

The Tax Treatment of Remote Gambling

Consultation

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Foreword

Gambling has increasingly shifted online, with Gross Gambling Yield (GGY) for remote gambling now at £6.9 billion per year, having seen over 60% growth since 2015/16 and 30% growth in the last 5 years. Advances in technology have made remote gambling more accessible, changing how people gamble and increasing the variety of gambling products available, which customers can now access from anywhere, at any time. This has led to increased participation in gambling and has transformed the gambling landscape.

This government committed in its manifesto to reducing gambling-related harms and to working with industry on how to ensure responsible gambling. I therefore share the Department for Culture, Media and Sport's (DCMS) aim to have a gambling industry that is sustainable, offers jobs and brings social value to the UK.

In April 2023, DCMS published a White Paper, *'High stakes: gambling reform for the digital age.'*¹ It set out the previous government's plans for modernising the regulation of the gambling sector. The White Paper proposed a comprehensive package of measures to introduce robust new protections against gambling-related harm, carefully targeted to strike the right balance between protecting those at risk of harm while also protecting consumer freedoms and choice for the millions of gamblers who participate with no ill effects. We supported these plans in opposition and have made progress in introducing these reforms, introducing stake limits for online slots games and a statutory levy on gambling operators. We are also bringing forward measures to modernise the regulations for land-based casinos, which will take effect later this year.

The tax system needs to keep pace with the developments and innovation that have seen the UK-facing remote gambling sector change significantly in recent years. Since remote gambling was first developed it has grown exponentially; the three-tax system needs to adapt to reflect the dynamic and expanding nature of the sector.

The time has come to consider moving to a single tax for UK-facing remote gambling. A single duty will provide tax certainty and increase simplification for remote gambling.

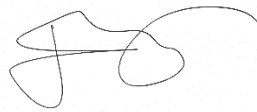
The proposals we are setting out today on the framework, scope, and administration of a single Remote Betting & Gaming Duty will create a simpler, streamlined system that is easier for operators to navigate. We

¹ <https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-the-digital-age/high-stakes-gambling-reform-for-the-digital-age#chap>

are launching this consultation to allow stakeholders to let us know how these reforms can best meet our objectives of simplifying the tax system and reducing administrative burdens. I would encourage all interested parties to participate and respond fully to this consultation.

I believe that this change will help bring fairness and greater simplicity to the remote gambling sector in the long-term. It will create a modern and coherent tax system that is simpler to use for the UK-facing remote gambling industry. We welcome the views of all interested stakeholders on this important package of reforms and thank you for your continued engagement.

I look forward to your responses.

A handwritten signature in black ink, appearing to read 'James Murray', with a stylized flourish extending to the right.

James Murray MP
Exchequer Secretary to the Treasury

Chapter 1

Introduction

1.1 Gambling is a significant part of British economy and society, with a Gross Gambling Yield (GGY) of £15.6 billion annually, and contributing £3.4 billion to the Exchequer each year in excise duties. On top of that, operators pay into the Horserace Betting Levy to ensure the sustainability of horseracing, and will soon begin paying into the Statutory Levy to fund research, prevention, and treatment to address the problem of gambling harm.

1.2 Gambling taxation should reflect the reality of the gambling industry. Historically, this has meant regular adaptation of tax to keep pace with industry developments and innovations.

1.3 This process of reforming taxation to reflect changing practices can be seen as early as the 1960s when, in parallel with the legalisation of off-course betting, General Betting Duty (GBD) was introduced. GBD was created for both betting in shops and over the telephone and the design of the tax was able to accommodate the early days of internet betting. In the case of 'remote' betting, where the bettor and the person offering the bet were not on the same premises, GBD was charged where the person offering the bet was in the UK.

1.4 In contrast, 'remote gaming' (e.g., online casino, bingo) could not be legally provided from Great Britain (GB) until 2007 when changes made by the Gambling Act 2005 were implemented. In parallel, Remote Gaming Duty (RGD) was introduced to tax remote gaming provided from the UK.

1.5 By 2014, further advances in remote technology enabled more gambling operators to enter the UK market. Operators offering gambling into the UK market from offshore enjoyed a tax advantage over those based in the UK, since offshore operators did not have to pay gambling taxes here.

1.6 In response, the government introduced the 'place of consumption' (POC) reform to require providers of gambling, regardless of where they are based, to pay UK gambling taxes on gambling by UK customers. When the government introduced the POC reform, it sought to minimise disruption by keeping much of the pre-reform tax structure including its distinction between betting and gaming.

1.7 Since 2014, the taxes to which remote gambling in the UK are subject are as follows:

- **General Betting Duty** (GBD), first introduced in 1966, is payable on fixed-odds bets with a bookmaker, on sports and financial spread bets, bets made through a betting exchange, and on pool bets (bets not at fixed-odds) on horse and dog racing. Betting describes the placing of a wager on the outcome of an event or process. GBD is due at 15% of gross profits, 10% for sports spread bets and 3% for financial spread bets.
- **Pool Betting Duty** (PBD), first introduced in 1948, is payable on bets not at fixed-odds apart from those on horse and dog racing. PBD is due at 15% of gross profit.
- **Remote Gaming Duty** (RGD) is payable on the provision of online gaming to a UK customer. Gaming is the playing of a game of chance (such as roulette or bingo) for a prize. RGD is due at 21% of gross profit.

1.8 We are now more than ten years on from the POC reform. These have been years of substantial change and development for the remote gambling industry. The government believes that the time is now right to consider further reform.

