

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

Attendees:

Sally Beggs - chair	HMRC Deputy Director Indirect Taxes
Andy Grimsley	HMRC
Brian O’Kane	HMRC
Victoria Daniels	RGA
Sue Rossiter	RGA
James White	RGA
David Farmer	ABB
Apologies	
Cherry Hosking	Bingo Association
Thomas Bowey	RGA
Alasdair MacEwen	GBGA
Sarah Kostense Winterton	GBGA
Tracy Damestani	NCF

Main points of discussion

1. Sally opened the meeting and apologised for the late change to the date.

2. The note of the meeting of 28 May was agreed. **Review of action points:**

AP1 – Carried forward from (25 April) Tote Gambling – RGA and Tote to come back with options about how they will communicate and share information.

Response – RGA gave a recap of the content of the Tote Pool e-mail of 24 June containing the proposed draft ‘Statement’ to be produced for participating partners. While there are some minor difficulties around a common standard RGA and Tote are confident that an agreed arrangement will be delivered.

It is estimated that only 2% – 5% of this market is ‘non-UK’ and, in the event of any delay in agreeing the format of the Statement, Tote will assume a duty liability on 100% of these bets. HMRC confirmed that any concerns were only in relation to possible misunderstandings around the labels attached to certain data fields and that there were no concerns in respect of the principle. So long as the figures are correct and consistent we will not be prescriptive about the format. Action –Tote to continue to take forward with partners to agree any changes to Terms & Conditions and provide HMRC with examples that may be incorporated in guidance.

AP2 – (21 May) the Group to provide comment on the draft Public Notices by 4 June.

Response - No comments were received. On the question as to when the Notices would be available HMRC could not commit to a date because of uncertainties about the impact of the migration from the HMRC.UK to the .GOV.UK website, and the approach that our lawyers were taking in seeking to put as much as possible of the ‘administrative legislation’ into Notices. RGA emphasised that there is already demand for more published and more easily accessible guidance (as they are being contacted for information about the changes). In particular, the group agreed there was a need for the old guidance (about the current rules) and the new guidance (about the reforms) to be organised more coherently and better signposted. Action ongoing and HMRC to report back at the next meeting.

AP3 – Carried forward from (25 April) HMRC to notify progress on reaching appropriate bi-lateral agreements with other territories about debt collection.
Response – HMRC understand the need for certainty about the possible requirement to appoint representatives well ahead of December but there is little to say other than that things are moving forward and they will be advised as soon as there is anything to report.

Action ongoing.

AP4 – (28 May) – HMRC to consider how differential commission sits in the pooled gaming model. Response – included as an Agenda item for this meeting.

Main meeting points of discussion

3. GTR Update

Andy Grimsley gave a brief update on the Bill's progress advising that he had cleared the Commons' Public Bill Committee debate without amendment other than a government amendment that was made to align certain criminal penalties with legislation that the Ministry of Justice was steering through parliament at the same time. Andy acknowledged that the GBGA were in the early stages of taking action against DCMS but that HMRC does not think this will have any effect on the tax framework. Finally, he confirmed that there was no real scope for further amendment to the Bill and that it is expected to receive Royal Assent in July.

4. Pooled Gaming: "adjusted amounts" (carried forward from 28 May)

Andy Grimsley continued the discussion initiated by the presentation from Microgaming on 28 May and explained HMRC's concerns about the use of adjustments to the 'rake' "to incentivise operators" and how this could lead to incorrect duty calculations: it is crucial that the revenue (rake) that is reported to gaming operators by the network operator is the gross amount and not an amount that is net of any 'charges' taken by the network operator.

Following an open discussion about how the "adjusted rake" was calculated and what it represented there was consensus from the RGA members that the adjustment did not take account of any charges that may be due to the network operator, and that it may be more accurate to describe it as a weighted rake (dependent on the nature of each operator's customer base) rather than an "adjusted rake".

RGA offered to draft a note that set out what the "adjusted rake" represented for HMRC to agree in time for RGA's July tax meeting. Sally Beggs sought and received assurance that this note would accommodate network operators other than Microgaming.

7. AOB Elasticities of demand.

Sally Beggs advised the group that the work commissioned by HMRC to update and refresh their data on elasticity of demand in the gambling market was due to be published on 26 June. Some RGA members may have participated in the research undertaken by Frontier Economics early in 2014 so may be interested in the outcome. A link to the website will be provided when the report is available.

Actions from this meeting

1 RGA and HMRC to agree a note on the calculation and allocation of the rake to individual gaming operators from a shared pool. RGA to provide a draft by 2 July and HMRC to respond by 8 July. Final draft to be produced for next IWG meeting.

2. HMRC to publish Notices and to provide an update at the next meeting about overall communication plans.

3. HMRC to provide a timeline (at next meeting) setting out what is happening and when it is happening in terms of IT and communications so that businesses know what to expect between August and Go live in December.

Next meeting Wednesday 30 July 11.00 -13.00 100 Parliament Street Room GE/01.

Withdrawn - do not use