EXPLANATORY MEMORANDUM TO

THE REMOTE GAMBLING (DOUBLE TAXATION RELIEF) REGULATIONS 2012

2012 No. 1900

1. This explanatory memorandum has been prepared by HM Revenue and Customs (HMRC) and is laid before the House of Commons by Command of Her Majesty.

2. Purpose of the instrument

2.1 This instrument provides the regulations for making claims under the Double Taxation Relief (DTR) for gambling duties.

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

3.1 None.

4. Legislative Context

4.1 These Regulations, which come into force on 9 August 2012, provide for relief from double taxation in relation to General Betting Duty (GBD), Remote Gaming Duty (RGD) and Pool Betting Duty (PBD).

4.2 The relief is available on a claim being made where a person is liable to pay a qualifying foreign tax in respect of gambling and is also liable to pay UK gambling duties on the same transactions.

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 Betting and Gaming Duties Act 1981 will be amended to introduce a DTR for operators that pay GBD, RGD and PBD in the UK and also pay qualifying foreign taxes on the same transactions in other countries.

7.2 The DTR measure will enhance the competitiveness of the UK tax system by ensuring that UK based operators do not suffer from double taxation as other countries introduce place of consumption based taxation regimes for remote gambling.

7.3 The DTR is therefore aimed at saving both exchequer revenues and jobs.

7.4 The relief will be implemented for accounting periods for UK gambling duties ending on or after 1 April 2012.

7.5 The level of public interest will be low.

8. Consultation outcome

8.1 An informal consultation was held with operators during the design stage of this measure. Their comments have been evaluated and taken into consideration in the design of the double taxation relief measure.

9. Guidance

9.1 A Notice on the double taxation relief will be available on www.hmrc.gov.uk as soon as the measure is passed by Parliament.

9.2 A Tax Information and Impact Note covering double taxation relief in relation to GBD, RGD and PBD will be published on the HMRC website at http://www.hmrc.gov.uk/thelibrary/tiins.htm.

10. Impact

10.1 This Double Taxation Relief measure will benefit UK gambling companies offering gambling to overseas customers. It will provide relief against double taxation incurred in respect of GBD, RGD and PBD as other countries introduce place of consumption based taxation regimes for remote gambling.

10.2 This measure is not expected to have a significant impact on the economy.

10.3 A negligible compliance cost will be placed on the small number of businesses claiming this relief.

10.4 The measure has a negligible cost on the UK public sector.

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

11. Regulating small business

11.1 This measure is only expected to impact on large businesses. However smaller firms attracted to the scheme would also benefit.

12. Monitoring & review

12.1 This measure will be subject to ongoing monitoring of the amount of relief claimed.

13. Contact

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