Growth of the remote gambling industry

1.9 We do not believe that UK gambling tax, as currently structured, is consistent with the government's objective of tax simplification and modernisation.

1.10 Advances in technology have changed how people gamble, making remote gambling more accessible and increasing the variety of gambling products offered. This has led to increased participation and increased profits for operators as well as a move away from premises-based gambling.

1.11 The DCMS White Paper *'High stakes: gambling reform for the digital age'*² showed the growth in remote gambling, reporting that remote gambling overtook premises-based gambling by Gross Gambling Yield (GGY) - the total value of funds staked minus any winnings or prizes paid - in September 2019, and has continued to grow since. The White Paper also reported continued growth over a similar period in the number of adults who gamble online.

1.12 The remote gambling industry had a GGY of £6.9 billion (in the year to March 2024) covering remote betting, bingo and casino games, making it the largest combined sector in the gambling market with a 44% share of GGY. This is in comparison to the premises-based sector (arcades, betting, bingo and casino), which is now worth £4.6 billion per year with only a 30% share of GGY.

² <https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-the-digital-age/high-stakes-gambling-reform-for-the-digital-age#chap>

1.13 The tables shown at 1.14 and included in Annex B set out in more detail the changes in GGY by sector between 2015/16 and 2023/24, the period for which we have comparable statistics.³ GGY from premises-based gambling has declined by 14% and the number of premises has fallen by 28%. Over the same period, GGY from remote gaming has increased by 63%.

1.14 Both premises-based and remote betting are subject to GBD and PBD. However, increasingly, remote and premises-based products face different commercial pressures and opportunities. In practical terms, premises-based betting opportunities are limited by shops' opening times, and by the need for customers to visit the premises. They will also be subject to business rates, energy costs and higher employment costs. Remote betting operators do not have these same restrictions, their customers are able to make bets whenever and wherever they wish. Where these betting operators are based overseas, they are not be subject to UK corporation tax for remote gambling activities.

Table 1.1: Premises-based gambling GGY (£m) and no. of active premises

Dates	Arcades (non-remote)	Betting (non-remote)	Bingo (non-remote)	Casino (non-remote)	Totals	No of active premises
2015 - 2016	418.1	3,318.2	693.1	999.4	5,428.7	11,615
2023 - 2024	663.9	2,489.9	628.1	865.8	4,647.7	8,329
% Change					-14%	-28%

Table 1.2: Remote Gambling GGY (£m)

Dates	Betting	Bingo	Casino	Totals
2015 - 2016	1,743.9	122.4	2,364.4	4,230.8
2023 - 2024	2,372.4	167.1	4,358.4	6,897.9

³ Information taken from the Gambling Commission's Industry Overview Dataset: gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2024-official-statistics

% Change				+63%
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1.15 We recognise that remote gambling activities vary substantially – in terms of their economic model, profitability, and socio-cultural position. However, any duty system, including the status quo, involves taxing diverse activities that are sufficiently similar in the same way. We welcome your views as to whether our proposed reform catches any activities that are sufficiently different in any significant way that they ought not to be grouped with other forms of remote gambling. Below, we set out some such potential anomalies and edge cases.

The current tax structure

1.16 The current tax structure maintains a distinction between general betting, pool betting and remote gaming. As remote gambling has matured, these distinctions in tax treatment are less reflective of real-life distinctions in customer experience of the products. Remote gambling products have common characteristics that reflect the technology that delivers them, in most cases the internet. Customers engage with both remote betting and remote gaming in similar ways.

1.17 The justification for remote activities being subject to different rates (with RGD at 21% and GBD and PBD at 15% for most bets) is less clear in this context. The differences in the duty rates have historically been driven by the balance the government has struck between the impacts on the sector, raising revenue and responding to regulatory change. Having reviewed that balance, the government believes that, given the common features across remote forms of gambling, there is no longer a strong rationale to maintain this historical distinction.

Our proposal

1.18 The government is therefore considering moving all remote gambling into a (new) single remote gambling tax to be called Remote Betting & Gaming Duty (RBGD). This would have in its scope betting and gaming activities offered remotely such as online casino, bingo etc., and remote betting including general and pool betting. This consultation seeks views from stakeholders on how this tax might work in practice.

1.19 The government is consulting with a view to:

- ensure the taxation of remote gambling is appropriate to the industry
- create a tax which reflects the commonalities of remote gambling
- simplify the system and reduce administrative burdens

1.20 As the taxation of most premises-based gambling products would remain broadly as it is now, this consultation does not focus on these gambling activities. However, there may be minor changes required to the detail of the existing regimes to reflect the fact that they would no longer apply to the remote side. As such, we welcome views on this so as not to cause unintended consequences. We will engage with stakeholders on any changes necessary in due course.

Purpose of the consultation

1.21 This consultation seeks views on the shape, scope, coverage, administration, and enforcement of the new proposed RBGD. This is to ensure the new tax meets government objectives of delivering a modern, resilient, and agile tax system, while making it easy for businesses to comply. Chapters 2 to 5 set out the areas the government is consulting on and includes specific questions on:

- the framework and basis for calculation
- the activities brought into the scope of the tax
- the treatment of freeplays, free bets and prizes
- administration and sanctions

1.22 In the UK tax system, lotteries stand apart from other forms of gambling. All legal lotteries apart from the National Lottery are exempt from Lottery Duty. For this reason, Lottery Duty is outside the scope of this consultation.

