INSTITUTE
FOR GAMBLING
REGULATION

Minutes from meeting of IFGR's members from 15th April 2019

Place: **PragueStartupCentre**, Pražská tržnice, Bubenské nábřeží 306/13, hall 24

Date: 15 April 2019, 9:00-11:00

Attachment: Presentation

Program:

1. Institute's activities up to now
    a. Results of meetings with GFD and GDC
    b. Revision of licences
    c. Tax package
    d. Results of analysis of the number of people excluded from gambling
    e. June conference
    f. Member's web operation
    g. Suggestions to activities of IFGR

2. Reporting Decree and protection of personal data

3. What is next?
    a. Tax Act Amendment
    b. Analysis of the regulation of gambling in the Czech Republic
    c. 2nd round of national risk assessment - presentation by Mgr. Tereza Bábová - FAO

Ad 1) Summary of Institute's activities up to now

IFGR presented the results of meetings with the representatives of the General Financial Directorate and Specialized Tax Office and stated that its representatives were offered to **participate in their annual meeting in Telč in June**, where the IFGR will present its activities. The next meeting was held with the Deputy Director General of the General Directorate of Customs (hereinafter referred to as "GDC"), Mr. Ing. Lumír Šatran, his colleague, Director of the Supervisory Department, Ing. Petr Müller, and his deputy, Ing. Zdeněk Málek. At this meeting, cooperation based on the **involvement of the IFGR in the preparation of statements and methodological materials** of the GDC was arranged.

In connection with the ongoing proceedings on changes of the basic licence due to the entry into force of the Reporting Decree, the so-called **relicencing**, the IFGR summed up the MoF's method in these ongoing proceedings, stating procedural errors made by the MoF, and reported on further action.

On 1 April 2019, the so-called **tax package** came into effect, bringing an amendment to the Act gambling tax (a change in the way the returned deposits are taken into account in the tax base and the tax solution to the issue with guaranteed tournaments), amendment to the Customs Administration Act of the Czech Republic (more possibilities of using cover documents by a customs officer during the check) and amendment of the Financial Administration Act of the Czech Republic (change of competence of the gambling tax administrator**,** where **only the Specialized Tax Office** will be locally competent).

IFGR conducted an analysis **of the number of persons excluded from participation in gambling** due to the future launch of the Register of Excluded Persons. These persons are:

- Beneficiaries in material need and persons over 18 years of age jointly assessed with a person receiving benefits in material need (living allowance – approx. 280,000 persons (plus jointly assessed persons) and extra payment for housing – approx. 200,000 persons (plus jointly assessed persons),
- People against whom the bankruptcy has been found (approx. 13,000 persons in only 2018),
- People who were preliminary injuncted to participate in gambling and betting,
- People who have appropriate limitation and obligation to refrain from gambling or safety treatment (one person had the appropriate limitation and one person with ban on participation in gambling).

The data were provided by the authorities concerned for 2018.

The concept of the **June conference,** which should be attended by all concerned public administration representatives and possibly also by foreign speakers, was presented. The conference should also include a panel of representatives of the MoF and gambling operators. The main theme should be the assessment of the gambling regulation three years after the entry into force of the new gambling acts and gambling tax acts. **However, due to the necessary coordination of all participants and the booking of a suitable venue, the date of the conference was postponed to September of this year.**

Regarding the **website and its member sections of the IFGR**, it stated that, still, not all members have access details and asked them to send an email with names of the persons so the access details can be sent. The members were also asked to contact the IFGR via e-mail institut@iprh.cz if they receive their IFGR emails to SPAM folder. If members have any feedback regarding the website and its content, let us know via the stated email.

IFGR asked its members to **be more active and involved in consultation processes** on individual key issues that are sent by the IFGR because knowledge of operational practice is absolutely necessary to create complex comments.

