INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

October/19

WHAT'S UP IN THE INSTITUTE

ANNUAL IFGR CONFERENCE IS APPROACHING

On 9th October 2019, the first **annual conference of the Institute for Gambling Regulation** will be held at the Academy of Sciences of the Czech Republic (at Národní 1009, Prague 1 on the 2nd floor) between 1 pm and 6 pm. The main theme of the conference will be "The Gambling Act - 3 Years Later". You can look forward to speeches from representatives of IFGR, the Ministry of Finance, the General Directora-te of Customs, the Ministry of the Interior, the Nati-onal Monitoring Centre for Drugs and Addiction, the Financial Analytical Office or the General Financial Directorate. Each IFGR member has two guaranteed seats. In case more than 2 people from your company are interested in attending, please send us also their names; they will be invited to the conference if possible. **Confirm your participation by email institut@iprh.cz**. The invitation is available here **and** the conference programme is attached to this e-mail.

WHAT ELSE

IFGR's LinkedIn profile has been created. Get connected here.

On 10th September, IFGR **organized a breakfast for journalists** attended by representatives of IDNES, ČT and Hospodářské noviny. Some information has already been printed. Considering that MPs are currently taking decisions on the matter, IFGR considers its media coverage necessary.

IFGR Director, Mgr. Jan Řehola, appeared at the **IMGL autumn conference**, which took place between 11th - 13th September in Munich, Germany. Read more about the conference here.

On 19th September, IFGR Director spoke at the **Se-minar on Winnings' Taxation** organized by the Chair-woman of the Committee on Budgets of the Chamber of Deputies. Who were the other speakers, what are the conclusions of this seminar and its presentation can be found here.

On 19th September, representatives of the IFGR also attended another **meeting of territorial self-governing units organized by the Ministry of the Interi-or in Benešov**.

MEETING OF THE COMMITTEE ON BUDGETS ON TAXATION OF GAMBLING

On 4th September, the new taxation of gambling was discussed in the Committee on Budgets. The meeting was also attended by **the IFGR director, Mgr. Jan Řehola**, who repeatedly pointed out the risks that the taxation draft poses in his speech. They concern **especially the shift of players to illegal operators**, who do not protect them and do not pay taxes, the increase in illegal gambling, **the decrease in withdrawal to the state budget**. He referred to Minister Schillerová's following quote: "the impact assessment of 2015 is the best material", when it is exactly this assessment that considers the winnings taxation to be virtually impossible. It is surprising that the MoF does not follow the conclusions of its otherwise emphasized analysis. If this new obligation is introduced, everyone will lose - players, the state and operators. Representatives of the Pirates, ODS or TOP 09 gradually joined the arguments of the IFGR director. **On 18th September, the 2nd meeting of the Committee on Budgets took place**, during which MPs discussed and approved the received amendments (see below for more details). The IFGR di-rector once again presented arguments against the new taxation, especially the injustice and uncontrollability of the players' taxation.

MPs of the CoB then approved the amendments of MP Rais (ANO), of MPs Dolejš (KSČM) and Onderka (ČSSD) and of MP Vostrá (KSČM). Complete minutes of both meetings were sent to you in a separate email and are also available here.

This week (Wednesday) the second reading will be held in the Chamber of Deputies on the new taxation!

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EVENTS IN THE CZECH REPUBLIC

Amendments to the Taxation of Gambling

On 12th September, the deadline for submitting amendments to **the Act on Taxation of Gambling** expired. **33 submitted amendments** to the entire tax package were received; for a complete overview click here. Three submitted AMs requested a complete abolition of the taxation of winnings. These AMs were based on the argumentation issued by the IFGR and referred directly to it. Other AMs significantly increased the limit for exemption from tax on winnings from the proposed CZK 100,000, e.g. to CZK 1,000,000 (MP Vostrá - KSČM) or even to CZK 10,000,000. However, an AM was submitted (of MPs Dolejš a Onderka – KSČM a ČSSD) that raises the technical games rate to 38% and keeps the tax rate for lotteries, fixed-odds betting and totalizer at current rates. The previously announced AM by the Ministry of Finance (MP Rais - ANO) was also submitted, which keeps the withholding tax on lotteries and introduces the income tax paid by players for all other games.