1.23 The consultation does not focus on the taxation of premises-based gambling activities.

The government White Paper⁴ on gambling reforms

1.24 Gambling regulation in Great Britain is a matter for the Gambling Commission (GC), an executive, non-departmental public body of the Department for Culture, Media and Sport (DCMS). The GC is responsible for regulating most types of gambling in Great Britain including arcades, betting, bingo, remote gambling, and the National Lottery. In Northern Ireland, gambling is regulated by the Department for Communities (DfC) under separate legislation.

1.25 In April 2023, DCMS published a White Paper, '*High stakes: gambling reform for the digital age*'. The White Paper set out the previous government's plans to modernise the regulation of the gambling sector to keep pace with the opportunities and challenges of a modern remote gambling world. In proposing RBGD, we share

⁴ <https://www.gov.uk/government/publications/high-stakes-gambling-reform-for-the-digital-age/high-stakes-gambling-reform-for-the-digital-age#chap>

DCMS's aim to have a gambling industry that is growing, sustainable, offers jobs and brings social value to the UK. In line with plans to modernise regulation, this tax proposal aims to create a modern and coherent tax system that is simpler to use for the UK-facing remote gambling industry.

How to respond

1.26 The government welcomes contributions from any individual or organisation interested in the reform of remote gambling taxation. This includes but is not limited to taxpayers, industry bodies and public health groups.

1.27 This consultation will run for 12 weeks and will close at midnight on Monday 21 July 2025. Responses can be submitted at the link [here](#).

1.28 This email address can be used to submit responses if you have accessibility requirements: remotegambling.consultation@hmrc.gov.uk

1.29 This is a joint consultation between HM Treasury and HM Revenue and Customs (HMRC).

Next steps

1.30 The government will analyse responses to this consultation and respond in due course. Subject to consultation responses, the government would look to bring into effect the new tax in October 2027 or sometime afterwards. However, this timeline is subject to the time needed to go through the legislative process and for HMRC and industry to make the necessary IT system changes.

Chapter 2

A single remote gambling tax

2.1 This chapter explains in more detail why the government is considering introducing a single remote betting and gaming duty. From now on, this will be referred to as RBGD. It also provides a high-level view of how the tax would operate. Chapters 3 to 5 seek feedback on the detail of how RBGD might operate.

2.2 As set out in the previous chapter, the government believes there are compelling reasons to reform the existing tax treatment of remote gambling. RBGD would provide the following benefits:

- Cater for a growing part of the gambling industry that has similar technology-led approaches to both betting and gaming.
- Give greater flexibility to adapt and respond to the changing nature of the remote gambling industry relative to non-remote gambling, reducing complexity that comes with separate regimes.
- Simplify the process for businesses: Currently, around 50% of overseas online operators and around 25% of all online operators are registered for more than one of these remote gambling taxes. These businesses would only need to comply with one set of rules covering all remote betting and gaming.
- Allow HMRC to standardise processes and introduce a single tax return covering all types of online betting and gaming, reducing admin burdens on businesses and HMRC operating costs.
- Reduce potential for error, boundary pushing, and non-compliance, protecting government revenue and ensuring a level playing field.

A high-level view of how RBGD would work

2.3 RBGD would mean all remote gambling would receive consistent treatment regardless of whether it is betting or gaming.

2.4 The proposals set out in the consultation take the current taxes as their starting point - in particular, RGD, which was specifically created for the remote world and provides a framework that can be

developed. The following chapters set out the advantages of harmonised rules.

2.5 The government acknowledges that some operators providing gambling to UK customers have limited familiarity with the UK tax system and its administration. The government is therefore keen that simplification should be at the heart of this proposal.

Box 2.A Example

A gambling business based in Malta provides UK customers with remote sports betting, pool betting and poker. Currently, they have three sets of rules to comply with for RGD, GBD and PBD.

They have to register separately for each tax and submit three separate tax returns at the end of each quarterly accounting period.

Under RBGD, there would be one set of rules to follow for remote gambling. All forms of remote betting and gaming would be reported together under a single registration. The change would result in fewer tax returns needing to be submitted, potentially reducing the number from 12 returns a year down to four.

The rate of RBGD

2.6 As discussed in the previous chapter, there are currently different duty rates for RGD, GBD and PBD. The government proposes that the new RBGD would harmonise these to a single rate. However, it is beyond the scope of this consultation to determine what that specific rate ought to be. Should the government proceed with RBGB, the rate will be set as part of the Budget process.

Premises-based general and pool betting

2.7 The proposed new RBGD would not extend to premises-based gambling such as casinos, bingo halls, arcades, or over-the-counter betting in betting shops. The government envisages the premises-based elements of GBD and PBD will be separate from RBGD and stay within their existing legal structure which is set out in Finance Act 2014 Part 3 Chapters 1 & 2.

Box 2.B Questions:

1. Do you support in principle the proposal to merge the three existing taxes for remote gambling?

2. Do you think the proposal to introduce RBGD would have any unintended consequences? Please explain your answer.
3. Would the introduction of RBGD lead you to change your business operating model? If so, in what way?

Chapter 3

The basic framework and scope of the tax

3.1 The government believes that a modern remote gambling tax should be simple for businesses to understand and should minimise administrative burdens. For that reason, the preferred approach is to use the existing 'place of consumption' (POC) framework and basis for calculation of taxable profits. This chapter sets out what is meant by POC and the basis for calculation of taxable profits.

