in Finance Act 1994. Provision is made for a Remote Operating Licence to be suspended as a stage before final revocation – a suspended licence may be reinstated if, for example, the Commissioners' decision to seek revocation is upheld at one stage in the appeal process but overturned at a subsequent stage.

50. Clause [47] provides that an offence committed by a body corporate is also committed by any officer of that body corporate (except in certain circumstances).

51. Clause [48] prevents HMRC officers from committing offences in the course of enforcing these duties under the instructions of the Commissioners.

52. Clause [49] provides for the circumstances in which a Commissioners' certificate that something has or has not happened, constitutes evidence of that occurrence until the contrary is proved, and that copies of documents certified by the Commissioners as such are admissible in proceedings.

53. Clause [50] provides that, in proceedings, on the question of whether relevant gambling facilities were capable of being used in or from the United Kingdom, the burden of proof lies on the person claiming that the facilities were not capable of being so used.

54. Clauses [51 to 57] define terms used in this Part of the Bill.

55. Clause [58] provides that if an amount of money (stake money, gaming payment etc.) is in a currency other than sterling it must be converted into sterling using the London closing exchange rate for the previous day. If such an exchange rate does not exist, the rate to be used is that as set out in a Commissioners' notice.

56. Clause [59] provides that this Part does not cause anything unlawful to be lawful (except insofar as the Part makes specific provision).

Clause [61 and Schedule 2] Consequential amendments and repeals

57. Schedule 2 contains consequential amendments to other Acts that flow from this new legislation.

Clause [62 and Schedule 3] Transitional provision

58. Schedule [3] [contains transitional provisions].

59. Clause [63] provides that this Part has effect in relation to accounting periods beginning on or after 1 December 2014.

BACKGROUND NOTE

60. These amendments have been made to ensure that general betting duty, pool betting duty and remote gaming duty will be charged in relation to transactions made with bookmakers or remote gaming providers by UK persons, or on premises in the UK.

61. If you have any questions about this change, or comments on the legislation, please contact Brian O’Kane on 03000 588011 (email: brian.okane@hmrc.gsi.gov.uk).



Gambling Tax Reform 2014

**Information Note
December 2013**

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Foreword

At Budget 2012, the Government announced that gambling taxes in the UK would be reformed so that remote gambling is taxed on a 'place of consumption' basis. With a place of consumption tax basis, remote gambling operators will pay tax on the gross gambling profits generated from UK customers, no matter where in the world the operator is located. This reform will affect General Betting Duty (GBD), Pool Betting Duty (PBD) and Remote Gaming Duty (RGD). Premises-based betting and the treatment of spread betting will be unaffected except for some administrative changes.

The Government issued a consultation document on the reforms in April 2012, and in August 2013 published a summary of responses and draft legislation for comment. After the Autumn Statement 2013, the Government published a further draft of the legislation for consultation as part of the Finance Bill 2014 process. The final draft of the legislation will be subject to confirmation at Budget 2014 and Parliamentary scrutiny in the usual way. The reforms will be implemented on 1 December 2014, with transitional arrangements put in place where appropriate.

HMRC has prepared this Information Note to give early and provisional guidance about the reform to help those affected to start preparing for the changes.

The existing Notices (see Glossary) will be updated to take account of the reforms. This will not happen until after the Finance Bill 2014 receives Royal Assent.

Section 1: Introduction

The reform to gambling taxation will be implemented on 1 December 2014 and will affect General Betting Duty (GBD), Pool Betting Duty (PBD) and Remote Gaming Duty (RGD). HM Revenue & Customs (HMRC) will remain responsible for the administration of the taxes. Existing GBD, PBD and RGD operators, will see some changes to the way the duties are administered. Other businesses will also have to pay these duties for the first time.

The businesses affected by the reforms will be able to register, file returns and make payments easily through a new online system – the Gambling Tax (GT) Online system - which HMRC is developing. Those with Remote Operating Licences from the Gambling Commission (see section 3) will be required to register and file online; other operators, such as terrestrial bookmakers, will still be able to use paper channels if they prefer.

In due course, HMRC will publish full guidance in the form of revised Notices (see Glossary) for each of the reformed duties. In the interim, HMRC will publish a series of Information Notes. This first publication covers a high-level overview of the changes, their scope and the definition of a UK person.