Ad 2) Reporting Decree

IFGR participated in both workshops to the Reporting Decree organized by the Ministry of Finance in February and March of this year. The first workshop was mainly of technical nature and the second workshop presented the individual data items, or what data should be provided. Minutes from the workshops were prepared and can be found on the members' websites. In this context, the members were asked to contact us if they have any comments on the materials prepared by the IFGR or have any incentives to improve them. Based on the received IFGR members' questions about the Reporting Decree, the IFGR prepared **draft answers and sent the comprehensive document to the MoF** to confirm the proposed answers. For the time being, the MoF has confirmed the answers only to a part of the questions sent, and these answers were sent to the members via email and posted on the website. Due to the long-term requirement to create the English version of the Reporting Decree, which would be more precise than the English version prepared during the notification process, the MoF prepared the English version of this Decree, including the glossary of common terms, in preparation of which the IFGR participated. At the previous meeting of the sections, there was a requirement to create a **template for registration to send game and financial data** based on the

Decree. IFGR prepared the registration template and sent it to the MoF. The MoF stated that the compulsory registration form is the electronic form published on the website of the Customs Administration of the Czech Republic. However, the template for registration prepared by the IFGR may be used in cases when the electronic form does not work. This registration template will be posted in the forms section on the website.

In addition, the IFGR prepared a **schedule of individual actions related to the Reporting Decree**, in which it summarized the tasks that

- have already been done (publication of a part of technical support materials, registration templates, for daily game reporting),
- are being done (testing environment, helpline, process of the first registration), and
- which are expected (methodology describing individual items of data packages and remaining parts of technical support materials).

After the Monday's IFGR meeting, the MoF published a **document of Frequently Asked Questions and Answers** to the Reporting Decree last Thursday, which also includes some of our own questions.

IFGR briefly summarized the information on the current **process of the first registration** (for all current holders of basic licences and licences to place game premises), which started 1 April 2019 and ended 2 May 2019. The registration process does not completely end on 2 May 2019, because it will concern newly issued basic licences, licences to place a casino, or any changes in the sent communication parameters (data technically interconnecting an operator with the Customs Administration of the Czech Republic).

- Members were warned that the registration is a submission under the Administrative Procedure Code, and therefore may be called upon by the Customs Administration to remedy the deficiencies of such submission if some elements of the form are missing or are not sufficient.
- Competence is laid down in the basic licence but is generally a locally competent customs office on the basis of an operator's registered office. An exception is a foreign operator, where it is the Customs Office for the capital city of Prague.
- To register, you need to use the Customs Administration electronic form, from which you can save the completed data and re-upload it. You can also log in to the data box on the Customs Administration's website or send the form to the e-filing room.
- The form must be filled out for each type of gambling game and casino. If communication parameters are the same, one summary form can be submitted.
- Need to register for:
    - registration notification - setting or complete change of parameters
    - change notification - change of only some parameters
    - cancellation notification - termination of provision of parts of the package

Members said some of them are already registered and some were appealed to complete their data. They also pointed out that, if the notification is sent to an incorrect customs office, it takes more than one week to forward it to the correct office.

In connection with the Reporting Decree, the **protection of players' personal data** and the procedure of gambling operators as administrators of these personal data were also addressed. IFGR summarized its current activity on this issue, when it repeatedly communicated with the MoF about this topic and offered them assistance in preparing the Assessment of Impacts of the Reporting Decree on the Protection of Personal Data, which must be prepared in compliance with the GDPR, the OPDP's methodology and its annual report. At the February meeting, the Ministry of Finance acknowledged

that they were not anonymised data, but pseudonymised and is actively trying to solve in the issue. However, on 11 April 2019, the MoF announced that it is not possible to identify a natural person on the basis of the personal data processed according to the Reporting Decree, and therefore it is not a processing of personal data and there is no need to assess anything. It further stated that the MoF does not have the means to de-anonymise the database. IFGR sent to the Director of the 73rd Division, Ing. Šabo, disapproving statement to his conclusions and asked him that the MoF officially declares that the data would not be provided to third parties and it would not be possible to de-anonymise them.