3.2 It also sets out the proposed scope of RBGD, what the term 'remote' means and seeks industry's views on the suggested approach.

Framework

3.3 In 2014, RGD, GBD and PBD moved to a POC basis. This means a gamble or bet is subject to these UK gambling duties if:

- the person making the bet is a 'UK person' (for GBD and PBD it is the bet made by a UK person that is taxable. For RGD, it is a UK person's participation in remote gaming that is taxable)⁵
- it is made on UK premises where betting facilities are available (not relevant to RGD)

3.4 The government believes this approach has given businesses clear rules to follow, enabling them to correctly identify relevant transactions and pay the right amount of tax. On that basis, the government will not depart from this model, meaning RBGD would be based on the existing POC rules outlined above.

3.5 Under the existing RGD, GBD and PBD regimes, gambling tax liability is calculated by applying the appropriate tax rate to taxable profits. Taxable profits are calculated based on stakes paid in less prizes paid out. There are rules to achieve a similar effect where stakes are paid into, and winnings paid out of, a pooled prize fund such as a jackpot. The government does not see the need to add unnecessary complexity by changing this and, for this reason, will mostly retain the

⁵ In this context, a UK person is an individual who usually lives in the UK or a body corporate who usually lives in the UK

current approach to establishing taxable profits (beyond the issues around freeplays, free bets and prizes discussed below).

The legal definitions of remote gambling

3.6 In setting the scope of RBGD, we will be led by existing legal definitions of 'remote' gambling.

3.7 Useful definitions, for the purposes of RGD, are contained in section 154 of the Finance Act 2014:

s154 Remote gaming:

(1) For the purposes of this Part 'remote gaming' is gaming in which persons participate by the use of —

- a) the internet,
- b) telephone,
- c) television
- d) radio, or
- e) any other kind of electronic or other technology for facilitating communication.

3.8 These provisions reflect the definition of 'remote gambling' in the Gambling Act 2005 and its regulatory licence structure. The 2005 Act provides as follows:

Remote gambling:

- (1) In this Act 'remote gambling' means gambling in which persons participate by the use of remote communication.
- (2) In this Act 'remote communication' means communication using —
 - a) the internet,
 - b) telephone,
 - c) television,
 - d) radio, or
 - e) any other kind of electronic or other technology for facilitating communication.

3.8.1 In these terms, a range of activities are considered to take place remotely. The government believes this definition is helpful because it recognises that remote gambling has the common characteristic that gambling providers and gamblers are not directly engaged person-to-person. This is a clear distinction from premises-based gambling. The definition also acknowledges that access to remote gambling can take many forms. In recognition that remote gambling technology changes at a rapid rate, this definition of remote provides futureproofing by anticipating remote technologies that have yet to be developed.

3.9 Taken together with the proposed framework, the government considers this proposed scope would give RBGD comprehensive coverage of remote gambling on a POC basis. The government believes this appropriately reflects the dynamic and expanding nature of the sector.

3.10 For these reasons, the government is proposing that RBGD should apply to remote gambling, with the definition of 'remote' mirroring that in s154 of Finance Act 2014 (Gambling Act s4).

Box 3.A Question:

4. Do you agree that RBGD should use the same definition of 'remote' as currently provided for in s154 of Finance Act 2014 (Gambling Act s4)? Please explain your answer, and suggest an alternative if not.

Ancillary remote gambling activities

3.11 Gambling operators in Great Britain who offer gambling products using a form of remote communication alongside their main premises-based offerings are required by the Gambling Commission to hold an 'ancillary licence' or 'remote licence'. This is in addition to their main premises-based licence. For example, someone operating a betting shop who provides Self-Service Betting Terminals (SSBTs) (bet receipt terminals) or receives and processes telephone, text, or e-mail bets on their premises will need an ancillary or remote licence. By default, these bets fall within the 'remote' definition as bets made by one of the means of communication described above.

3.12 The government is considering options for activities that might be considered ancillary remote gambling. Given the definition of 'remote gambling', all ancillary activities other than those covered by Bingo Duty, Gaming Duty or Machine Games Duty (and therefore already subject to other duties) would be in scope of RBGD.

3.13 Bingo played in clubs using hand-held terminals would remain subject to Bingo Duty. Similarly, roulette played in a casino by means of a terminal located away from the gaming table in the same casino would remain subject to Gaming Duty. There is currently nothing equivalent in place for ancillary remote betting activities, so these would come into the scope of RBGD unless exclusions are applied.

3.14 Any proposal would also apply to ancillary remote betting activities that are not licensed by the GC (i.e., in Northern Ireland) but would require a licence if they were carried out in GB.

Box 3.B Examples of ancillary betting activities being considered for inclusion in RBGD:

- bookmakers trading from premises taking bets, for example, by telephone or by e-mail (where bets are processed manually)
- bookmakers providing self-service betting terminals for betting on future real events (bet receipt terminals) on their premises
- on-course bookmakers taking off-course bets by telephone or by e-mail (where bets are processed manually)
- pool betting providers taking pool bets by means of self-service betting terminals on licensed track premises

Box 3.C Questions:

5. Do you agree with the proposed scope and design of RBGD? Please provide suggestions you may have for improvement.
6. Do you think that ancillary remote gambling should be in the scope of RBGD? Please explain your answer.
7. How would bringing ancillary remote gambling activities into RBGD impact your business, and could you suggest alternatives to administering the duty from such activity? If so, please specify the general and specific activities affected.

