INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

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## WHAT'S UP IN THE INSTITUTE

### The Ministry of Health Is Further Easing Sanitary Restrictions

Despite significant fluctuations in the number of infected, the Ministry of Health (MoH) continues to gradually ease the restrictions taken because of the coronavirus pandemic. Another wave of easing came on Monday, 22 June; operators do not have to actively prevent the gathering of customers at less than 2 m but must call for it in the information material since this day. Likewise, the information material must now contain the information that payment by credit card is preferred. The condition of one visitor per 10 m2 has been abolished and the number of people who can be in one facility at the same time has been increased to 1,000. Since **1 July 2020**, the way the social and business life are regulated will change; these is now regulated at the national level by **measures of the Minister of Health** and, more recently, also by **measures of regional hygienic stations**. Such measures will be issued if the epidemiological situation in the given region or its part is worsened.

Since this date, the restriction on operating hours from 23:00 to 06:00 for catering facilities or the obligation to wear masks indoors will be lifted. However, the general conditions applicable to all establishments remain unchanged, as does the number of persons who may be in the same establishment at the same time, which is 1,000. **As we have already informed you in detail, this restriction easing does not currently apply to the Moravian-Silesian Region**, where, due to the poor epidemiological situation, **specific measures apply since 30 June** in addition to the general conditions. **Even stricter measures are in place for the municipalities of Frýdek-Místek, Frýdlant nad Ostravicí, Jablunkov, Bohumín, Havířov, Karviná, Orlová, Český Těšín, Třinec and all municipalities, where these cities exercise extended powers and where specific restrictions are also in place.**

It will always be necessary to monitor the measures of individual regional hygienic stations, which may renew some restrictive measures (e.g. limiting the operating hours of catering services or wearing masks). **The current situation shows that, although there is a gradual improvement, it is necessary to be constantly wary of local outbreaks and to avoid their occurrence with own activity as much as possible.**

## EVENTS IN THE CZECH REPUBLIC

### THE MINISTRY OF INDUSTRY AND TRADE HAS LAUNCHED THE COVID RENT PROGRAM

**On 26 June 2020, the Ministry of Industry and Trade (MoIT) launched the COVID RENT program, which is to be another measure to help the entrepreneurial sector. Applications for drawing financial aid can be submitted until 30 September 2020, and only electronically via the information system available at https://najemne.mpo.cz. It is always necessary to register in the system via the so-called eIdentity (https://www.eidentita.cz/Home), i.e. using the e-Identity Card with a chip, an account at the National Point for Identification and Authentication or the Starcos chip card of První certifikační autorita, a.s. At the same time, the MoIT published an invitation (here), which sets out the general conditions for drawing the aid, specifies who can be an applicant, and lists the necessary annexes.**

**If something is missing in the submitted application,**

**the Ministry will invite the applicant to complete it, but only twice. Then, the application will be discontinued. A period of 14 days is set for the completion. At the same time, the MoIT reserves the right to invite the applicant for further document submission, if necessary. The application process itself will basically have two rounds. First, the formal requirements of the application will be assessed, and the result of this assessment will be a recommendation for the aid. Then, the Ministry decides by their decision. Under the terms of the program, it is not possible to appeal against such a decision and there is no legal claim to grant the submitted application. The Ministry's invitation also regulates the retrospective check of the provided compensation or it being retrospectively taken back.**

## GENERAL FORGIVENESS OF INTEREST FROM DELAY AND ON DEFERRED AMOUNT

Some time ago, we informed you about the efforts of the IFGR to convince the Ministry of Finance (MoF) and the Financial Administration (FA) of a possible general forgiveness of interest on deferred amount. The Institute has repeatedly stated that if the FS has to deal with individual applications for forgiveness of this interest for each entity separately, it will mean extreme overload for them, which is certainly not desirable at a time when they are dealing mainly with applications for deferral of the tax itself. At the meeting of the government on 8 June 2020, there was a breakthrough in this matter. The Minister of Finance presented the so-called Liberation Package III (here), which includes, among other measures, the IFGR's proposed general forgiveness of interest from delay and interest on the deferred tax. On 10 June 2020, this government decision was confirmed by a decision of the Minister of Finance. According to Point VIII of the decision, it is **forgiven to all companies that have been issued a decision on the deferral of gambling tax** for reasons related to coronavirus and whose **interest on the deferred amount** arose between 12 March 2020 and 31 December 2020. This is an incredibly positive news, which will save considerable funds for all those entities who have been allowed to defer the tax.

## COMPARISON OF THE DEVELOPMENT OF GAMBLING TAX COLLECTION

The Institute regularly monitors the development of the gambling market based on data on the assessed gambling tax published by the FA. From the available data, we prepare an overview table with a breakdown according to the individual types of gambling games and methods of operation. As the data for the first quarter of this year has already been published, the table has been updated and can be found here. It should be noted that the assessed tax may have undergone or still could undergo minor changes because of tax proceedings. In general, it can be stated that within the achieved GGR, there was a cumulated increase of all types of gambling games in a **direct comparison 1Q 2019 vs. 1Q 2020 by 6.28% GGR**.

