INSTITUTE FOR GAMBLING REGULATION

# NEWSLETTER

october/19

## WHAT ELSE

How successful was the IFGR conference? Rate it yourself! We have received an email response of approximately half of you so far. The members who have not yet rated the conference could do so by filling in the e-questionnaire here so that the next conference will be as beneficial for you as possible. We will evaluate the answers received and inform you all about the recommendations for the next IFGR conference.

On 9 October, Act No. 256/2019 Coll., amending the Act on Record of Sales, on whose basis was gambling excluded from EET, came into force. This Act will take effect on 1 November.

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The third reading of the tax package in the Chamber of Deputies: **Friday, 25 October**, an extraordinary meeting of the CoD will start at 9 am to discuss the tax package. By convening the extraordinary meeting, coalition parties try to prevent the opposition's obstructive efforts. It is possible that the package will be discussed this Friday; if the opposition's obstruction continues, the Chamber will probably discuss it again next week on Wednesday and Friday.

On 5 November, there will be held a national conference titled **"Focus on Online 2019: Gambling Games, Games Bordering Gambling and New Technology"** under the auspices of the premier the Czech Republic and the Chairman of the Council for Drug Policy Coordination. Among other things, the director of IFGR, Mgr. Jan Řehola, will participate.

## WHAT'S UP IN THE INSTITUTE

### THE FIRST IFGR CONFERENCE IS OVER

On 9 October 2019, the first **annual IFGR conference was held at the Academy of Sciences on the topic of "The Gambling Act - 3 Years Later."** As expected, representatives of the IFGR, the Ministry of the Interior, the Ministry of Finance, the Customs Administration, the National Monitoring Centre, the Financial Analytical Office, or the Financial Administration all took part in the discussion. IFGR would like to thank all members for participating in the conference. We consider the conference to be a necessary step in establishing contact and dialogue between all interested parties, which will hopefully lead to a more meaningful regulation of the sector.

All presentations from individual appearances are available at this link.

## DISCUSSION ABOUT THE TAX AMENDMENT

On 25 September, **the second reading of the tax package** took place **in the Chamber of Deputies**. MPs discussed it all day and a total of 45 amendments were submitted, **of which 12 concerned gambling**. At the meeting, completely new proposals were presented by MP Veselý (ČSSD), Kupka (ODS) and Martínek (Pirates). MP Veselý proposed to raise the lottery tax rate to 35% and keep the other rates at 23%. MP Kupka proposed to keep the lottery, fixed-odds betting, totalizers and live game tax at the current rate of 23% and MP Martínek proposed to abolish the increase in the tax rate for live games or possibly 23% taxation only for card games, when players play against each other. The text of all the proposals can be found here and a written record of the speeches of all MPs here.

On **9 October**, there took place **the third meeting of the Committee on Budgets (CoB)**, which voted on all submitted amendments again, with the exception of those already approved by the CoB, namely the AM of MP Rais (ANO), Vostrá (KSČM) and Dolejš and Onderka (ČSSD/KSČM). During the discussions, t**he amendment of MP Veselý was basically divided into two.** The first AM proposes taxation for lotteries at 35% and the second at 30%; proposes to abolish the increase for the other types of gambling games. You can read about **the proposals that the Committee approved** on page 2 of this Newsletter.

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# EVENTS IN THE CZECH REPUBLIC

**The Tax Amendment Discussion - Continuation**

CoB **approved the AM of PM Veselý increasing the lottery tax to 30% and of MP Martínek proposing to abolish Section 59 of the Gambling Act** (guaranteed tournaments).

You can download the current AM status clicking on the link on the page. We added the information on opinions of the MoF on individual AMs in the overview. With the exception of one AM, the MoF has a negative opinion on all amendments voted on at this meeting. **The MoF only has a neutral opinion on MP Veselý's increase in lottery tax to 35%**. A neutral position usually means a possible support of this AM by the government coalition.

After the last CoB meeting on 9 October, there are **still these proposals** at stake:

1.Roman Onderka (ČSSD) and Jiří Dolejš (KSČM) – technical game 38 %, live game 30 %, others 23%

2.Ondřej Veselý (ČSSD) – technical game 35 %, lottery 30 %, others 23 %

3.Původní vládní návrh – fixed-odds betting 25 %, lottery and live game 30 %, technical game 35%

4.All other deputy proposals; however, likelihood of choosing one of the three above.

Regarding **the taxation of players**, the recommendation of the CoB that it should be implemented at the level of players' income tax remains valid if the total income for the year exceeds CZK 1 million.