Specific betting activities

On-course Betting

3.15 Bets that are classed as on-course bets are not liable to gambling taxes. An on-course bet is a bet made at a horse or dog race meeting where the bookmaker and person making the bet are both present at the meeting. Under this proposal for RBGD, the treatment of those bets would remain unchanged. Further details of bets that can be classed as on-course bets, and thus unaffected by this proposal, are published on GOV.UK in Excise Notice 451a General Betting Duty, section 3.8.

3.16 Bets made with an on-course bookmaker that are not on-course bets are liable to GBD. These include bets made with an on-course bookmaker by remote communication such as telephone or text, or through a betting exchange. On-course bookmakers who take such bets are currently subject to the same rules as other betting businesses

and are liable to GBD. As such, they should already be registered with HMRC and submit tax returns. Furthermore, the government understands that these off-course activities by bookmakers who otherwise operate on-course require an ancillary remote licence from the GC.

3.17 As a result, the remote betting activities of an on-course bookmaker would also be included in RBGD. As on-course bookmakers making off-course bets should already be submitting returns for GBD, the government does not envisage the requirement to submit returns for RBGD would increase complexity or add additional administrative burdens for this sector.

Spread betting

3.18 In spread betting, typically, a bookmaker will quote a ‘spread’ covering a range from an index. Bets can be based on financial indexes, such as fluctuations in the value of stock markets, or non-financial indexes such as the number of runs scored in a cricket match. Unlike fixed-odds betting, the amount won or lost can be unlimited as there is no single stake to limit any loss. However, it is usually possible to negotiate limits with the bookmaker.

3.19 The government believes that UK-facing spread betting is mostly provided by UK-based companies. Unlike RGD, GBD and PBD, the taxation of spread betting was kept on a place of supply basis in 2014 in recognition of these differences. There is no reason to believe the position with the provision of spread betting has changed significantly since 2014. On that basis, the government proposes continuing to tax spread betting on a place of supply basis.

3.20 Despite the differences outlined, the government understands spread betting is predominantly a remote activity. Therefore, by default, remote spread betting would fall into the scope of RBGD. The government would like to explore whether including spread betting within the new duty is appropriate or whether alternative treatment of spread betting is required.

Box 3.D Questions:

8. Do you agree that spread betting is mostly provided by UK-based companies and predominately offered remotely as opposed to premises based? If no, please explain your answer.
9. Do you agree that spread betting should continue to be taxed on a place of supply basis? Please explain your answer.
10. Do you think that spread betting should be included in the scope of RBGD? Please explain your answer and provide suggestions for alternative treatment.

Chapter 4

Consistency of treatment for free bets, freeplays and prizes

4.1 This chapter explores options around the treatment of free bets, freeplays and prizes.

4.2 A common way in which remote operators compete against each other is through player incentives, which may include freeplays and bonuses (opportunities for a free go or similar).

4.3 Freeplays and free bets are subject to tax-specific treatments, so they are treated differently for RGD, GBD and PBD. We therefore want to test whether RBGD should adopt a common treatment for freeplays and free bets offered for all remote gambling.

Free bets

4.4 For GBD, free bets have a notional value that a bookmaker must include in their duty calculation. Any money that is paid out because of a successful free bet can be included as winnings that can be deducted in the duty calculation. This includes free pool bets on horse and dog racing.

4.5 The concept of a free bet does not feature in PBD. Only wagers in the form of money are included as taxable stakes in the calculation of taxable profits and only money prizes won from taxable wagers can be deducted as winnings. In other words, winnings from free bets cannot be deducted. Thus, there is a discrepancy between the treatment of free pool bets in PBD and those subject to GBD.

4.6 To promote fairness and make the rules for RBGD easier to comply with, the government proposes aligning the tax treatment of remote free pool bets with the treatment of free bets as stakes for GBD purposes.

4.7 The proposed change aims to remove the discrepancy between the current treatment of free pool bets subject to GBD and those subject to PBD. Under this proposal, free pool bets from UK customers would be counted as taxable stakes in the RBGD duty calculation. This means that when a customer places a free pool bet, the value of that bet would be included in the operator's taxable amount. Any winnings

paid to UK customers from these taxable free pool bets would count as deductible expenditure in their duty calculation. This would mean pool betting operators would benefit by being able to deduct winnings paid out from taxable free pool bets from their taxable profits.

Box 4.A Questions:

11. Do you agree that under RBGD the tax treatment of free pool bets should be aligned with the tax treatment of free general bets? Please explain your answer.

Freeplays

4.8 Previously, RGD operators benefitted from a more generous tax treatment. Unlike free bets, freeplays did not have a notional value as a stake and winnings could be deducted in the form of money and the value of non-cash prizes in the profit calculation.

4.9 In 2016, the previous government consulted on aligning the RGD treatment of freeplays with the GBD treatment of free bets⁶, to give all freeplays a notional value as a gaming payment and include them in the duty calculation. Respondents raised concerns about the duty liability that would be created for freeplays offered under re-wagering arrangements (where customers had to re-wager, or play through, the notional value of their initial freeplay several times before being able to withdraw any winnings).

4.10 Instead, where freeplays or bonuses are offered under a re-wagering arrangement, only the 'first use' of a freeplay has a notional value as a gaming payment and any subsequent withdrawable cash winnings can be deducted in the profit calculation. Where a player can only re-wager their 'winnings' from the successful use of a freeplay, that re-wager will not be treated as a gaming payment. Any winnings that cannot be withdrawn and must be re-wagered cannot be deducted as a prize.