Following the stated, discussions on further steps were held among the members, and it **was agreed that a complaint would be filed with the OPDP to investigate the MoF's procedure** of refusing to carry out the assessment of impacts on the personal data protection.

Ad 3)

IFGR reported on the ongoing external consultation process on a draft **amending Act No. 187/2016 Coll., On Gambling Tax**, which increases all gambling rates except for the technical game. It reminded the date of 16 April 2019, until which it awaits the comments of its members, which will be summarized and then sent to the MoF by 18 April 2019. According to the IFGR, the comments to the draft of the Act should be based on legislative restraint, the failure to submit relevant analyses and the inability to use the analyses for the original draft of the Gambling Tax Act and the failure to achieve the stated goals, as further tax increases will have the detrimental effect.

On 25 January 2019, the Ministry of Finance launched a project aimed at a comprehensive analysis of the gambling regulation in the Czech Republic, based on the government's policy statement. It is referred to as **ARHA**. The project is planned until the end of 2020. IFGR summarized the present development of this project and stated that it was approached during the consultation process to comment on the structure of this analysis, to which it sent many suggestions for its completion. According to Director of 73rd Division, Ing. Šabo, all the suggestions were accepted and included in the upcoming analysis.

The general part of the meeting included a presentation of **representative of the Financial Analytical Office** (hereinafter referred to as the "FAO"), **Mgr. Tereza Bábová, on the topic of the 2nd round of National Risk Assessment**. Mrs. Bábová said that this is the second round of national risk assessment, the first round taking place between 2015 and 2016 and the final report was approved by the Czech government in 2017. The main objective is that obliged persons understanding the individual risks of possible money laundering and terrorist financing. This assessment is then carried out at European level by the European Commission. She said that the second round would take place until the end of 2020 and would be different from the first round in certain aspects, especially the non-profit sector would be involved, the sharing of information would be more targeted, and the questionnaires would not be used. The FAO will define the individual chapters according to the specialisation of about 60, and the field of gambling will be one such fields. **It will then involve gambling games operators, through the agency the IFGR.** The National Risk Assessment has the actual impact on the list of obliged persons and the taken measures, which may not always be just legislative but also in the form of methodological materials.

An IFGR member asked Mrs. Bábová whether the FAO has an **overview document of the most common errors in the technical solution**, or of gaming systems of obliged persons, through which gambling operators fulfil the AML Act obligations. Mrs. Bábová said that the FAO published a list of the

most frequent shortcomings of obliged persons, but these are rather legal, not technical shortcomings. To this end, she stated that it would be possible to arrange a meeting with members of the FAO's check department.

Results of the meeting:

- **The tax package**, which is a set of acts amending acts in the field of gambling, came into effect on 1 April 2019. The main change is determining a single tax administrator, which will newly be Specialized Tax Office for all gambling operators, and the change in the method of recording returned deposits and reporting guaranteed tournaments.

- The **process of initial registration to the Reporting Decree** is currently in progress and took place until 2 May 2019. All current holders of the basic licence had to register by this deadline.

- IFGR will prepare a **complaint with the OPDP to investigate the MoF's procedure** of refusing to carry out the assessment on impacts on personal data protection.

- By 18 April 2019, on the basis of suggestions from its members, the IFGR will send **comments on the amendment to the Gambling Tax Act.**

- IFGR **participates** in the **ARHA** project **and the 2nd round of National Risk Assessment** and will inform its members on its progress.

- Members who still **do not have access details** should send their requests to mail institut@iprh.cz , stating the name, surname and email. The number of accesses is limited to a maximum of 5 people per company.

- We ask members, who **receive IFGR emails in the spam folder**, to inform us about it, including the e-mail addresses that have this problem so that we can continue to address this inconvenience.