



Gambling Tax Reform 2014

Information Note 2

February 2014

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Foreword

At Budget 2012, the Government announced that gambling taxes in the UK would be reformed so that remote gambling was taxed on a 'place of consumption' basis.

This means that remote gambling operators will pay tax on the gross gambling profits generated from UK customers, regardless of where the operator is located.

Having already published a consultation document, summary of responses and draft legislation on the reforms, the Government published a further draft of the legislation for consultation after the Autumn Statement. The final draft of the legislation will be confirmed at Budget 2014 and the reforms will begin on 1 December 2014. Transitional arrangements will be put in place where appropriate.

After the Autumn Statement 2013, HM Revenue & Customs (HMRC) also published the first of a series of Information Notes to give early guidance about the reforms. This is the second Information Note in this series and is designed to help those affected by the gambling tax reforms to start preparing for the administrative changes.

The existing Notices (see glossary) will be updated to take account of the reforms after the Finance Bill 2014 receives Royal Assent.

Section 1: Introduction

The reform of gambling taxation on 1 December 2014 will result in changes to the following gambling duties:

- General Betting Duty (GBD)
- Pool Betting Duty (PBD)
- Remote Gaming Duty (RGD)

HMRC will remain responsible for these duties and will publish full guidance in the form of revised Notices (see Glossary) for each of the reformed duties.

Until the new Notices are available, HMRC is publishing a series of Information Notes. This publication gives a high-level overview of the administrative changes, including:

- registration
- accounting periods
- duty returns
- payment of duty
- record keeping

Future publications will cover:

- enforceable assets
- enforcement and compliance

The first Information Note covered who will be liable to pay each duty, and the definition of “UK person”. It also provided information about the treatment of pooled gambling (pools), tournaments and cash games.

You can find the Information Notes on the new HMRC webpage:

[New rules for some gambling duties from 01 December 2014](#)

1.1 Terminology

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

TERM	REFERENCE
Customer	The customer for the purposes of this Information Note is the gambler with whom the operator contracts.
Gambling Tax (GT) Online service	HMRC's new online accounting system for GBD, PBD and RGD.
Operator	The taxpayer – each duty has its own definition of who is liable to pay. For further information on the taxpayer for each duty, see Information Note published in December 2013 section 2: Liability for the Duties.
Remote gambling	Gambling in which people participate by means of the internet, telephone and television etc.
Accounting period	An accounting period is a period of time for which a duty return must be made. Accounting periods are sometimes called tax periods or return periods.
The three duties	GBD, PBD and RGD.

A glossary is provided at the end of this document.

Section 2: Registration

2.1 Introduction

There is currently no single registration process for the three duties affected.

At present for all tax due before 1 December 2014, a person must:

- 'notify' HMRC that they are running a betting business
- follow the permit application process for activities covered by the PBD regime
- apply for Remote Gaming Duty registration.

2.2 New Registration system

HMRC is introducing new registration arrangements for the three duties.

Anyone becoming liable to one or more of the three duties on or after 1 December 2014 will need to apply to register with HMRC. Registration will be separate for each duty.

However to minimise administrative burdens, HMRC will provide common features to streamline the process so that operators only need to provide the same information once. Registering through the new online system will be quick and easy and HMRC encourages you to use it when it becomes available. Section 2.4 gives more information on this system. When they are published, the revised Notices will give more detail about the registration process and what information you'll need to give.

Corporate bodies under common control will be able to apply for group registration. Group registrations will be tax specific. That means they will be able to form separate groups for GBD, PBD and RGD if they need to register for these taxes.

However they will not be able to form a single group to cover all three taxes.

HMRC will not approve a group registration unless the group has appointed a group lead member with a principal place of business in the UK. The group lead member will take responsibility for dealing with HMRC on a day-to-day basis. All group members will have joint and several liability for each others liabilities for the relevant tax. Operators will need to apply for group registration in the same way as they would apply to register separately, via the online system.

Under the new arrangements, operators who apply for registration for any of these duties may need to have enforceable assets or appoint a UK representative. HMRC will cover this in more detail in the next Information Note. However, an operator will need to provide a security or appoint a jointly and severally liable UK based fiscal representative if their principal place of business is not in either of the following:

- the EU
- a country with which the UK has an appropriate reciprocal debt collection arrangement

In the case of a group, there will be a group lead member with assets in the UK against which HMRC, can if necessary, enforce in the first instance. Therefore it is unlikely that a group will need to provide a security or appoint a fiscal representative, but HMRC may decide that a security is still necessary in exceptional cases.