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**Register of Excluded Persons Should Become Fully Operational as of 1 January 2021**

According to the statement of the representative of the MoF at the IFGR conference, Ing. Martin Šabo, the MoF expects that the set transition period for the implementation of the REP player verification service into internal systems of gambling operators will expire at the beginning of 2021, which will ensure the full functionality of the REP and each player will have to be verified in this Register before entering a gaming establishment and logging into their accounts.

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**GDC Does Not Support Provocative Tactics Within the Checks Carried Out**

GDC representative, Ing. Marek Štěpán, stated that the GDC, as a methodological body within the CA for individual customs offices, does not support any provocative tactics of members of check groups of relevant customs offices. **If you encounter such behaviour, let us know** and the IFGR will deal with it systematically with GDC representatives.

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**Operation of Gambling on the Days of State Mourning**

Many members asked the IFGR representatives about the possibility of operating gambling on the days of state mourning or on the day of mourning in connection with the funeral of Karel Gott. We assure members that neither the current Gambling Act **nor** any other legal regulation **prohibits the operation of gambling on the days of state mourning**, i.e. the opening of gambling establishments and casinos or the online operation.

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**The Town of Krupka Received a Fine for a Lottery Regulation**

The Office for the Protection of Competition imposed a fine of CZK 280,000 on the town of Krupka in the Teplice region. The information was confirmed by the head of the Office, Mr. Petr Rafaj, who stated that the town hall **discriminated against entrepreneurs by disrupting the competitive environment**. The decision itself concerns the 2014 regulation, which allowed gambling to be operated only at specific addresses. However, according to the Office, these were not selected based on objective, non-discriminatory criteria know in advance. "Although the Regulation pursued a legitimate goal, the town fulfilled it in violation of the law. Above all, it was unable to explain and demonstrate why and based on what objective criteria it decided to select the four specific locations where they allowed the lotteries' operation," Rafaj said. The verdict is final, and the city must pay the fine. Krupka is far from the only city that has committed this offence. We informed you about the fine of Česká Lípa last time, and, for example, the cities of Varnsdorf, Karlovy Vary or Děčín were also fined.Varnsdorf, Karlovy Vary nebo Děčín.

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# NEWS FROM ABROAD

## The Finns Want to End the State Monopoly on Gambling

In a recent survey, the Finns **spoke very hard against the continuation of the existing monopoly on gambling** held by company Veikkaus. At the same time, it became clear that the Finns do not believe in the sincerity of their politicians' intentions regarding the regulation of gambling. Most Finns also think that the monopoly is bad for fighting the negative consequences of gambling and that it will be a thing of the past within 10 years. Considering the deteriorating economic performance of Veikkaus, we can expect real discussions over the **opening of the Finnish market** in the coming years. Read more here.

## New European Parliament Recommendation Regarding the AML

On 19 September, members of the European Parliament nrealy unanimously adopted a recommendation requiring states **to implement the legislation regarding money laundering more quickly and efficiently**. The 4th and 5th Directives have recently been adopted regarding this issue. The 4th Directive was to be implemented in 2017, while the 5th in January 2020. Members of the European Parliament, with the approaching deadline, called on national representatives of countries to stop delaying the adoption of the new legislation and to introduce registers of actual owners of legal entities, funds and other entities in all EU countries. See the full text of the recommendation here.

## Some Belgian Operators Voluntarily Gave Up Advertising

Companies Golden Palace Casino, Ardent Group, Napoleon Games, Unibet and Betfirst have voluntarily decided **to stop advertising on radio, television and print media**. Their representatives informed the Ministry of Justice of this intention, recognizing that they are all aware of the significant increase in media gambling advertisements. However, they also added that it is not possible to stop advertising in Internet browsers, as legal operators would be annihilated by the illegal ones. The initiative especially aims to create a level playing field. Representatives of the companies stated that the Belgian National Lottery also fulfils the definition of gambling but is exempt from any regulatory obligations (also including advertising). Therefore, the positive action by the management of the five companies leads not only to a balance of the market, but also to a discussion with the Parliament about the inclusion of the national lottery in gambling.

## The Gaming Regulators European Forum Has Yet to Include Loot Boxes in Gambling

The Gaming Regulators European Forum (GREF) has finished a study on the effects of microtransactions in video games, including the so-called "loot boxes." We continuously monitor their potential regulation for you. Among other things, the study concluded that GREF **has yet to recommend that loot boxes be classified as gambling**. On the other hand, the study says that it will be primarily a matter of the national legislation whether, ultimately, loot boxes will be classified as gambling or not in specific countries. The need to involve national authorities responsible for the consumer protection, health, education and digital and financial regulation was highlighted. Read the full article here.