INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

april/20

WHAT'S UP IN THE INSTITUTE

STATE OF EMERGENCY AND THE INSTITUTE

On Monday, 7 April, the Government of the Czech Republic decided to extend the state of emergency until at least **30 April 2020**. The IFGR representatives will continue in the regime set on 12 March 2020, about which we bring you information, materials and documents every day due to the turbulent situation. At the same time, please do not hesitate to **contact us with any questions** regarding your operation, legislation or specifics of applications to be submitted to the competent authorities. The IFGR management is convinced that through intensive cooperation and maximum joint efforts we will help to restore the entire sector as soon as possible after operations are re-enabled.

Since many state regulations have been issued restricting the activities of our industry, as well as several compensatory measures to save the business environment, you can find here a Czech **summary**.

Summary of issued state regulations restricting the gambling sector

- **since 10 March 2020 from 6pm**, an extraordinary measure of the Minister of Health no. MZDR 10666/ 2020-1/MIN/KAN (no more than 100 people could gather) has been valid
- **since 13 March 2020 from 6am**, Government Resolution No. 199 of 12 March 2020 (gatherings of more than 30 persons and operation of entertainment facilities are banned) has been valid
- **since 14 March 2020 from 6am**, Government Resolution No. 211 of 14 March 2020 (ban on gambling establishments and casinos) has been valid
- **from 24 March 2020 from 6am until 1 April 2020 until 6am**, an extraordinary measure of the Minister of Health no. MZDR 12746/2020-1/ MIN/KAN of 23 March 2020 (ban on gambling establishments and casinos) was in effect
- **from 1 April 2020 from 6am until 11 April 2020 until 6am**, an extraordinary measure of the Minister of Health no. MZDR 13361/2020-2/ MIN/KAN of 30 March 2020 (ban on gambling establishments and casinos) was in effect

Summary of compensatory measures to support the business environment

The most important are:

- program called **ANTIVIRUS** (compensation of employee redress)
- **liberation tax packages**, especially the application for tax delays, see the other side of the Newsletter, and other measures
- **deferral of rent and loan repayments**
- **support of the self-employed**

We have already sent you a more detailed summary as a part our regular evening mail reporting. However, the situation is very variable, and therefore, you can find the most recent ones on the link above.

INSTITUTE FOR GAMBLING REGULATION

FIRST VERDICT ON VIOLATION OF COMPETITION LAW BY A PUBLIC ADMINISTRATION BODY

The verdict of the Regional Court in Brno brought interesting news that are unrelated to the coronavirus crisis. It was made in the case of the **Generally Binding Decree of the Statutory City of Děčín**, through which gambling was regulated in the town. However, in the OPC's opinion, the regulation was not based on **objective, non-discriminatory and previously known criteria**, and therefore, the city was fined with almost a half-million fine. An administrative action was filed with the Regional Court in Brno against the Office's verdict, or rather the verdict of its Chairman on an appeal in the same matter. This was basically based on two claims – OPC is not competent to impose fines on municipalities for regulations as only the Constitutional Court is competent to assess their legality, or rather the subject of the administrative proceedings was not correctly defined. Although the Court of First Instance dismissed both the applicant's arguments and the action in its entirety but found that the violation of competition **did not constitute a ban on any activity likely to favour a specific competitor or otherwise restrict competition**. The Court considers the absolute ban of anti-competitive activities to conflict with the social and legal reality. In other words, the OPC must demonstrate such a **degree of actual violation of competition which would affect the basic outcome parameters of competition, which include especially the price and quality of the products or services offered. In the case of gambling, the Office did not deal with these parameters in any of the seven cases effectively concluded.**

We consider the verdict to be a relatively positive information, as it is likely that it will give municipalities greater autonomy in the issuing of regulations, which would not necessarily result in a general ban on gambling.

APPLICATION FOR GRANTING OF DEFERRAL OF GAMBLING TAX PAYMENT

One of the recently prepared materials for members is the **application for granting of deferral of the gambling tax payment pursuant to Act No. 280/2009 Coll.**, The Tax Code. The document, which was validated by the director of the STO department, Jan Vytejček, was sent to you in a special e-mail. The director also gave us a lot of useful information about the granting of the deferral, which we sent you in the regular summary of events by e-mail in April, which you can find in Czech here.