4.11 The exception for re-wagering in RGD is complicated and creates a risk of freeplays not being accounted for correctly. Businesses regularly encounter issues determining what is and is not a taxable freeplay. This increases the compliance costs for businesses and HMRC. It also increases the revenue at risk due to error and misunderstanding.

4.12 The government is also aware that the rules about what constitutes the first use of a freeplay have been seen by some as an opportunity to reduce their tax liability with increasingly contrived arrangements.

⁶ Remote Gaming Duty: Reforming the tax treatment of freeplays

4.13 The Gambling Commission ran a consultation in Autumn 2023 which proposed changes to Licence Conditions and Codes of Practice (LCCP) and remote technical standards (RTS). It sought views on socially responsible incentives, including freeplays and re-wagering. The summary of responses was published on 26 March 2025 and proposes introducing a cap on re-wagering requirements of a maximum of 10 times, which will come into effect on 19 December 2025.

4.14 The DCMS and Gambling Commission's focus is related to the prevention of gambling harms whereas this consultation is focused on achieving the right tax solution for remote gambling. However, we will proceed in a way that seeks to balance both objectives, and addresses the issues raised by inappropriate freeplays and bonuses.

4.15 The introduction of RBGD provides an opportunity to consider whether the application of the re-wagering exception is still consistent with the original policy intention and whether it should be reformed to ensure consistency across RBGD. The government welcomes suggestions for options to reform the treatment of freeplays and remove opportunities for avoidance.

Box 4.B Questions:

12. Do you have any suggestions for ensuring the fairness and simplifying the tax treatment of freeplays under RBGD, and for removing opportunities for the re-wagering exemption to be exploited to reduce liability? If so, please give details.

The following questions are asked to help build the government's understanding on the use of freeplays and provide evidence on the implications of any changes. If you are operator that offers remote gaming:

13. What percentage of your profits (measured by gross gaming yield) are allocated to offering freeplays? How might this change given what is being proposed?
14. What is the average number of re-wagering requirements you currently set before winnings can be withdrawn? How might this change given what is being proposed?
15. What level of winnings do customers usually receive from freeplays as a percentage of the original freeplay amount offered?

Prizes

4.16 The government proposes to align the tax treatment of prizes by extending the current RGD provisions, including, for example, rules about valuation of prizes to all activities under RBGD. This would give betting providers scope for the deduction of non-money prizes and provide opportunities for innovation regarding prize offerings made to customers.

4.17 Under GBD and PBD, cash prizes can only be deducted from taxable profit if they are the result of gaining a positive result (a win), whereas under RGD cashback incentives or consolation prizes on losses can, in certain circumstances, also be deducted. The latter does not achieve the policy objective which was to ensure that only amounts 'won' can be deducted.

4.18 Under RBGD, the government proposes to align the tax treatment of prizes with the approach under GBD and PBD, so that only winning prizes can be deducted.

4.19 The application of the freeplay and prize rules to premises-based gambling is outside the scope of this consultation.

Box 4.C Questions:

16. Do you agree that the treatment of prizes should be aligned under RBGD, so that only amounts won as the direct result of a successful outcome of a single game round or bet may be deducted as winnings? If so, please give details.
17. Do you envisage any consequences from making non-monetary prizes deductible for all remote gambling in RBGD? If so, please give details.

Chapter 5

Registration, returns and sanctions

5.1 This chapter sets out the government's proposals for the RBGD administrative framework including registration and remote filing. It also sets out the position on sanctions and enforcement.

Proposed administrative requirements

5.2 The current administrative mechanism for the RGD, GBD and PBD regimes is set out in the law and relevant HMRC Excise Notices⁷. The Regulations⁸ provide a common framework for the three taxes and, in doing this, recognise the similarities of the activities covered by the existing regimes.

5.3 The existing rules include, for example:

- requirements to register within certain time limits
- submission of quarterly returns – rules for filing and payment
- HMRC powers to require information
- record-keeping and provision of information

5.4 The government believes this administrative framework works well and businesses are familiar with these arrangements. To keep administrative changes for businesses to a minimum, the government intends to adopt the existing administrative framework set out as the mechanism for RBGD.

HMRC IT systems

5.5 HMRC has an ambition to be a fully digital organisation as well as an organisation that is responsive to its customers' needs. Remote gambling providers with a liability to RGD, GBD and PBD already transact digitally with HMRC - including submitting returns through the Gambling Tax Service (GTS). Streamlining the current three online

⁷ Excise Notices 451, 455A and 457

⁸ Finance Act 2014 Part 3; [The General Betting, Pool Betting and Remote Gaming Duties \(Returns, Payments, Information and Records\) Regulations 2014](#); [The General Betting, Pool Betting and Remote Gaming Duties \(Registration, Records and Agents\) Regulations 2014](#)

taxes into a single tax will require some changes to how these systems currently operate, and provide an opportunity to move away from outdated paper-based methods of communication.

5.6 As the policy develops, HMRC will engage with businesses regarding changes to the registration and accounting systems to support business readiness.

