

**Gambling Tax Reform 2014 (GTR) Implementation Working Group**  
**100 Parliament Street, London – 25 April 2014**

**Attendees:**

Sally Beggs - chair	HMRC Deputy Director Indirect Taxes
Andy Grimsley	HMRC
Brian O’Kane	HMRC
Katherine Mansfield	HMRC
Michael Lee	HMRC
Mark Treadaway	HMRC
Surendar Patchimalla	HMRC
Paul Kirszanek	UK Tote (guest)
Cherry Hosking	Bingo Association
Victoria Daniels	RGA
Sue Rossiter	RGA
Thomas Bowey	RGA
James White	RGA
Leslie Macleod-Miller	BACTA
Alasdair MacEwen	GBGA
Sarah Kostense Winterton	GBGA
David Farmer	ABB
Tracy Damestani	NCF
John Powell	BACTA
Sandra Silcock	HMRC secretariat

**Main points of discussion**

Sally opened the meeting and introduced our guests.

1. Returns process – our IT suppliers presented the online tax return declaration screens to demonstrate the submission process.

Features include:

- auto calculation of some boxes to minimise errors,
- time stamping of the declaration for business record keeping and clarity.
- electronic prompt to make a return for those who provide an email address.
- facility to select non standard tax return periods to enable operators to align with their own accounting periods.
- summary page to show details declared
- how to pay information displayed on screen

For General Betting Duty operators, to reduce business burden, we have removed the requirement to provide addresses for all Betting shops at registration and will only require the total number of shops in the UK on each return.

For those who opt to use paper returns (those who do not hold a remote operating licence) we will issue paper returns at the end of the accounting period, so there will need to be a quick turnaround for completion.

Nil returns are required to be submitted.

AP 1 (25/4) The IWG suggested that, to align with their existing accounting periods, operators will take the opportunity to select non standard accounting periods and would like HMRC to consider issuing a reminder when they are due for renewal.

AP 2 (25/4) HMRC will issue a copy of the draft screenshots for the online return submission process on the understanding that they are still in development and may change before the system goes live.

2. Review of minutes and action points from meeting of 7 March:

The note of the meeting was agreed.

**AP 4** (31 Jan) Treatment of bonuses Action - The RGA will work with the GBGA to consider providing further information on the practical difficulties of maintaining the current rules for free-plays and bonuses within the reformed Duties.

HMRC has not received anything ahead of the meeting and Sue Rositer explained that the two issues of concern were VIP Programmes and Single collect. The RGA promised to send a letter to HMRC following the meeting highlighting the practical difficulty of maintaining current treatment of bonuses in these two areas.

**AP 1:** (7 Mar) Communications. HMRC to provide a monthly plan itemising planned communications activity and products. This will be made available to IWG members.

Plan now drafted and will be circulated once reviewed within HMRC.

**AP 2** (7 Mar) HMRC to review its communication material on grouping to make it as clear as possible and ensure key messages are easily accessible and report back at the next meeting.

**Ongoing:** Key points to bring out are that groups cannot span taxes and that people can only join a group where they are registerable and where there is common control. Guidance is in development and will be issued shortly.

**AP 3** (7 Mar) HMRC to report back on the discussions about possible arrangements for named territories.

**Closed** to cover at this meeting

**AP 4** (7 Mar) HMRC to report back to a later meeting on the criteria and process for approving fiscal and administrative representatives

**Closed** Draft paper to be issued during this meeting

**AP 5** (7 Mar) HMRC to clarify whether a security in the form of a joint account with HMRC needs to be with a UK bank and to clarify who gets the interest on the account.

**Closed** to cover at this meeting

**AP 6** (7 Mar) HMRC to clarify whether appointing a fiscal or administrative representative for gambling tax reform would constitute a permanent establishment for direct tax purposes.

**Closed** - *"A foreign gambling enterprise will not have a fixed place of business permanent establishment in the UK through which it carries on its trade simply because there is a UK representative here. The act of being a representative for the recovery of tax due from non-resident gambling enterprises and keeping or producing business records would not itself constitute doing business on behalf of the non-resident, and nor would it amount to concluding contracts on its behalf."*

**AP 7** (7 Mar) HMRC to share with the group the details about the additional information that operators already registered for the affected taxes will have to provide.

**Closed** to cover at this meeting.

**AP 8** (7 Mar) HMRC to clarify the transitional arrangements for DTR.

**Closed** to cover at this meeting.

**AP 9** (7 Mar) The RGA (Sue Rossiter) will get back to us with practical issues around top ups and added prizes and will provide more information about how pooled bets work.