## THE NEW FORM OF PRAGUE REGULATION OF GAMBLING SHOULD BE READY IN THE AUTUMN

After negotiations on the new regulation of gambling in the capital city of Prague were postponed due to the coronavirus situation, **the Committee for Legislation, Public Administration and Transparency of the Municipality met in early June** to discuss this issue again. According to Councillor Marvanová, discussions were taking place in the meantime with city districts that did not agree with the proposed form of the new decree. She also said that its **final wording would be ready in the autumn** of this year. According to the minutes of this meeting (here), she further stated that the decree would set out general criteria for licencing establishments, and emphasized that the budgetary effects of the gambling restrictions as well as the compliance of individual city districts with general gambling regulation requirements should be addressed. The available media information suggests that the views of the individual city districts should be maintained.

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## THE COURT RULED ON THE MARKING OF GAMING PREMISES

The Regional Court in Plzeň issued one of the first verdicts on the marking of casinos. Its full text can be found here. The court rejected the filed lawsuit of the gambling operator and **confirmed the long-held interpretation of the Customs Offices of the Czech Republic that the placement of the operator's logo on the outer wall of gaming premises is a violation of Section 66 para. 2 of the Gambling Act**. The court further emphasized that the provisions of the law must be interpreted in the light of one of the main objectives of the law, which is *"ensuring high consumer protection and ensuring measures to prevent and fight socially pathological phenomena associated with the operation of gambling"*. They reflected this in the further statement in the decision: *"…Undoubtedly, this logo (trade mark) influences persons who commonly go to the plaintiff's premises to gamble, and its placement on the outer wall of the gambling establishment, which is open to the public, also influences indirectly other persons who move around the place where the establishment is located."* The assertion that, **although a part of the gaming space marking was aimed at live gaming and the subject matter of the proceedings was the marking of the establishment, is not at all decisive,** according to the court, because the average consumer cannot know what type of gambling is allowed in the premises. The court also ruled on **the open door to the gambling establishment, which they considered a violation of the law** (prevention against looking inside), even though technical devices located in the gambling establishment couldn't be seen through the open door. They stated that the whole gaming premises should be secured from looking in.

## NEWS FROM ABROAD

Last autumn, as part of the **first meeting of the online section, we predicted that the key all-European topic in the field of online gambling** in the coming years would be the socially **responsible approach of operators and especially "responsible" advertising**. Political debate on the role of online gambling advertising has already started in some European countries, such as Belgium, Germany, Romania, Spain and the United Kingdom. In the remaining countries, its starting can be expected soon. Below you can read about the current steps of individual countries in this area.

Advertising is essential for informing consumers about the existence of the products on offer, but it is the thing that, to a large extent, influences the society-wide view of the whole sector. Therefore, in our opinion, it is essential that the online gambling advertising is socially responsible. The Institute aimed to prepare the so-called **Code of Conduct on Responsible Online Advertising** this year, which would contain standards for the responsible online gambling advertising. **The European Gambling and Betting Association (EGBA)**, representing the leading gambling operators based in the European Union, **issued in the meantime a Europe-wide Code of Conduct on Responsible Advertising for Online Gambling**. In addition to bet365, Betsson Group, GVC Holdings Plc, Kindred Group Plc, William Hill, **this Code has been approved by national associations similar to the IFGR in the Netherlands, Belgium (BAGO), Denmark (DOGA), Norway (NBO) and Portugal (APAJO)**.

Although the IFGR has not yet joined the Code, it sees **considerable potential in the future in relation to the ongoing analysis of gambling regulation by the Ministry of Finance**. It is a document that will be adhered to across European gambling regulations and will therefore carry considerable weight. Therefore, we are preparing **a brief overview of the measures contained in this Code** for you, which would be the basis for our joint discussion on this matter. The full text of the Code in English can be found at the following link.

## GREAT BRITAIN

**A Contribution Of £ 100 Million For Research, Counselling and Treatment in The Field of Problem Gambling**

The Betting and Gaming Council (BGC) has announced that its five largest members will provide £ 100 million to improve the treatment of problem gamblers in the Great Britain. Bet365, GVC Holdings, Paddy Power Betfair, Sky Betting and Gaming and William Hill will provide funding to GambleAware, a company which will then ensure that the funds reach people in need of counselling or treatment. **The operators have already promised to increase the sum they would contribute to research, education and treatment services, that is from 0.1% to 0.25% of annual revenue in 2020, then 0.5% in 2021, 0.75% in 2022 and 1% in 2023**. This commitment underlines the efforts not only of the five operators mentioned above, but also of all BGC members to improve the quality of treatment provided to problem gamblers, said BGC Director Michael Dugher. British Health Minister Matt Hancock was also pleased with reports from these five operators of support for the counselling and treatment.

