EXPLANATORY MEMORANDUM TO

THE GENERAL BETTING, POOL BETTING AND REMOTE GAMING DUTIES (RETURNS, PAYMENTS, INFORMATION AND RECORDS) REGULATIONS 2014

2014 No.

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 concerning the administration of general betting, pool betting and remote gaming duties, which include those relating to the making of returns, the payment of duty and the provision of information by betting exchange operators to bookmakers.

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

3.1 None.

4. Legislative Context

4.1 This instrument supplements the General Betting, Pool Betting and Remote Gaming Duties (Registration, Records and Agents) Regulations 2014 (S.I. 2014/2257) which came into force on 18 September 2014.

4.2 It supplies additional administrative provisions about registered persons making returns and paying the duty, and for the provision of information by betting exchanges to facilitate this.

4.3 It also provides an incidental amendment to S.I. 2014/2257 allowing for record-keeping conditions to be imposed by HM Revenue and Customs (HMRC) on those registered for a duty.

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 administrative matters to support the changes:

Returns
The Regulations describe, amongst other things, the manner of making a return and the time by which it must be made. A separate return must be made in respect of each duty for which a person is registered. They also provide for HMRC to prescribe various administrative requirements in a notice, including the method and form of notification of a return.

Payments
The Regulations define the time by which payment of duty is due and provide that payment must be made, and will only be treated as being made, in accordance with instructions contained in a notice published by HMRC.

Betting exchanges
The Regulations provide rules which must apply for a betting exchange to provide, on demand from a bookmaker, a statement of his profits. The form and manner of the request must be approved by HMRC.

- ***Consolidation***

7.4 These regulations apply instead of the General Betting Duty Regulations 2001 (S.I. 2001/3088) and the Remote Gaming Duty Regulations 2007 (S.I. 2007/2192) (for which savings provision is made by the Finance Act 2014, Schedule 29, paragraph 9) and make the necessary provisions in relation to returns, payment of duty due and betting exchanges to reflect the changes to the charging provisions. HMRC has no plans for consolidation at this time.

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 Before the introduction of gambling tax reform on 1 December 2014 the Government will have 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. Upon implementation, 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 pay outs 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 Governments 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.