Sanctions and enforcement

5.7 In 2014, when the government introduced the POC reforms, a sanctions regime was put in place which aimed to ensure the enforcement of the reformed tax regimes and which recognised that non-compliant operators create unfair competition for compliant businesses. These sanctions include:

- HMRC working together with other tax jurisdictions to recover outstanding tax debts
- HMRC requiring operators with a poor tax compliance history to provide a financial security
- HMRC having powers to prosecute serious non-compliance as a criminal offence, for example HMRC may prosecute as a criminal offence fraudulent evasion of duty
- civil penalties for other cases of non-compliance, for example failure to register
- HMRC being able to require the GC to revoke an operator's licence for persistent failures to comply with tax obligations. In turn, this means an operator would not be able to advertise (legally) in the UK

5.8 The government believes these sanctions have provided the necessary tools to robustly tackle non-compliance. For this reason, the government believes the current sanctions available are sufficient to meet the challenges of RBGD.

Illegal, unlicensed gambling

5.9 The government acknowledges that it would be undesirable for an illegal gambling market to grow – unlicensed operators who do not comply with regulatory or tax obligations and seek to draw customers away from the legitimate sector. The issue of illegal gambling is a concern for this government, we are working closely with the Gambling Commission to ensure that illegal gambling, in all its forms, is addressed. The Commission continues to monitor this area closely and take action against unlicensed operators where needed. The DCMS White Paper referred to this risk and DCMS plan to introduce increased powers for the Gambling Commission to support disruption and enforcement activity when Parliamentary time allows.

5.10 The Gambling Commission is responsible for licensing and where it identifies illegal operators there are well-established arrangements in place with HMRC to pursue any unpaid tax.

5.11 As the government believes there is already a strong suite of measures in place for HMRC to address illegal operators identified by the Gambling Commission, this consultation does not propose introducing any new sanctions at this time, but the government will keep this under review.

Box 5.A Questions:

18. Do you agree that the current sanctions in the Remote Gaming Duty (RGD), General Betting Duty (GBD) and Pool Betting Duty (PBD) systems are sufficient to support the introduction of RBGD? If not, please explain why.
19. Do you have any other suggestions for additional sanctions? If so, please give details and explain why you think these are necessary.

Annex A

Consultation Questions

Question 1: Do you support in principle the proposal to merge the three existing taxes for remote gambling?

Question 2: Do you think the proposal to introduce RBGD would have any unintended consequences? Please explain your answer.

Question 3: Would the introduction of RBGD lead you to change your business operating model? If so, in what way?

Question 4: Do you agree that RBGD should use the same wide definition of 'remote gambling' as currently provided for in s154 of Finance Act 2014 (Gambling Act s4)? Please explain your answer and suggest an alternative if not.

Question 5: Do you agree with the proposed scope and design of RBGD? Please provide suggestions you may have for improvement.

Question 6: Do you think that ancillary remote gambling should be in the scope of RBGD? Please explain your answer.

Question 7: How would bringing ancillary remote gambling activities into RBGD impact your business, and could you suggest alternatives to administering the duty from such activity? If so, please specify the general and specific activities affected.

Question 8: Do you agree that spread betting is mostly provided by UK-based companies and predominantly offered remotely as opposed to premises based? If not, please explain why.

Question 9: Do you agree that spread betting should continue to be taxed on a place of supply basis? Please explain your answer.

Question 10: Do you think that spread betting should be included in the scope of RBGD? Please explain your answer and provide suggestions for alternative treatment.

Question 11: Do you agree that under RBGD the tax treatment of free pool bets should be aligned with the tax treatment of free general bets? Please explain your answer.

Question 12: Do you have any suggestions for ensuring the fairness and simplifying the tax treatment of freeplays under RBGD, and for removing opportunities for the re-wagering exemption to be exploited to reduce liability? If so, please give details.

Question 13: What percentage of your profits (measured by gross gaming yield) are allocated to offering freeplays? How might this change given what is being proposed?

Question 14: What is the average number of re-wagering requirements you currently set before winnings can be withdrawn? How might this change given what is being proposed?

Question 15: What level of winnings do customers usually receive from freeplays as a percentage of the original freeplay amount offered?

Question 16: Do you agree that the treatment of prizes should be aligned under RBGD, so that only amounts won as the direct result of a successful outcome of a single game round or bet may be deducted as winnings? If so, please give details.

Question 17: Do you envisage any consequences from making non-monetary prizes deductible for all remote gambling in RBGD? If so, please give details.

Question 18: Do you agree that the current sanctions in the Remote Gaming Duty (RGD), General Betting Duty (GBD) and Pool Betting Duty (PBD) systems are sufficient to support the introduction of RBGD? If not, please explain why.

Question 19: Do you have any other suggestions for additional sanctions? If so, please give details and explain why you think these are necessary.

Annex B

Comparison Tables

Comparison of gross gambling yield (GGY) (£m) for remote gambling to premises-based gambling in the ten years to March 2024

Table B.1: Premises-based gambling GGY (£m) and no. of active premises

Dates	Arcades (non-remote)	Betting (non-remote)	Bingo (non-remote)	Casino (non-remote)	Totals	No of active premises
2015 - 2016	418.1	3,318.2	693.1	999.4	5,428.7	11,615
2023 - 2024	663.9	2,489.9	628.1	865.8	4,647.7	8,329
% Change					-14%	-28%

Table B.2: Remote Gambling GGY (£m)

Dates	Betting	Bingo	Casino	Totals
2015 - 2016	1,743.9	122.4	2,364.4	4,230.8
2023 - 2024	2,372.4	167.1	4,358.4	6,897.9
% Change				+63%

(Information taken from the Gambling Commission's Industry Overview Dataset: [Industry Statistics - November 2024 - gamblingcommisson.gov.uk](https://www.gamblingcommission.gov.uk/industry-statistics))

Annex C

Processing of personal data

A.1 This notice sets out how HM Treasury and HMRC will use your personal data for the purposes of this consultation and explains certain rights under the UK General Data Protection Regulation (UK GDPR) and the Data Protection Act 2018 (DPA). For the purposes of the UK GDPR, HM Treasury is the data controller for any personal data you provide in response to this consultation.