HMRC expects that online registration will be available in September 2014 for those who need to register by 1 December 2014 because of the reform.

2.2 Operators already paying GBD, PBD or RGD

Those who are already paying the duties will **not** need to apply to HMRC to register. HMRC will begin the registration process on their behalf using the information already held. However, HMRC will need a few further details to bring their information into line with that being provided by people who are applying to register under the new arrangements. HMRC will write to existing

duty payers before the registration date on 1 December 2014 to request this extra information.

Once HMRC has completed the registration process for existing duty payers they will be sent new registration numbers.

2.3 The registers

HMRC will keep a separate register for each of the three duties. HMRC do not intend to publish the registers.

2.4 Electronic registration and filing system

Businesses affected by the reforms will be able to register, file returns and make payments through the new Gambling Tax (GT) Online service, which HMRC is developing. Those holding, or who should hold, a Remote Operating Licence (ROL) from the Gambling Commission (see section 3 of the Information Note published in December 2013) will need to register and file online.

Other operators may choose to continue using paper channels. In practical terms, this will mean that:

- everyone paying RGD must use the GT Online service because everyone will hold or be required to hold a ROL
- bookmakers who do not offer remote gambling will be able to use paper channels if they wish

However HMRC encourages everyone to register and file online.

Section 3: Accounting Periods

3.1 Accounting staggers

From 1 December 2014, the standard accounting period for all three duties will be the calendar quarter. A taxpayer's accounting period will start and end according to one of three 'staggers' as shown below.

Stagger A	1 February - 30 April	1 May - 31 July	1 August - 31 October	1 November - 31 January
Stagger B	1 March - 31 May	1 June - 31 August	1 September - 30 November	1 December - 28 (29) February
Stagger C	1 January - 31 March	1 April - 30 June	1 July - 30 September	1 October - 31 December

3.2 Stagger preference

An operator can ask for a particular accounting period stagger and HMRC will try to meet this preference. For example, an operator may prefer an accounting period stagger where one accounting period ends on the day of the operator's financial year end. This could reduce the number of accounting adjustments which need to be made when the end of year accounts are prepared.

An operator registering for more than one duty may choose the same or different staggers for each duty.

There are three types of GBD activity:

- bookmaking
- betting exchange
- spread betting

There will be a single GBD return covering all these activities. An operator carrying out more than one form of GBD activity will have to make the return for all at the same time.

3.3 Non-standard accounting or return periods

Non-standard accounting periods will be allowed by agreement with HMRC, but must still be about three months in length. Flexibility to move the end date of each standard accounting period will achieve this. It will be possible to choose accounting period end dates which are up to 16 days before or after the standard dates. HMRC will automatically start the next accounting period from the following day.

Those asking for non-standard accounting periods will need to give HMRC the proposed end dates of each accounting period for a two year period. They will need to contact HMRC towards the end of the two year period to reapply for non-standard accounting periods. If they fail to do so, they will revert to standard accounting periods. Again, an operator carrying out more than one form of GBD activity will have to make the return for all the activities at the same time.

If HMRC do not allow the non-standard accounting periods requested, the operator can ask for a review of the decision. Further information about reviews and appeals will be provided in the next information note.

3.4 Transitional arrangements – for people already making returns and paying GBD, PBD and RGD

Bookmakers and pool betting operators currently using monthly accounting periods will be transferred onto quarterly accounting periods.

Everyone (including those on non-standard accounting periods) must make a final return under the existing rules to cover the period up to the 30 November 2014.

Section 4: Duty Returns

An operator must make a return for every accounting period even if no duty is owed (in which case the return will be a 'nil return'). HMRC may impose a penalty where a return is not received by the due date (see below).

4.1 Return due date

HMRC must receive returns by the 30th day following the end of every accounting period. If the 30th falls on a weekend or bank holiday, the return must be received by the end of the last working day before that day.

4.2 Foreign Currency

Amounts on duty returns must be in sterling. Amounts in any other currency must be converted into sterling. Conversions must be carried out on the last day of each accounting period.

For the purpose of the conversion, transactions in the accounting period involving currency other than sterling must be treated as though they took place on the last day of the accounting period. This is regardless of when they actually took place within the period.

Conversions must use the London closing rate for sterling on the previous day. If there is no London closing rate, HMRC can specify how the rate is to be determined.

Section 5: Payment of Duty

5.1 Payment due date

Cleared funds from payments sent must be with HMRC by the 30th day following the end of every accounting period. If the 30th day falls on a weekend or bank holiday, the due date for payment is the last working day before that day.