Document "15 Arguments Against the Taxation of Winnings" and the Analysis of Feasi-bility - Taxation of Players' Winnings

IFGR prepared (not only) for members of the Chamber of Deputies of the Czech Republic and the general public a document entitled "**15 Arguments Against the Taxation of Winnings**." The document is free to preview here and you can also download it, or we can send it to you by email. The analysis can be found here.

We informed you in the Newsletter 13 about the transformation of the Poker Players Association into the Association of Poker and Fixed-Odds Betting Players. This Association became **a new member of the IFGR**, that is a partner association. IFGR currently has 35 members.

Updated FAQ about the Reporting Decree

The Ministry of Finance's website has been updated with frequently asked questions about the Repor-ting Decree. The document also included the questi-ons of IFGR members. The complete FAQ can be found also on our website here.

Current State of the Gambling Market in Slovakia

Slovak parliament, after the initial veto of then President Andrej Kiska, passed for the second time on 4th December 2018 the new Slovak Act No. 30/2019 Coll, on gambling and on amendment of certain acts (hereinafter referred to as the "Act on Gambling"), which **became effective 1st March 2019**. To date, however, no applicant has been granted a separate licence to operate an online casino under the new Act, nor has any new testing laboratory been authorized to expertly assess. **The first licences for online casino are expected to be issued this fall**. So far, no foreign entities operate on the Slovak market, although their activities are allowed by the Act on Gambling. **Technický skúšobný ústav Piešťany, š. p.** (TSÚ) **remains the only testing laboratory**, although they themsel-ves support the entry of foreign laboratories on the Slovak market. You can read more information about e.g. licence applications, the structure of the founded Office for Gambling Regulation, implementing regulations, methodological instructions for bonuses on our website here.

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NEWS FROM ABROAD

EU

A new study by the European Parliament has shown that **extending the rules of the Digital Single Market** (hereinafter referred to as "DSM") to online gambling wou-ld **likely earn operators € 5.6 billion more per year.** For example, one of the main advantages would be that operators would not have to adapt to completely different licencing conditions within each EU country. **At the same time, consumer protection would likely be significant-ly simplified and strengthened**, as 28 different arrangements currently operate side by side in the European area. As early as 2014, EU issued recommendations to its members of principles for the protection of consumers and players of online gambling services and for the prevention of online gambling by minors (available here), but this has been fully implemented in only one country. At the same time, the study argues that some national means used by individual stated, such as payment or website blocking, ultimately result in a shift of consumers from legal operators to the illegal ones, residing most of-ten outside EU. You can read more on our website here, and the full study can be found here.

GREAT BRITAIN

IFGR regularly informs you about **how control authorities in the UK regulate loot boxes**, as it is clear that the stance of the regulator of the largest gambling market will influence attitudes across the EU. The Department of Digitisation, Culture, Media and Sport (DCMS) has recently taken its stand and called **loot boxes a clear form of gambling that empties players' pockets**. Like usual games, gambling games also have an element of chan-ce. The House of Lords, among others, responded and issued a statement, saying it would be best to ban loot boxes altogether. You can find out why game publishers are ridiculed for their argumentation or whether Brexit affects the whole situation here. In past weeks, we also published an article about expanding the popular console game **GTA V Diamond Casino & Resort**, which allows people within the game to visit a casino where players can buy chips in exchange for the virtual currency of the game. However, this currency can be exchanged for real money. Read more here.

POLAND

The Supreme Supervisory Body in Poland (NIK) issued a report assessing the impact of amendments to the Gambling Act. It has emerged that the **state is very inefficiently fighting illegal gambling**. Although, according to NIK, the effectiveness of supervision of gambling by the Ministry of Finance has increased, the fact is that **the worth of the illegal market in Poland has increased by 42% since 2015 up to PLN 4 billion**. **Therefore, the illegal market is still larger than the regulated one**. The causes of the current state include for example the inability to control telecom companies and web providers, whether they adhere to blacklists, or the so-called cloned websites, where gambling is operated even after the ban, but only one letter or number is changed. You can read about other problems as well as successes of the regulation here.