Future publications will cover:

- Registration and Accounting Periods
- Duty Returns and Payment
- Record Keeping
- Enforceable Assets in the UK
- Enforcement and Compliance

These will be available on our new GTR (Gambling Tax Reform) webpage.

www.hmrc.gov.uk/gamblingtaxreform.htm

1.1 Terminology

For the purposes of this Information Note the terms contained in the table below have the meanings specified:

TERM	REFERENCE
The three duties	GBD, PBD and RGD.
Operator	The taxpayer: – each duty has its own definition of who is liable to pay. (See section 2: Liability for the Duties for further information on the taxpayer for each duty).
We/us	HMRC
Customer	The customer for the purposes of this Information Note is the gambler with whom the operator contracts.
Remote gambling	Means gambling in which people participate by means of the internet, telephone and television etc.

A full glossary is provided at the back of this document.

1.2 Matters covered by this document

- Liability for the duties
- Regulatory matters
- Definition of 'UK Person'
- The treatment of pools, tournaments and cash games

Section 2: Liability for the Duties

2.1 General Betting Duty (GBD)

GBD is payable on bets made with bookmakers, pool bets on horse and dog racing and bets made on betting exchanges. At present, there is a liability to the duty where the bookmaker or betting exchange is in the UK. From 1 December 2014, any bets made with a bookmaker, or on a betting exchange, by a person in the UK, will be subject to duty regardless of where the bookmaker or betting exchange is based. See section 4 for the definition of 'UK Person'.

This means that from 1 December 2014, bookmakers outside the UK offering remote betting to UK people will be liable to GBD on the gross profits they derive from those customers.

UK bookmakers operating from the UK who offer remote betting to non-UK persons will not be liable to GBD on those bets. GBD will only be payable on remote bets that are made by UK people.

All bets currently liable to GBD which are made by customers present on premises in the UK where a betting business is being carried on, such as UK betting shops, will continue to be liable to GBD. This is regardless of whether or not the customer making the bet is a UK person.

Although a bookmaker is liable to pay the GBD due on relevant bets, HMRC may already recover any unpaid duty from the following people as if they were jointly and severally liable with the bookmaker:

- The holder of a General Betting Operating Licence (in Great Britain), or a Bookmaker's Permit (in Northern Ireland), for the business.
- A person responsible for the management of the business.
- A director, where the bookmaker is a limited company.

2.2 Pool Betting Duty (PBD)

PBD is payable on bets that are not fixed-odds bets (other than pool bets on horse and dog racing). For tax purposes, a bookmaker will also include someone who conducts pool betting operations. From 1 December 2014, all bookmakers, including those based outside the UK will be liable to PBD on all pool betting profits that are derived from UK people. See section 4 for the definition of 'UK Person'.

This means that from 1 December 2014, bookmakers outside the UK offering pool betting to UK customers will be liable to PBD on the gross profits they derive from those customers.

Bookmakers in the UK who offer remote pool betting to non-UK persons will not be liable to PBD on those bets. PBD will only be payable on remote bets that are made by UK people.

All pool bets made by customers present on premises in the UK where a betting business is being carried on, such as UK betting shops, will continue to be liable to PBD. This is regardless of whether or not the customer making the bet is a UK person.

Pool betting on horse and dog racing will continue to be liable to GBD.

A bookmaker is liable to pay the PBD due on dutiable pool bets. HMRC may already recover any unpaid duty from the following people as if they were jointly and severally liable with the bookmaker:

- A person responsible for the management of the business.
- A person responsible for the management of any totalisator.
- A director, where the bookmaker or any of the above is a company.

2.3 Remote Gaming Duty (RGD)

Remote Gaming Duty (RGD) is currently payable on profits where remote gaming facilities are provided from the UK. From 1 December 2014, RGD will

no longer be payable on profits from the 'provision of facilities' for remote gaming. Instead, it will be payable on a UK person's participation in remote gaming under arrangements with someone else, called for these purposes, 'a gaming provider'.

See section 4 on Definition of 'UK Person'.

Example: Company A offers online roulette to UK customers. The platform which Company A uses is provided by Company B and the software is provided by Company C. Both Company B and Company C are paid under profit share arrangements. A customer using Company A's site contracts with Company A (as is clear from the site terms and conditions). On this basis, it is Company A which registers and pays RGD.

