

Ireland's new Betting Act signed into law

Ireland's Betting (Amendment) Act 2015, signed into law on 15 March, will regulate online bookmakers and remote betting intermediaries when commenced by ministerial order. It is expected that the licensing provisions of the Act will commence almost immediately with the enforcement and taxation provisions commencing later in the year.

The Act requires remote bookmakers and remote betting intermediaries to obtain a licence from the Irish Revenue Commissioners, an application for which must include certificates of personal fitness for a company's 'relevant officers,' and tax clearance certificates. The Act extends the 1% turnover tax to licensed online bookmakers and applies a rate of 15% of commission charges on betting intermediaries.

"In updating the legislation, non-Irish bookmakers may begin to consider Ireland as an attractive location," said Rob Corbet, Head of the Betting and Gaming Practice at Arthur Cox. "However until there is a broader licensing regime for other forms of online gambling, there is less likelihood of significant foreign direct investment in the industry."

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Horseracing Betting Right could breach State Aid rules

The UK Government confirmed in its Budget on 18 March that the existing Horseracing Betting Levy is to be replaced by a new Horseracing Betting Right, to apply to all bookmakers, regardless of location, who take bets on British Racing from British customers.

The Betting Right would be administered directly by the Racing industry, and would allow British Racing to authorise all betting activity in exchange for a financial contribution from operators. The Government's announcement follows a string of consultations on replacing the levy; the latest was published in February. While the British Horseracing Authority welcomed the move, others are less keen. "The betting industry already makes a huge contribution to Racing and most of that comes through truly commercial

arrangements including the sale of the media rights that Racing currently holds," said Brian Wright, Director at the Remote Gambling Association. "Racing has this notion that it is missing out on £20 million in levy payments; it is not that high," said Warwick Bartlett, CEO at the Global Betting & Gaming Consultancy. "Betfair and bet365 already pay 10.75% of gross win to the levy board even though both are offshore. Ladbrokes, Betfred, William Hill and Coral already pay voluntary advanced contributions on their offshore business, not 10.75% but probably around 8% to 9%."

Commentators warn that VAT could be problematic; the question is whether VAT would be required to be paid in regard to the Betting Right. "If the Betting Right is directly administered by the racing industry, this could mean that it would

no longer constitute a statutory levy and hence could be liable to VAT that would not be recoverable by betting operators," explains David Clifton, Director at Clifton Davies Consultancy Limited. "The commercial impact [if the Right attracts VAT] is very apparent and were it to happen then it would only apply to operators based in the EU and not those licensed by the Gambling Commission who are based outside of it," said Wright. "This would create a huge commercial disparity."

As yet, there has been little detail on the Betting Right from Government, and plans are likely to be delayed by the General Election on 7 May. "At this point the game will really begin as Government will have to ensure that it is compliant with EU law and there is a very strong case to suggest that the Right will breach State Aid rules," adds Wright.

Greek Finance Minister looks to i-gaming to boost tax revenue

Greek Finance Minister Yanis Varoufakis has called for the sale of Greek online gambling licences to foreign operators in order to raise tax revenue for Greece, according to a document leaked to the Financial Times and the AFP news agency in early March.

The document, addressed to Eurogroup President Jeroen Dijsselbloem, takes the form of seven ideas designed to increase Greek tax revenues, of which the sale of online gambling licences is one. Varoufakis' suggestion is that the

"Immediate, official licensing of existing online gambling providers for a period of five years" should commence; this appears to refer to the 24 operators currently holding a temporary licence for the Greek market.

The proposal would aim to regulate the revenues and fees associated with online gambling. Each licence would initially cost €3 million, and would cover one internet domain. The Greek government would, Varoufakis estimates, raise an additional

€500 million in revenue on a yearly basis from these licences. This latter figure has been disputed by some commentators as overly ambitious, however. The proposal continues that each licensed operator would pay a minimum of €1 million in tax annually in advance, regardless of the operator's transaction volume.

The Greek government is now expected to make a further announcement in relation to gambling in the near future, which may lead to a wider review of gambling in Greece.