WHAT'S UP IN THE INSTITUTE

MAIN NEWS – First meeting of the IFGR's expert sections is coming up



We have already informed you that there will be the first-ever meeting of the Institute's expert sections held in the last week of January. It is scheduled for 29th January 2019 at International Hotel (Koulova 15, Prague 6). The detailed programme of the meeting will be sent to the members of each section in the coming days.

WHAT ELSE

- On 9th January 2019, a joint meeting of the representatives of **the Financial Analytical Office and the Institute for Gambling Regulation** was held. During the meeting, the purpose and principles of functioning of the Institute were presented and the possibilities of future cooperation on the preparation of legislation and methodologies in the field of money laundering were discussed. The FAO representatives welcomed this initiative and promised to involve the Institute in the preparation of an amendment to the AML Act, the new version of the National Risk Assessment document and planned update of the methodology regarding the identification and the check of the gambling client. You have already received the detailed minutes of this meeting.

WHAT'S NEXT

- The meeting of the IFGR's expert sections – 29th January 2019, Hotel International (Koulova 15, Praha 6).
- Initial meeting of the Institute and the Ministry of the Interior – the Institute representatives will meet with representatives of the Ministry of the Interior on 16th January 2019.
- Appearance of the IFGR Director at the European Parliament Conference in Brussels – Mgr. Jan Řehola will appear on the roundtable on gambling regulation in Europe on 23rd January 2019.

MEETING BETWEEN REPRESENTATIVES OF THE INSTITUTE AND ASSOCIATION OF CASINOS IN THE CZECH REPUBLIC



Source: https://www.freepik.com/free-photo/macro-shot-of-jigsaw-puzzles-teamwork-concept_3011763.htm#term=cooperation&page=1&position=21

On 10th January 2019, representatives of the Institute met with representatives of the Association of Casinos in the Czech Republic in order to begin mutual cooperation and to coordinate the procedure for communication with MoF and the entities concerned in the field of gambling. The IFGR and the Association representatives agreed on the need to inform each other of their activities and to co-ordinate together individual steps, where only a common procedure could lead to greater cooperation between the MoF and gambling operators in the preparation of implementation of regulations and methodologies, including more effective and timely knowledge from the MoF of planned steps in the field of gambling regulation.

WHAT'S UP IN PUBLIC ADMINISTRATION

- **New Deputy MoF for Taxes and Customs**
  The current Director of the Income Tax Division, Ing., Mgr. Stanislav Kouba, Ph.D. was elected a new Deputy for Ministry for Taxes and Customs. He started to hold this post on 1st January 2019. You can read more here.

- **The MoF's response to the administrative fee for the request to cancel gaming premises**
  On its website, the Ministry of Finance made public **the answer to the question about the obligation to pay an administrative fee for the application to cancel the license for locating gaming premises.** According to the Administrative Fees Act, this application is not chargeable. The cancellation request cancels the entire license. The operators therefore submit the application if they do not want to operate in that location or want to change the gaming mode (for example, from a gaming establishment to a casino - then the application to cancel a gaming establishment and the application to permit casino must be submitted. A similar procedure is used when submitting an application for the cancellation of basic license. The full MF response is available here.

- **Request from the Greek regulator to communicate information to operators**
  The Ministry of Finance, 73rd Division, was contacted by the Greek regulator with a request for communication of information to operators that have the license to operate Internet gambling. The Greek regulator prepares a list of websites that offer gambling available from Greek IP addresses, which do not have the relevant license issued by a Greek regulatory authority. The listed websites will be included in "the blacklist" and access to them from the Greek IP addresses will be blocked.
  How to avoid the blocking? On the home page, the operators should put a notification specified by the Greek regulator in Greek and English language (available here). In addition, the operator should ensure that other parts of the site are not available from Greek IP

WHAT'S UP IN THE CZECH REPUBLIC

- **Approval of the new tax package**
  The Chamber of Deputies approved the tax package, which is a set of amendments not only to tax acts, but also to **the Gambling Tax Act, to the Financial Administration Act and to the Customs Act**. The amendment to the Gambling Tax Act introduces a change in the method, in which, in the tax base, deposits are returned, and guaranteed tourneys are dealt with fiscally. **By amending the Financial Administration Act, there is a change in the affiliation of the gambling tax administrator, which is now only the Specialized Financial Office**. With the amendment to the Customs Act, customs officers will be able to use the so-called cover documents during gambling operation checks. The tax package will be further discussed in the legislative process by the Senate. Learn more here.