We consider the following to be the **essential information from the received replies:**

- Within the application for the granting of the deferral, it is possible to request either the deferral in the form of (i) a subsequent one-off tax payment or (ii) a distribution of its payment via a payment schedule, which must be stated in the application.
- **It is advisable to submit the application together with the tax return, i.e. by 25 April 2020. However, it can also be submitted after this deadline.**
- The delayed interest shall run for the duration of the application handling. **If the STO accepts the application, the delayed interest shall not be paid. However, the interest on the deferred amount is running, for whose non-payment a person can also ask.**
- It is possible to request the deferral of tax for up to 6 years. However, the STO will assess this period regarding the economic situation of the company.
- Unfortunately, the STO'S reply to the annexes to this application is relatively general. It is necessary to attach annexes confirming the economic situation of the company, which does not allow timely payment of the gambling tax. According to the Office, these are, for example, bank statements, cash amount, inventory, income statement, expenses statements (i.e. the balance sheet, profit and loss account relating to the current period), etc.

If you have any **questions regarding the submission of these applications** and their processing, **please do not hesitate to send them to us by Wednesday, 15 April 2020**. We will then continue to communicate about them with Mr. Vytejček.

INSTITUTE FOR GAMBLING REGULATION

LAUNCH OF TEST ENVIRONMENT FOR THE REGISTER OF EXCLUDED PERSONS

On 7 April 2020, 73rd Division of the Ministry of Finance informed that the **testing environment of the Register of Excluded Persons (REP) was launched on the same day, which also includes verification of a person's identity and age**. After the transition period, this verification service will fully replace the current system known as SDSL, but only from 20 December 2020. Only from this date, in accordance with the Gambling Act, operators are obliged to:

- verify players when entering the gaming area or logging in to their user account,
- allow a player to set self-restricting measures with live game, and
- notify players in the online environment of the offer and status of self- restricting measures after each login to their user account.

The website also contains files containing the Concept of Testing Data for Non-Production RVO Environment, Test Cases and Test Certificates. The files follow the Complete Technical Specification of the Gambling Operation Information System. Part of the launch of the test environment is the Service Desk for technical and methodological support, and details for its use are available here.

The Ministry's **Service Desk** will be available for full use by logged-in users at the website https://service-desk.spcss.cz. On the link above you will find the application for a registration of a contact person to obtain this access. Unregistered users can access the Service Desk at the e-mail address aisg-sd@spcss.cz or by calling 225 515 990, but they will not be able to use the full functionality of the established Service Desk.

If you have any questions about the published materials, do not hesitate to send them to us by Wednesday, 15 April 2020. We will then discuss your questions at the planned meeting with the Ministry of Finance on the proposed solution of RVO.

NEWS FROM ABROAD

Great Britain

1. A specialized parliamentary group on gambling risks in collaboration with academic Henrieta Bowden-Jones addressed a letter to the UK's largest gambling association, The Betting and Gaming Council (BGC), **calling on gambling operators to self-regulate during the duration of the coronavirus crisis.** The letter, which was also sent to British Cabinet members, included the following specific requirements: limiting deposits in times of crisis, limiting bets on online technical games to £ 2, ending high-spending VIP accounts, ending gambling and bonus deposits ads, making business data available to enable better checks and research. The BGC has already issued a set of rules for operators' behaviour during the crisis. However, the parliamentary group strongly criticized it and described the rules contained in it as insufficient, unenforceable and completely vague.

2. Executive Director of GAMESTOP (supplying devices for self-restricting measures) Fiona Palmer encouraged crisis groups of customers to set **appropriate limits for gambling participation during home quarantine**. It followed the recommendations of the British regulator, who warned operators of marketing aimed at people who are gambling at home for fun or who got in financial trouble due to the pandemic. "We are concerned about the behaviour of problematic players when they spend a lot of time at home involuntarily. These people could also spend funds that are not assigned for online gambling," Palmer said, adding that GAMESTOP has seen an increase in consumers' attempts to cancel the self-regulatory measures previously set.

