

## Clause 25: Gaming duty: accounting periods

### Summary

1. This is one of three clauses that introduce changes to the administration of gaming duty. This clause provides for the administration of gaming duty against six-monthly accounting periods, with provision for non-standard accounting periods. This measure also allows businesses to carry forward losses from one accounting period to be offset against their gaming duty liabilities in future periods.

### Details of the clause

2. Subsection (2) introduces amendments to section 11 of the Finance Act 1997 (FA 1997).
3. Subsection (3) amends section 11(2) of the FA 1997 to substitute its reference to subsection (3) with a reference to new subsections (3), (4A) and (4B).
4. Subsection (4) inserts new subsections (4A) and (4B) to section 11 of the FA 1997. Together these new subsections allow for an apportionment of the amount of gaming duty that will be charged for any premises where HM Revenue and Customs (HMRC) has directed or agreed that the accounting period for those premises shall be longer, or shorter, than standard.
5. Subsection (5) amends section 11(10) of the FA 1997 to substitute a new definition of 'banker's profits' in section 11(10) for the purpose of calculating a premises' gross gaming yield, and a new subsection (10ZA). The new section 11(10) will allow the calculation of the banker's profits to produce a negative amount.
6. This new subsection (10ZA) provides that, where the gross gaming yield for any premises is a negative amount in one accounting period, the gross gaming yield shall be treated as nil for that period's duty calculation. The negative amount may be carried forward and used to reduce the gross gaming yield from those premises in future accounting periods.
7. Subsection (6) introduces amendments to the provisions about accounting periods in paragraph 9 of Schedule 1 to the FA 1997.
8. Subsection (6)(a) substitutes new paragraphs 9(1) - 9(1F) to Schedule 1. The standard accounting periods for gaming duty are six month periods starting on 1 April and 1 October. The new paragraph 9(1) provides for alternative six month accounting periods to start on the first day of any month, or alternative periods that are approximately six months in length. Both these options are subject to agreement.
9. Paragraph 9(1A) provides for HMRC to impose shorter accounting periods where the Commissioners have reason to believe that there is a risk to the revenue.
10. Paragraph 9(1B) allows HMRC to require that accounting periods begin on dates other than 1 April or 1 October.
11. Paragraph 9(1C) provides for HMRC to introduce transitional accounting periods of other

than 6 months duration, in circumstances where a premises ceases to trade or where 'non-standard' periods are withdrawn or ended, to cover the period up until the start of the next standard accounting period.

12. Paragraph 9(1D) requires HMRC to ensure that appropriate measures are in place to protect the revenue in any transitional period that may arise as a result of any agreement or direction to adopt alternative accounting periods.
13. Paragraphs 9(1E) and (1F) provide for any directions made under paragraph 9 to remain in force until they are withdrawn, and to allow further directions to be given in future.
14. Subsection (6)(c) omits sub-paragraphs (3) and (4) from paragraph 9 to Schedule 1. The revenue protection provisions in those sub-paragraphs have been replaced by the provisions in new paragraph 9(1D).
15. Subsection (6)(d) substitutes a new paragraph 9(5), and paragraph 9(6), to Schedule 1. Paragraph 9(5) specifies that decisions mentioned in new paragraph 9(6) to Schedule 1 are to be considered as being included in the list of relevant decisions under section 13A of the Finance Act 1994. New paragraph 9(6) to Schedule 1 provides that any decision by HMRC to impose alternative accounting periods, or to refuse a request for alternative accounting periods is appealable.
16. Subsection (7) amends paragraph 11(2) of Schedule 1 to the FA 1997 so that regulations made under that Act may include provision about the making of directions under paragraph 9 of Schedule 1.

## Background note

17. These provisions have been made to bring gaming duty more into line with the administration of other gambling duties, such as general betting duty, machine games duty and remote gaming duty. As well as bringing more administrative consistency across the gambling duties, these provisions simplify the accounting process for gaming duty taxpayers and make the tax system fairer.
18. HMRC will monitor the effect of these changes.
19. If you have any questions about this change, or comments on the legislation, please contact Brian O'Kane on 03000 588011 (email: [brian.okane@hmrc.gsi.gov.uk](mailto:brian.okane@hmrc.gsi.gov.uk))