5.2 How to pay

HMRC will accept duty payments in a number of ways as shown below:

- electronically by BACS, CHAPS or Faster Payments
- at a bank or Post Office – by cheque etc if you cannot pay electronically
- by post – by cheque if you cannot pay electronically

It will not be possible to set up Direct Debits for regular duty payments.

5.3 Paying from overseas

Payments can be made from overseas by transferring funds electronically from an overseas bank account to HMRC through the SWIFT banking system. Those wishing to pay via SWIFT will need to have their International Bank Account Number (IBAN) and HMRC's SWIFT Bank Identifier Code available.

Section 6: Interest and penalties

6.1 Interest due on late payments

Late payment interest is charged on payments of duty that are late. It is calculated on the outstanding duty from the date the amount became due and is payable to the date the amount is actually paid. Late payment interest is calculated on a simple (not compound) basis. This means that interest is only calculated on the amount of the tax or penalty (late payment interest only) and not on interest that has already been charged or accrued.

6.2 Penalties

HMRC may apply penalties for late or non-payment of duty or for failure to comply with other tax obligations, as follows:

- failure to make payments of duty owed, by the due date - under Schedule 56 of the Finance Act 2009.
- errors in returns - under Schedule 24 of the Finance Act 2007.
- failure to make returns on or before the filing date - Schedule 55 to the Finance Act 2009.
- failure to register - under Schedule 41 to the Finance Act 2008

6.3 Further information about penalties

Factsheets about penalties for errors in returns and failures to register are available for download by following the links below:

[CC/FS7a - Penalties for inaccuracies in returns and documents \(PDF 303K\)](#)

[CCFS11 - Penalties for failure to notify \(PDF 756K\)](#)

Section 7: Information and Records - overview

7.1 HMRC access to records

The law requires that certain records are made available to HMRC officers.

In the case of the three duties, HMRC will consider that records have been made available to HMRC officers if:

- The HMRC officer requesting information is given access to that information held as computer records, through an operator's computer in the UK. Sufficient support must be made available to the Officer to enable them to navigate the records/systems and a printing facility must be provided.
- An HMRC officer requesting information is provided with data extracts following parameters set by the officer (for example, date ranges) in hard copy or in an acceptable computerised format.
- In the case of paper based record keeping, an HMRC officer is provided with access to paper records in the UK.

If an operator has appointed a representative, that representative will need to provide HMRC with information. In the case of a group registration, the group lead member will need to provide HMRC with information in respect of all group members.

If an operator fails to make records accessible to HMRC officers in the UK and does not make good that failure, HMRC will be able to seek revocation of the operator's ROL. This process will be covered in the next Information Note.

7.2 Records which revenue traders must keep

All those liable for any of the three duties will be 'revenue traders'. In addition, anyone involved in any way with goods or services liable to an excise duty is also a revenue trader. The record keeping requirements attached to revenue traders are explained in HMRC Notice 206: Revenue Traders' Records at the link below:

[Revenue Traders' Records](#)

Revenue traders must keep all their business records.

There are existing record keeping requirements for GBD, PBD and RGD and these are shown in HMRC Notice 147, Notice 451 and Notice 455.

The Revenue Traders (Accounts and Records) Regulations 1992 allows HMRC to direct that revenue traders keep additional information. HMRC intends to use this power to provide that operators keep supplementary information which will include (but is not limited to):

- evidence necessary to show the application of the UK person test (See Section 4 of the first Information Note for a Definition of UK Person)
- details of any losses carried over

7.3 How long records must be kept

Operators must keep records for four years

7.4 Information powers relating to non taxpayers

HMRC will be able to gather information on request from operators of pools who are not taxpayers. This information will include, but is not limited to:

- information on pools in existence during a particular period, including pool start and end dates
- details of those taxpayers who have contributed to each pool

- for each of these contributors, the amount of total contribution to each pool from UK and non-UK gamblers
- all commissions and payments taken from each pool, the amount, when taken and to whom the amounts have been paid
- winnings paid out of each pool, the amount, when taken and to whom the amounts have been paid

Section 8: More Information

If you want more information about the Gambling Tax Regime 2014, follow the link below:

[New rules for some gambling duties from 01 December 2014](#)

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.
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.
Paper channels	Use of hard copy forms and returns as opposed to digital.
PBD	Pool Betting Duty.
Remote gambling	Participating in gambling using remote communications, for example, the internet, telephone, television etc.
RGD	Remote Gaming Duty.
Stagger	The 3 months which comprise the accounting period for GBD/PBD/RGD.