

UK Gambling Operators Gripe As Labour Pains Loom

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UK gambling operators are already griping about the increasing costs of compliance, along with an expected hit to income for both land-based bookmakers and online casino operators, with prospects poised to get worse if Britain's opposition Labour takes power.

The Gambling Commission has been consulting on affordability checks, along with increased ID checks, and it will be increasing the prospects of fines for advertising violations from the end of October.

"The cost of doing business is going through the roof in the UK," said Clive Hawkswood, chief executive of the Remote Gambling Association (RGA).

"A lot of it is dressed up as raising standards and they just keep hitting up operators," said James Myles, an analyst with Eta Delta compliance consulting firm. "At some point, something's got to give."

Online operators are already facing prospects of a tax increase, even as land-based bookmakers face a drastic cut in income as stakes on fixed-odds betting terminals are due to be slashed.

Penalties levied by the Gambling Commission for licence code violations also rose almost ten-fold in the last fiscal year.

At Thursday's Betting on Sports conference in London, executives were debating the prospects of an increase in online gambling tax from the current 15 percent to replace the lost income to the Treasury.

"The big risk is, the Treasury will go for a default 25 percent," Hawkswood said. "They like nice round numbers."

The world's biggest legalised online gambling market faces yet more political threats, with the opposition Labour Party having today announced plans to include a compulsory 1 percent levy on gross gaming revenue, a ban on credit card betting and a "whistle to whistle" ban on gambling ads during live sports events.

HM Treasury officials have made it clear that they want the trade-off in lost fixed-odds betting terminal (FOBT) income for online gambling tax to be "revenue-neutral", Hawkswood said.

So the RGA has presented data compiled by Ernst & Young (EY) which suggests that a tax rise to less than 20 percent would help the Treasury break even, he said. The trade group is not making the study public yet.

The online gambling industry was told it was targeted because "you're the ones who can afford it", Hawkswood said.

But "for smaller operators, it's actually huge", Myles said. "Bigger operators see it as manageable."

Gambling is a ripe target for tax increases due to the terrible publicity unleashed during the FOBT stakes debate, "in terms of public perception, we're probably at the lowest ebb ever", Hawkswood said.

The tax rise will probably come into effect in April 2019, too soon to begin turning around that public image, said Steven Effingham, EY's senior manager for tax policy, and a former HM Treasury official.

"It would be very hard to head this off," he said. "You need a long-term strategy."

One audience member suggested that the online industry tie itself to a cause, like Kindred Group vowing to elevate the status of Swedish football with its recently announced Elitfotboll sponsorship, or the way Camelot Group's National Lottery promoted its contributions to Britain's Olympic team efforts.

But Hawkswood was pessimistic about the gambling industry being welcome in feel-good projects.

"Most sports are reluctant" to associate themselves with gambling, he said.

Heat about sports sponsorships has been rising in the UK, and Labour's plans for overhauling gambling advertising announced today call for football clubs to voluntarily abandon sponsorships or face legislation.

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- Portugal Market Overview
- Germany - Lottery and Betting Tax Report - Mar, 2009 to Feb, 2018
- United Kingdom - National Lottery Report - FY2000 to FY2018
- Ladbrokes Report - 1998 to 2016H1

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