EXPRESS NEWS FROM ABROAD

- **EU**

  Year 2018 can be labelled as a year of regulatory boom within the EU. Let us summarize the trends and events that will resonate in 2019:

  - **EUROPEAN ELECTIONS -** European Elections - In 2019, **elections to the European Parliament** will take place. This event gives gambling operators hope that newly elected European legislators will be more active in regulating gambling than the existing legislators. It is to be expected that, before the European elections, the members of the EU expert commission will not start new projects, but some concepts are already seeing the light of day. The most visible is the harmonization of reporting regulations in EU, which is developed under the auspices of Claire Pinson of ARJEL (French regulator) and of the European Committee for Standardization.

  - **BREXIT -** It is to be expected that **Brexit** will dominate the front pages of European newspapers in 2019, but the gambling sector itself will not likely be substantially affected. An exception may be Gibraltar, where chaos may erupt, and it will depend on the abilities to negotiate an agreement between the British and Spanish governments. The Gibraltar status is ambiguous even a few months ahead of Brexit and the migration of companies to Malta continues. In case Brexit affects Gibraltar ingloriously, the year 2019 may mark the end of its reputation as a friendly territory for international gambling.

  - **OBLIGATIONS ENFORCEMENT –** This is an unstoppable trend in European scale - **fines** for gambling operators are rapidly **increasing**. So far, the highest number of fines as well as the highest amount have been imposed in the United Kingdom, with the British Committee for Gambling confirming that other will still be imposed. In addition to the increase of the total amount of fines (up to £ 14 million), the Committee begins to revoke gambling licenses for life. In 2019, we can expect the increased activity of checking authorities in the Netherlands, Italy, Spain or Denmark.

  - **ADVERTISEMENT –** A **complete ban on gambling advertising** will be enforced in **Italy** in the course of the new year 2019. From the original initiative of all operators, it was only LeoVegas that filed a complaint with the EU institutions on the Italian government's new procedure. The assessment of the complaint will be one of the key factors for the gambling market in 2019 as well as the seemingly endless stream of increases in tax obligations and regulatory interventions. It is clear the development in Italy can influence all-European tendencies in advertising regulation.

- **Sweden**
  At least in the first half of 2019, it will be very interesting to follow the development of the market in Sweden. **Previously one of the largest unregulated markets in Europe has not been drab since 1st January 2019**. So far, the fears that the National Regulator (Lotteriinspektionen) will not be able to evaluate all license applications for gambling operation have not proved correct so far. Although some operators really have not received the relevant license, according to the Swedish regulator's permission, about 90% of the market has the licence to operate gambling. There will also be the regulation of advertisement that newly has to be "adequate." This is a vague concept, whose specification is likely to be done by the courts; however, it is also to be expected that the literal tsunami of advertisements, which had accompanied gambling games before the new regulation became effective, will not be permissible.

- **Malta**
  Also, developments in Malta are worth watching in 2019. On the island in the Mediterranean Sea, a **new law was passed, and the national regulator's management was changed;** its goal is to increase supervision over the compliance with the new change. However, a recent fine imposed by the British Commission for Gambling suggests that workers of the regulator will have in 2019 a lot of work to convince the world, for example, that AML standards are observed in the heart of European online gambling. In addition, there are still strong suspicions that the British Commission's investigation focused on AML standards will continue in the future as well as the Italian police investigation into the connection of gambling operators and members of organized crime.