**Closed** e-mail from Sue, 8 March 2014.

**AP 10** (7 Mar) The RGA (Sue Rossiter) to write in with the query on Tote gambling. E-mail 14 April refers. To be discussed as AOB at this meeting.

## **Main meeting points of discussion**

### **Arrangement for territories**

HMRC provided a recap of criteria and process for approving a fiscal or admin rep. If the territory is non UK or EU (this includes Gibraltar), or, is not covered by Mutual Agreement for the Recovery of Debt (MARD) arrangements, or is not in a territory subject to an appropriate bilateral debt collection agreement or, is not part of a group, then they must appoint either a fiscal rep who is jointly and severally liable, or, an admin rep who is not liable. Those who opt to appoint an admin representative will be required to provide a security.

HMRC hopes to allow those who are required to appoint a rep to contact HMRC before completing the registration application. We envisage that the fiscal or admin rep will be an incorporated body with a principal place of business in the UK and a trading history in the UK of at least three years. That the rep will not need to be a company associated with gambling. Both fiscal and admin reps will need to be compliant in terms of their own UK tax affairs.

The IWG raised the question of how HMRC will assure the financial viability of those who appoint an admin representative.

HMRC will conduct some high level viability checks. HMRC will consider reps nominated by those registering/ registered for tax – reps will not be able to independently apply for approval with a view to being entered on some sort of "approved list".

Discussions are ongoing with IOM, Gibraltar and CI as to whether appropriate bi-lateral debt collections agreements might be concluded and as soon as we have progress to report we will report back to the group.

AP 3 25/4 HMRC will notify progress on reaching appropriate bi-lateral agreements with certain territories.

The RGA (Sue Rossiter) suggested we consult the Gambling Commission for a view on how many operators may need to appoint a representative.

Security deposits may be made in cash, via a performance bond or by means of a joint bank account with HMRC. Such a joint account must be set up with a UK bank account and the operator will get the interest. We have consulted our finance department with regards to joint accounts with HMRC and we have been advised that, due to the complexity, they are not encouraged.

HMRC will write to those already "on our records" in September to confirm their business details and to offer the option to form a group.

Existing operators who wish to register for another tax will need to apply online if the new tax requires a Remote Operating licence.

#### **Transitional arrangements for Double Tax Relief**

Operators will be required to submit a final DTR claim and the final reconciliation period will end on 30 November 2014 irrespective of when it started. There will then be a period of 12 months to submit a claim.

AP 4 25/4 HMRC to articulate arrangements for bringing an end to Double Taxation Relief.

Pools and Peer to Peer gaming. The RGA wrote to HMRC on 8 March, this action is now closed as the issue was dealt with at Budget 2014.

#### **Tote gambling**

Policy explained the current GBD treatment of horserace pool betting with the Tote which is that the Tote hold the monopoly operating licence and so any bookmakers taking money in respect of Tote bets will be acting as agents. HMRC expects duty to be declared and paid by the Tote in respect of the full stakes, and any payments to the bookmaker (e.g. commission) will be paid out of taxed income.

The IWG raised the question around what assurance the Tote would have about their duty liability on bets received via agents, i.e. what percentage are UK bets, and to what extent could the Tote rely on others' statements

IWG suggested that operators would need time to get their IT systems amended to do this.

AP 5 25/4 RGA and the Tote to come back with proposal.

#### **Update on the Budget**

Draft clauses are now part of the Finance Bill – any changes now would need to be tabled for parliamentary debate.

## **AOB**

A letter from the GBGA has been received by HMRC which raises concerns around the UK person test.

Sally Beggs noted that the guidance on UK person had been agreed at the last meeting of the IWG.

The meeting agreed that this position should be maintained.

AP 6 25/4 GBGA to seek further advice from their members.

Next meeting planned for 28 May agenda and details to be issued early May.

## **Actions from this meeting**

- 1 – (25 April) HMRC will consider options to meet the IWG request to include a prompt to remind operators to renew non standard tax periods.
- 2 – (25 April) HMRC will issue the draft screenshots to the IWG.
- 3 – (25 April) To notify progress on reaching appropriate bi-lateral agreements with certain territories
- 4 – (25 April) HMRC to articulate arrangements for bringing to an end Double Taxation Relief
- 5 – (25 April) RGA and the Tote to come back with options.
- 6 – (25 April) GBGA to seek further advice from their members in relation to the UK person test.