INSTITUTE FOR GAMBLING REGULATION

The Netherlands

We are keeping you informed about the legislative process concerning the opening of the online market in the Netherlands. Although the draft law is already finished, discussions on implementing legislation are slowing down the process of adopting the new regulation. For example, due to long parliamentary discussions over the Code of Administrative Procedure, the new regulation was **postponed until the summer of 2021**. The coronavirus crisis may then contribute to further postponement. The impossibility of people meeting prevents the regulator from negotiating with operators the form of CRUKS self-regulatory measures. This is one of the reasons why the representatives of the Christian Union (CU) said that the opening of the market should be postponed again as they consider the issue of self-regulation to be crucial.

Mexico

Central American countries were very reluctant to give instructions to slow the economy, but since last Monday, all gambling operations, including the state lottery, will be closed until April 30. As in most countries, online gambling is only possible in Mexico, which is a major problem for the economies of some of the 32 states. All large casinos on the coast, which account for a large part of public budget revenue, were closed.

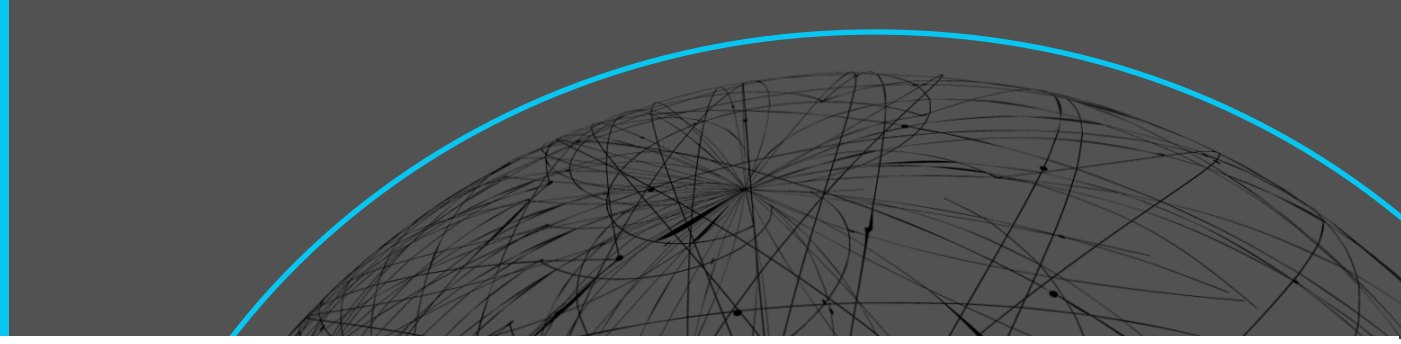
Poland

The Polish Gambling Association requires the Football Association and the Polish supreme football league to **forgive the fees given by gambling operators to both entities at the time of coronavirus**. Although Polish Extraklasa matches as well as lower competitions have been suspended until at least April 26, registered bookmakers are required to pay both entities a fee of at least 0.5 percent of net revenue, but at least EUR 2,106 per month, subject to agreement with them. The Association first requests the suspension of these payments and, in the long term, their removal from the Gambling Act.

Sweden

The Kindered group said in a statement that it saw a huge **drop in the fixed-odds betting revenue**, but this was almost matched by the **increased online revenue**. Therefore, in the second half of March, the Group's total revenues declined by a maximum of 10%, with the Group's first quarter total gross profit increasing from £ 224 million to £ 252 million. *"We expect the drop in fixed-odds betting to be temporary, as competitions could be relaunched in the foreseeable future. To avoid problems after all, we will reduce costs where possible. I am thinking especially of marketing costs, operating costs, or rather the cost of investments that will be deferred."*

INSTITUTE
FOR GAMBLING
REGULATION



International

The International Betting Association (IBIT) reported that it noticed **61 cases of suspicious sports matches** in the first quarter of this year before virtually all were cancelled due to the coronavirus pandemic. This is a 36% increase over the last quarter of last year and a whole 65% increase compared to the first quarter. *"Of course, the survival and affordability of the industry is now a priority for the industry, but it is impossible to forget how vulnerable sports betting is,"* said IBITU CEO, adding that *"There was a significant increase in suspicious games in the last week before the global suspension of sporting events. At the same time, we expect an increased activity of fraudsters immediately after sports activities are permitted to cover their losses."*

INSTITUTE
FOR GAMBLING
REGULATION