EXPLANATORY MEMORANDUM TO

THE GENERAL BETTING, POOL BETTNG AND REMOTE GAMING DUTIES (REGISTRATION, RECORDS AND AGENTS) REGULATIONS 2014

2014 No. 2257

1. This explanatory memorandum has been prepared by Her Majesty's Revenue and Customs and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument provides rules about registration for general betting, pool betting and remote gaming duties, and about associated rules for record-keeping and the appointment of agents.

3. Matters of special interest to the Select Committee on Statutory Instruments

3.1 None.

4. Legislative Context

4.1 This instrument represents the first use of the powers in Part 3 of the Finance Act 2014.

4.2 It is made to provide a framework for registration, so that bookmakers and others who are liable to pay general betting, pool betting or remote gaming duty as of 1 December 2014 may carry on their activities without breaking section 164(2) of the Act (which prohibits those activities in the absence of such registration).

4.3 It also provides rules about record-keeping and their inspection for those who are registered, and about the authorisation of agents appointed to act for those who are registrable for those duties.

5. Territorial Extent and Application

5.1 This instrument applies to all of the United Kingdom.

6. European Convention on Human Rights

As the instrument is subject to negative resolution procedure and does not amend primary legislation, no statement is required.

7. Policy background

- ***What is being done and why***

7.1 The gambling tax reforms enacted by the Finance Act 2014 amend the application of three existing gambling taxes (general betting duty, pool betting duty

and remote gaming duty) to a "place of consumption" from "a place of supply" basis. The result of this will be that such gambling, including "remote gambling", undertaken by UK persons, will be liable regardless of the whereabouts of the provider. Foreign providers of such services will therefore become subject to UK gambling taxes, regardless of where in the world the operator is based.

7.2 The revised structure will provide a fairer basis for competition between remote gambling supplied from the UK and overseas, and will ensure all operators offering remote gambling to UK customers are taxed on the same basis.

7.3 This instrument provides for the following elements of administrative structure to support the changes.

Registration: These provisions introduce a consistent approach to registration across the three duties and replace the requirement to notify the Commissioners of the carrying on of a general betting business and the requirement to apply for a permit from the Commissioners to carry on a pool betting business.

Registration of groups: This introduces a formal process enabling the consistent treatment of groups of businesses in relation to each of the three duties.

Records: The existing regime-specific provisions are consolidated in these provisions. It is a requirement that a person entered on the register maintained by the Commissioners must prepare and retain such records specified in a notice and in such form and manner as the Commissioners specify in that notice. The period of retention of the records will be specified in the notice.

Agents: This provides that agents authorised to act for a registrable person for the purposes of any of the duties must have authorisation to view that person's full Gambling Tax Service record.

- ***Consolidation***

7.4 There are no plans to consolidate these first regulations under Part 3 of the Finance Act 2014.

8. Consultation outcome

8.1 An initial consultation was undertaken in 2011 'The Taxation Regime for Remote Gambling' followed by a further consultation in 2012 ' Taxing Remote Gambling on a Place of Consumption basis: Consultation on Policy Design'.

8.2 Comments received were considered and consolidated into a Summary of Responses document which was published in 2013. This invited further comment from the industry.

9. Guidance

9.1 The Government has already published detailed guidance on the duty, including the matters provided for by this instrument, in the form of internet

publications, information notes and public notices. Separate guides have been issued in respect of each of the three duties. Guidance will be reviewed and revised as necessary.

10. Impact

10.1 For both UK and non-UK based operators there are likely to be negligible one-off costs associated with familiarisation with the new tax system, licence registrations and software costs. Ongoing negligible costs will arise from separating gambling activity into UK and non-UK customers for tax purposes.

The measure is expected to have no impact on civil society organisations.

10.2 The impact on individuals and households in the UK is expected to be negligible as the measure is not expected to have a significant impact on the availability, price and payouts of remote gambling.

10.3 A Tax Information and Impact Note covering this instrument was published on 5 December 2013 alongside the Draft Legislation for the Remote Gambling Tax Reform and is available on the Government's website at https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/264614/1._Remote_gambling_tax_reform.pdf . It remains an accurate summary of the impacts that apply to this instrument.

11. Regulating small business

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken is the same for all businesses.

11.3 The basis for the final decision on what action to take to assist small business is as described in paragraph 11.2.

12. Monitoring & review

12.1 HMRC will monitor the practical effects of this instrument to ensure it continues to meet the policy aims.

13. Contact

Anne Merrell, HMRC Gambling Tax Policy Tel: 03000 588078 or email: anne.merrell@hmrc.gsi.gov.uk can answer any queries regarding the instrument.