

Gambling Tax Reform 2014 (GTR) Implementation Working Group
100 Parliament Street, London – 31 January 2014

Attendees:

Sally Beggs - chair	HMRC Deputy Director Indirect Taxes
Andrew Grimsley	HMRC
Katherine Mansfield	HMRC
Brian O'Kane	HMRC
Michael Lee	HMRC
Sarfraz Ahmed	HMRC
Sue Rossiter	RGA
John Powell	BACTA
Leslie Macleod-Miller	BACTA
Sarah Kostense Winterton	GBGA
Adam Craig	GBGA
Thomas Bowey	RGA
Victoria Daniels	RGA
Cherry Hoskins	Bingo Association
James White	RGA
Sandra Silcock	HMRC secretariat

Main points of discussion

Sally opened the meeting and agreed the minutes from the first meeting.
 Action points carried forward from 18 December meeting.

2 Action points

AP 1 Feedback on draft Finance Bill clauses

The group confirmed that their review of the draft legislation was not yet complete and they will forward their comments to HMRC by 4 February.
 AG asked that the group highlight areas where they feel the draft legislation is deficient.

AP 2 Pooled Gambling

Brian O'Kane had sent out worked examples of the proposed tax treatment for pooled gambling in advance of the meeting. Members found the slides helpful in clarifying the treatment and agreed to the approach subject to clarification on the treatment of top-ups. Brian explained that the treatment of top-ups was still not finalised and that HMRC would include top-ups as an agenda item at the next meeting to conclude the discussion on the treatment of pooled gambling. Andy Grimsley said that treating top up winnings on a proportional basis would fit with the broader pool gambling treatment.

AP 3 Definition of UK customer

There was a full and constructive discussion about how operators will identify where customers are located for the purposes of the reform. The group explained that gambling operators have robust systems that enable them to identify and verify customer details. The systems are frequently tested and

used to demonstrate compliance to other agencies. Therefore, the systems are already in place to deliver the right results on customer location.

Sally assured the industry representatives that HMRC wants to minimise burdens on business and make use of existing business processes and systems as far as possible. The six monthly check included in the draft guidance was not intended to be an addition to any existing process. It was intended as a “back stop”. Instead of the 6 months rule, HMRC will consider a more general rule based around an expectation that operators will keep customer details up to date.

Sue Rossiter invited HMRC to a ‘go and see’ visit to an industry representative to see first hand the systems in use to verify customer details and location to get reassurance about the standards applied in the sector.

HMRC agreed to take away the draft and to redraft based on feedback provided. HMRC will also take up the offer of a visit.

Action: HMRC will rework the presentation of the draft guidance, to more clearly recognise the use of existing business systems where they already deliver the right result, which will be presented to group members ahead of the next meeting.

3. Treatment of bonuses

Sue briefed the group on how pivotal bonuses and other payments are to the industry and that a paper has gone to Treasury on the subject of how important it is for consistent treatment and the need to retain bonuses. Sally confirmed that the IWG cannot consider “policy” questions and that the focus of the group needs to be on practical implementation issues but HMRC will feedback such issues to the Treasury. HMRC is interested in practical examples of the accounting complexity caused by the current freeplay treatment. The group confirmed they were looking for consistency of treatment.

Action - The PGA 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.

4 and 5 Feedback on draft clauses and Autumn Statement

Andy confirmed that HMRC has had lots of feedback on the Autumn Statement but nothing that indicates any serious deficiencies within the draft legislation.

The group raised the subject of transitional arrangements and Andy confirmed that HMRC is working on these. Even though there are no plans to formally release further drafts of the legislation HMRC will discuss the details with the group.

Action: Transitional arrangements will be tabled as an agenda item at the next meeting.

6 Overview of the HMRC online registration service

Sarfraz demonstrated the online registration service that HMRC is developing and took members through the screens that customers will need to complete. As part of this HMRC explained how operators would be able to set up a group registration and the benefits of doing this.

The group suggested to HMRC that they should prepare an information checklist for those registering to enable them to have to hand all the information to register. HMRC agreed to consider this.

Michael asked whether the group could provide volunteers to test the system (as part of a controlled go live) prior to full go live in Dec 14.

The registration system was well received and HMRC agreed to a similar demonstration of the return service when it is developed (probably at the April meeting).

Action - HMRC to circulate copies of the registration screens to members of the group.

Action: Members to identify any operators that are willing to help HMRC test the new online system and forward details to HMRC.

AOB

Grouping

Two questions on grouping were raised as part of the presentation on the new online service:

Will HMRC's variation service allow operators to change their gambling licence number.

What about corporate groups that have no member established in the UK – could HMRC envisage allowing a group registration in these circumstances?

Action: HMRC to report back on the two questions raised on group registrations

Fiscal representatives

Linked to the above Victoria asked about the requirement to appoint a Fiscal Representative. She said this is a key concern for the sector and they would welcome some guidance about when a fiscal rep needs to be appointed and who HMRC will accept - as there is a cost associated with setting up these arrangements.

Action: HMRC to include a substantive agenda item about Fiscal Rep requirements for the next meeting

Communications

Sue made the point that some small operators who are not members of the gambling industry representative bodies will not have the benefit of early sight of HMRC communications via the IWG and suggested we speak with the Gambling Commission to put something in place as the same issue will exist for regulatory purposes. Katherine advised that we have provided a list to our communications team to include in their planning and this will include collaboration with our press office. HMRC acknowledged the importance of having an effective communications strategy to promote these changes.

Action – HMRC will invite a member of our communications team to the next meeting to provide an overview of our strategy.

Next meeting proposed for March 7th at 100 PS Room LG14/6A 10.00 to 13.00hrs.