RGD will not be charged on participation by a UK person in remote gaming if:

- the arrangements are **not** entered into in or from the UK; and
- the facilities used to participate in the gaming are **not** capable of being used in or from the UK.

Although the remote gaming provider is liable to pay the RGD due on remote gaming profits, HMRC may recover any unpaid duty from the following person as if they were jointly and severally liable with the provider:

- The holder of the Remote Operating Licence for the business
(See section 3 below)

Where the provider is a limited company, a director is already jointly and severally liable with the provider.

Section 3: Regulatory Matters

Gambling regulation and gambling tax are separate matters and need to be treated as such. Accordingly, any regulatory issues need to be addressed to the regulatory body, the Gambling Commission (GC), and any tax issues to HMRC.

Under the reformed gambling tax legislation, HMRC will be able to require the GC to revoke a Remote Operating Licence in certain circumstances (and more information about this process will be included in a future Information Note) – brief details about the regulatory regime are included below.

The GC, set up under the Gambling Act 2005, is sponsored by the Department for Culture, Media and Sport (DCMS) and is responsible for the social controls on gambling in Great Britain. Licensing is one of the key features of these social controls. The GC's statutory objectives are to make sure gambling is crime-free, fair and does not exploit the vulnerable.

3.1 The licensing regime

There are different types of licences including:

- Premises
- Operating
- Personal

The GC issues operating and personal licences to entities and individuals within the gambling industry. They also issue guidance to licensing authorities who are responsible for issuing gambling operators with premises licences.

An operating licence is a licence under section 65 of the Gambling Act 2005. This licence authorises the operator holding it to perform specific functions – for example, a casino operating licence authorises the holder of the licence to

run a casino, and a bingo operating licence authorises the holder to provide facilities for playing bingo.

Under section 67 of the Gambling Act 2005 a Remote Operating Licence (ROL) authorises remote gambling activity, or activity by means of remote communication, by operators with key equipment in Great Britain. Such operators cannot legally provide remote gambling without a GC licence, however, overseas operators may transact legally with customers in Great Britain. It is illegal to advertise remote gambling unless an EU or white list issued licence is held.

DCMS are undertaking reforms to remote gambling regulation independently of the gambling taxation reforms. As a result of the DCMS reforms, a ROL will be required where at least one piece of remote gambling equipment used to provide remote gambling facilities is situated in Great Britain, or where there is no such equipment in Great Britain but the facilities can be used from there. Only those holding a GC ROL will be able to supply or advertise remote gambling facilities to customers in Great Britain.

Section 4: Definition of UK Person

4.1 Background

As a result of the reforms, duty will be charged on the gross gambling profits derived from remote gambling by UK persons. A UK person will be defined, in the case of an individual, as someone who usually lives in the UK. HMRC will have the power to publish statutory guidance about what an operator must do to determine whether a customer is a UK person. The guidance under the heading 'proposed statutory guidance' below is a first draft of what we propose to publish in our Notices (see Glossary) as statutory guidance.

In drafting this guidance we have taken into account the records and accounts that operators are required to keep for regulatory purposes to minimise the need for new systems and to minimise burdens.

4.2 Proposed statutory guidance

4.2.1 All operators should receive from the customer a declaration of the address at which they usually live before accepting gambles. If no declaration is received, the customer will be determined as being a UK person.

4.2.2 When a UK address is given, the customer is determined to be a UK person. This determination stands unless and until the customer submits a non-UK address (in which case their status as a non-UK person must be confirmed as set out below).

4.2.3 When a non-UK address is given, the operator should obtain the following information (which HMRC call 'indicators') about their customer:

- The customer's address associated with the bank or credit card account if one has been given to the operator.

- The customer's contact telephone number (landline number) or a declaration from the customer that they do not have a landline. Where remote gambling takes place using a landline telephone, the relevant telephone number will be treated as being a UK telephone number unless it is otherwise demonstrated.
- The country prefix associated with the customer's mobile phone number – where a +44 prefix denotes a UK number. Where remote gambling takes place using a mobile telephone, the relevant country prefix will be treated as being a UK prefix unless it is otherwise demonstrated.
- The IP address of the device used by the customer when money is added to, or withdrawn from, their account (for remote gambling over the internet).
- The customer's address shown on their driving licence where this is provided to the operator.
- The customer's address shown on their utility bill where this is provided to the operator.

