



12 September 2011

Remote Gambling Taxation

Dear Gambling Tax Stakeholder,

On 18 July, the Government announced its intention to review the taxation regime for remote gambling. In particular, the Government is looking at the case for taxing operators on the basis of customer location. The announcement can be found on the Treasury's website:

http://www.hm-treasury.gov.uk/press_81_11.htm

The Government's framework for tax policy making

Any move to a taxation system based on customer location would be made in accordance with the Government's framework for tax policy making. As part of that framework, the Government is committed to early and continuing engagement on tax changes.

There are five stages to the development and implementation of tax policy:

- Stage 1 Setting out objectives and identifying options.
- Stage 2 Determining the best option and developing a framework for implementation including detailed policy design.
- Stage 3 Drafting legislation to effect the proposed change.
- Stage 4 Implementing and monitoring the change.
- Stage 5 Reviewing and evaluating the change.

The current review is being carried out as part of Stage 1. If, following this review, the Government decides to proceed with reform, a formal consultation would then be carried out as part of Stage 2.

Further information on the framework itself can be found on:

http://www.hm-treasury.gov.uk/tax_policy_making_new_approach.htm

Feedback sought as part of the current review

As part of the ongoing review, both HMT and HMRC would be interested in comments on the case for taxing operators on the basis of customer location. While any comments are welcome, we would be particularly interested in any information which will help to answer the following questions:

Information related to a possible taxation change

1. Would you welcome a change in the taxation regime whereby remote gambling was taxed on the basis of customer location? Why or why not?

2. Would such a change alter the structure of the industry? What would you anticipate the impact would be on your business?
3. Would you anticipate that a change to the taxation of remote gambling would impact business decisions related to investment, company location and whether to offer bets to UK and/ or overseas customers? If so, in what way would these decisions be impacted?
4. Are there specific gambling products which need special consideration in regards to a possible change? For example, are there specific considerations in regards to pools betting, spread betting or person-to-person games? If a change was made, do you have a view on whether it should be made in regards to all, or just some, gambling products?
5. As a gambling provider, what evidence would you expect to use to determine whether you are transacting with a "UK customer"? If a range of indicators is used to determine the location of a customer, what should these be?
6. If a change was made to taxing remote gambling based on customer location, are there any other aspects of the UK gambling duties that you think would need to be changed at the same time? If so, which ones, and why?
7. Do you have any views on compliance/ enforcement options for HMRC? Would you prefer a system whereby enforcement is linked to the licensing regime, or would you prefer the Gambling Commission and HMRC to operate separate enforcement mechanisms for regulation and taxation?
8. If the Government concluded that it wished to proceed with a taxation change, how much notice would you need to prepare adequately for implementation?
9. Are there any other factors that you feel are relevant to a potential taxation change?

Information related to the remote gambling industry

10. Could you provide some background on your particular business? What products do you offer? In what countries are your customers located? How much revenue (gross profits) do you generate from UK and overseas customers respectively for remote gaming and remote betting?
11. What do you estimate the total size (measures in terms of gross profits) of the remote betting and remote gaming markets for UK based consumers to be?
12. How price sensitive are consumers? In particular, are you able to share any analysis looking at impacts on consumer behaviour following taxation changes – either in the UK or in other countries?

We would be grateful if you could send us your **input before the end of November**. If you would find a discussion helpful please let us know. Both HMT and HMRC will do our best to accommodate meeting requests.

We look forward to receiving your comments.

Yours sincerely,

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