



# Social & Economic Potential of the Gambling Control Bill

## Social Impact

- Appropriate legislation (Gambling Control Bill) will facilitate better player protection in accordance with international best practice vis-a-vis:
  - *The prevention of Underage gambling;*
  - *Preventing the provision of Intoxicating liquor free of charge while gambling;*
  - *The introduction of mandatory codes of conduct for online operators that can impose stake limits and website timeouts*
- A centralised national self-exclusion register will be possible; meaning that a problem gambler who self-excludes from one premise cannot simply frequent a different one in a moment of weakness.
- Tracking / Intervention obligations will be mandated, forcing operators to track a player's expenditure, intervene when irregularities emerge, and identify potential problems before they escalate.
- The establishment of a 'social fund' for research, treatment and education, will be facilitated.
- Advertising standards will be established ensuring that the young and vulnerable are not enticed into gambling.
- Properly regulated service providers will be obliged to train staff to identify behaviour patterns that may indicate that an individual is starting to gamble beyond their means, and to provide contact details for treatment services.

## Judicial Impact

- Criminality can be driven out of the sector, from tax evasion to the operation of black-market facilities that directly fund criminal organisations.
- Licensing obligations will be clarified, supervised and enforced.
- Only those who have been deemed personally fit to operate will be permitted to engage in the provision of gambling services, driving criminality and the black-market economy out of the industry.
- Clamp down on poor compliance with Revenue Commissioners that is commonplace amongst operators.

## Financial Impact

- Gaming Machines are often operated without a licence / using the wrong and cheaper licence – both at a loss to the Exchequer
- Increased compliance / supervision will result in increased compliance with taxation obligations
- A fully regulated sector, combined with our investment-friendly environment will entice online operators to set up in Ireland for their US-EU headquarters
- High-Street bookmakers would begin paying VAT of 23% on virtual gaming instead of the 1% betting tax
- The VAT dispute between some private member card clubs and Revenue Commissioners over VAT applicability would be clarified



## Financial Potential: Breakdown

Item	Description	Cost
Gaming Machines Licences	6,780-8,780 unlicensed or improperly licensed machines earning 50-70% of UK machine revenue	€13.4 – €27.3 million
Foreign Direct Investment - Irish online 'hub'	Capturing of 5% of €1.1bn global online sector: creating 5,000 Jobs, generating payroll taxes, gaming taxes, licence fees, & corporation taxes	€76 - €175 million
Clarity over tax obligations	Bookmakers paying Betting Duty / VAT on Virtual Gaming	€7.6 – €15.2 million
	Some Private Member Card Clubs unsure on VAT application	€3 - €5 million
<b>TOTAL</b>		<b>€100 – €222.5 million</b>

**Gaming Machines:** Of the 20,000 plus gaming machines in Ireland, we estimated that at least 6,780 machines are currently operating without a licence. Of those that are licensed, there is a significant trend of using an incorrect (and cheaper) licence in an attempt to be compliant. Using these figures (ranging to 8,780 unlicensed machines) and under the assumption that Irish machines generate between 50-70% of their UK equivalent in revenue, we estimate that between **€13.4 and €27.3 million is lost annually.**

**Foreign Direct Investment:** A strong regulatory framework will encourage investment from overseas companies. This is time sensitive however, as Europe is currently the quickest expanding online gambling market and as the US opens its doors to online gambling, Ireland can capitalise on its traditional pro-investor assets for companies wishing to set up US-European operations. GLAI estimates that Ireland can attract 5% of the global online sector (worth €1.1 billion in 2013) and generate 5,000 jobs. Such activity could generate between **€76 and €175 million for the Exchequer annually.**

**Clarity over tax obligations:** Enactment of the Gambling Control Bill would provide immediate clarification on a number of taxation issues that are currently resulting in shortfalls to the Exchequer. One such example is the usage of virtual roulette machines at high-street bookmakers. Tax on said machines is paid under the 1% Betting Duty rate, despite the application of 23% VAT on their physical counterparts. While the Revenue Commissioners are reported to be of the opinion that gaming in a licensed bookmaking premises is in breach of current legislation, were gaming permissible it should be subject to VAT at the standard rate. This is an issue which the Gambling Control Bill should clarify and correct. In the meantime we estimate that the shortfall to the Exchequer on this activity is between **€7.6 and €15.2 million annually.**

Another example would be the application of tax rates to some Private Member Card Clubs, which will equally be resolved through clear legislation outlining operators' obligations. We estimate that this issue above will generate, when clarified fully, **€3 million for the Exchequer annually.**