4.2.4 If any two or more of these indicators return a result as the UK, then irrespective of whether the customer has provided an address outside the UK, the operator must treat that customer as a UK person for the purposes of gambling duties taxation. This is known as the 'Two UK Indicators Rule'.

4.2.5 Operators must prompt customers to keep their customer account details up to date. We expect customers to update their details every six months. Similarly, operators need to confirm their customers' details, by repeating the steps above, within the same 6-monthly time period.

Section 5: The Treatment of Pools, Tournaments and Cash Games

Pool bets on horse or dog racing are currently charged with General Betting Duty (GBD) while all other pool bets are charged with Pool Betting Duty (PBD). This will be unchanged, but the method of calculating pool betting profits for duty purposes will be amended.

The same principles that will apply to pool betting (see paragraph 5.2 below) will also apply for remote gaming (such as poker) where the operators make their money from participation charges or entry fees, or from a rake or deduction from stakes or prize pots.

5.1 Pool bets

For the purposes of GBD and PBD, pool bets will be described as 'pooled prize bets' or 'ordinary bets'.

A pooled prize bet is one where some or all of the customers' money is assigned to a pool or prize fund from which winnings are paid. An ordinary pool bet is any bet that is neither a fixed-odds bet nor a pooled prize bet. An example of an ordinary pool bet would be a bet on a lottery where the customer chooses their numbers and any winnings are the amount they would have won had they bought the winning ticket in that lottery.

5.2 Calculating pool betting profits

For ordinary pool bets an operator's dutiable pool betting profits for an accounting period will be the receipts due from UK people minus any winnings paid to those customers within that accounting period.

For pooled prize bets, an operator's dutiable pool betting profits will be calculated by reference to any charges made to UK customers or by reference to any amounts taken from the pool by the operator.

If any amount is due to be paid by UK customers for participating in pooled betting in addition to their stake money, that amount will be dutiable profit for Pool Betting Duty purposes.

Where any amount is taken from UK players' stakes before stakes are allocated to the pool the amount of the deduction that is taken from UK customers' stakes will be dutiable profit for Pool Betting Duty purposes.

Where a deduction is taken from either the pool, or from winnings paid out of the pool, this is to be included in the operator's dutiable pool betting profits on a proportional basis, calculated as the proportion of the deduction that relates to contributions by UK people to the pool. For example, if a particular operator adds £10,000 to a pool, half of which came from UK customers, half of the operator's deductions will be dutiable profits for Pool Betting Duty purposes. Where any money is removed from a pool, other than as prize money, the removal will trigger a liability to duty at the time it takes place. The operator will have to add these amounts to their dutiable pool betting profits at the time the removal takes place.

A number of operators may be involved in the same pool. Each operator may have both UK and non-UK customers. Each operator will have to calculate their own pool betting profits in line with the paragraphs above. If an operator makes more than one type of charge to customers, for example, if there is a participation charge and a deduction from the pool, the operator will have to consider both in their Pool Betting Duty calculation.

Section 6: More Information

If you want more information about the Gambling Tax Regime 2014, please visit www.gov.uk

ANNEX

GLOSSARY

TERM	DEFINITION
Accounting period	3-monthly calendar period (quarterly)
Betting	Making or accepting a bet on the outcome of an event, the likelihood of something occurring or whether or not something is true
Bookmaker	Someone who carries on a business of receiving or negotiating bets or conducting pool betting.
Customer	The customer for the purposes of this guidance is the gambler with whom the operator contracts for them to carry out the gambling activity.
Fixed-odds bet	A bet where the bettor knows in advance what the return will be if he wins
Gambling	Refers to any activity that is betting, gaming or participating in a lottery
Gambling Commission	Gambling regulator in Great Britain.
Gaming	Playing a game of chance for a prize
GBD	General Betting Duty
Notices	Published online guidance: Notice 451 General Betting Duty; Notice 147 Pool Betting Duty and Notice 455 Remote Gaming Duty.
Operator	The taxpayer, the person with whom the customer has made arrangements or bets
PBD	Pool Betting Duty
Remote gambling	Participating in gambling using remote communications, for example, the internet, telephone, television etc.
RGD	Remote Gaming Duty