Data subjects

A.2 The personal information relates to you as either a member of the public, parliamentarians, and representatives of organisations or companies.

The data we collect

A.3 Personal data will be collected via email submissions to a mailbox. Personal data is likely to include; individuals' names, email addresses, job titles as well as their opinions. It is possible that respondents may also volunteer additional information which identifies them or third parties.

Legal basis of processing

A.4 Article 6(1)(e) UK GDPR – the processing of the personal data is necessary for the performance of a task being carried out in the public interest or in the exercise of official authority vested in HM Treasury and HMRC. For the purpose of this consultation, this task is consulting on departmental policies or proposals and obtaining opinion data in order to develop effective government policy.

Special category data

A.5 Any of the categories of special category data may be processed if such data is volunteered by the respondent.

Legal basis for processing special category data

A.6 Where special category data is volunteered by you (the data subject), the legal basis relied upon for processing it is: the processing is necessary for reasons of substantial public interest for the exercise of a function of the Crown, a Minister of the Crown, or a government department.

Purpose

A.7 The personal information is processed for the purpose of obtaining the opinions of members of the public and representatives of organisations and companies, about departmental policies, proposals, or generally to obtain public opinion data on an issue of public interest.

Who we share your responses with

A.8 Information provided in response to a consultation may be published or disclosed in accordance with the access to information regimes. These are primarily the Freedom of Information Act 2000 (FOIA), the Data Protection Act 2018 (DPA) and the Environmental Information Regulations 2004 (EIR).

A.9 If you want the information that you provide to be treated as confidential, please be aware that, under the FOIA, there is a statutory Code of Practice with which public authorities must comply and which deals with, amongst other things, obligations of confidence.

A.10 In view of this it would be helpful if you could explain to us why you regard the information you have provided as confidential. If we receive a request for disclosure of the information we will take full account of your explanation, but we cannot give an assurance that confidentiality can be maintained in all circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding on HM Treasury or HMRC.

A.11 Where someone submits special category personal data or personal data about themselves or third parties, we will endeavour to delete that data before publication takes place.

A.12 Where information about respondents is not published, it may be shared with officials within other public bodies involved in this consultation process to assist us in developing the policies to which it relates, note all information will be shared with both HM Treasury and HMRC. Examples of these public bodies appear at:

<https://www.gov.uk/government/organisations>

A.13 As the personal data is stored on our IT infrastructure, it will be accessible to our IT contractor, NTT. NTT will only process this data for the purposes of the consultation and in fulfilment with the contractual obligations they have with us.

A.14 HM Treasury and HMRC reserve the right to publish their own response, or a summary of responses received from the public, which may feature quotations or extracts from provided responses.

How long we will hold your data

A.15 Information in responses to consultations will generally be published and therefore retained indefinitely as a historic record under the Public Records Act 1958. HM Treasury will not include any personal data when publishing information in response to this consultation. Personal data in responses will be retained for three calendar years after the consultation has concluded.

Your rights

- You have the right to request information about how your personal data are processed and to request a copy of that personal data.
- You have the right to request that any inaccuracies in your personal data are rectified without delay.
- You have the right to request that your personal data are erased if there is no longer a justification for them to be processed.
- You have the right, in certain circumstances (for example, where accuracy is contested), to request that the processing of your personal data is restricted.
- You have the right to object to the processing of your personal data where it is processed for direct marketing purposes.
- You have the right to data portability, which allows your data to be copied or transferred from one IT environment to another.

How to submit a data subject access request (DSAR)

A.16 To request access to personal data that HM Treasury holds about you, contact: HM Treasury Data Protection Unit G11 Orange 1 Horse Guards Road London SW1A 2HQ dsar@hmtreasury.gov.uk

Complaints

A.17 If you have any concerns about the use of your personal data, please contact us via this mailbox: privacy@hmtreasury.gov.uk.

A.18 If we are unable to address your concerns to your satisfaction, you can make a complaint to the Information Commissioner, the UK's independent regulator for data protection. The Information Commissioner can be contacted at:

Information Commissioner's Office

Wycliffe House

Water Lane

Wilmslow

Cheshire

SK9 5AF

0303 123 1113

casework@ico.org.uk

A.19 Any complaint to the Information Commissioner is without prejudice to your right to seek redress through the courts.

Contact details

A.20 The data controller for any personal data collected as part of this consultation is HM Treasury, the contact details for which are:

HM Treasury

1 Horse Guards Road

London

SW1A 2HQ

020 7270 5000

public.enquiries@hmtreasury.gov.uk

A.21 The contact details for HM Treasury's Data Protection Officer (DPO) are:

The Data Protection Officer

Corporate Governance and Risk Assurance Team

Area 2/151 Horse Guards Road

London

SW1A 2HQ

privacy@hmtreasury.gov.uk

HM Treasury contacts

This document can be downloaded from www.gov.uk

If you require this information in an alternative format or have general enquiries about HM Treasury and its work, contact:

Correspondence Team
HM Treasury
1 Horse Guards Road
London
SW1A 2HQ

Tel: 020 7270 5000

Email: public.enquiries@hmtreasury.gov.uk