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**The British APPG Demands A Ban on Advertising and Bonuses**

Following a year-round collection of information **on the British online market**, the Gambling Related Harm All Party Parliamentary Group (APPG) published its **final report** on 15 June 2020, **setting out 30 recommendations for possible changes in the gambling regulation**. APPG included a **general ban on advertising** among its key recommendations. They believe that such a ban is justified, as gambling can have negative consequences for individuals and advertising is intended to encourage them to gamble. **The general ban would not only apply to traditional media channels, but would also have an impact on, for example, EA Sports game titles, as operators' logos appear on FIFA players' shirts**. Another key recommendation is to ban bonuses and VIP programs. In the opinion of APPG, it is precisely these programs that generate disproportionate profits for operators, especially from the players most affected by addictions. Although the APPG picks heavily at the functioning of the Gambling Commission in the report, they praised it for one thing, that is for **accepting the ban on credit c**ard betting. It should be added that they still complained about the time lag, as the ban on credit card betting was not introduced until 14 April 2020. The creation of the **Code of Conduct on Responsible Online Advertising can help ensure that the situation in the Czech Republic does not develop in the same way.**

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**Loot Boxes Under Scrutiny**

**Another topic has been recently started in the Great Britain, which is the regulation of the so-called loot boxes.** These allow players to spend money on in-game rewards, such as special characters or equipment, without knowing in advance exactly what they will get. Although loot boxes contain an element of chance, the temporary British gambling regulation does not apply to them. The reason is that "winnings" have not yet been considered a monetary value. However, studies show that prizes can be easily monetized on third-party websites. This is one of the reasons why they are considered by the professional public to be a controversial element of video games, which leads especially young players to gamble and subsequently to addiction. **No decision has been made so far in the public debate; one of the options is a possible total ban, as is the case, for example, in Belgium**. The benefit of loot boxes for the video game industry is estimated at around £ 23 billion. If loot boxes are reclassified as gambling, it will have a significant impact on game developers, who would be forced to recall some game titles or rework them in order to sell them to people under the age of 18.

## SPAIN

**Gambling Operators in Spain Are Facing Advertising Restrictions**

Spanish Minister for Consumer Affairs Alberto Garzón has warned that a new bill is being drafted that would provide for **far more restrictive restrictions on gambling advertising**. The bill is to be inspired by temporary restrictions adopted during the coronavirus pandemic, which was lifted in mid-June. The temporary advertising restrictions in Spain prevented online gambling operators from offering bonuses or advertising via social media or e-mails, while limiting television and radio advertising from 1am to 5am. Spain is therefore one of many countries that have recently adopted or are about to adopt restrictions on gambling advertising.

## ITALY

**Gambling Operators in Italy Have Also Lived to See the Easing of Restrictions**

**After almost a hundred days**, the mandatory closure of gambling premises, **which cost the entire industry more than EUR 2 billion**, has ended. The reopening on 15 June 2020 was made possible by a decree signed by Prime Minister Guiseppe Conti himself. Before they could be reopened, each individual region of Italy also had to give its consent. **Out of a total of 20 regions, only half granted this consent on 15 June, another 4 regions allowed the opening on 19 June and, for example, Lazio, of which Rome is a part, will not allow reopening until 1 July**, that is due to the fact that two new outbreaks of COVID-19 have appeared in this area. The opening of premises is not possible without the observance of hygienic measures, which include, for example, the obligatory use of masks, the observance of distances of at least one meter or frequent disinfection of surfaces. **Failure to comply with these rules will be sanctioned by the gambling regulator (ADM) itself, ranging from a warning of the first violation to the suspension of the licence for one to five days for repeated offences**. Compared to most European countries, the opening of casinos in our country on 11 May 2020 was very favourable, because, for example, in the Great Britain, casinos cannot reopen for now at all.

## USA

**The Gambling Centre Has Reopened Its Gates**

On Thursday, 4 June 2020, after 78 days of forced closure, casinos **in Las Vegas** could reopen their premises to players, and it should be added that, as elsewhere in the world, **under strict hygiene rules, including, for example, that no more than four players may sit at one table**. Although casinos cannot complain about the lack of interest of players, the restriction of four players at one table has an impact, especially on poker. As a result, most of the poker rooms in Las Vegas remained closed and only three of them opened. As Casino Bellagio's poker director Mike Willis puts it, *"we can't wait to open it, but we want to make sure it's safe for our guests."* Under normal circumstances, the World Series of Poker would take place at this time, and thousands of players from all over the world would play in the local poker rooms. Now, it is unrealistic. Casino operators are negotiating with the local NGCB regulator about the possibility of increasing the number of players at one table from four to six, but to no avail so far. **Recent reports indicate that the number of new cases of the disease in Nevada is rising sharply, with the number of people infected doubling in the last two weeks. While in the Czech Republic, the obligation to cover the nose and mouth indoors applied until the end of June, this obligation applied only to employees in the USA. As a result of the recent reports, this obligation has been tightened, and wearing a mask now applies also to all visitors to premises.**

## SLOVAKIA

**Efforts to Strengthen the Powers of Local Administration**

On 19 June 2020, a bill amending the Gambling Act was submitted by a group of deputies of the National Council of the Slovak Republic. The aim of the **bill is to strengthen the powers of local authorities and to remove the condition of filing a petition**, with which the citizens of the municipality complain about the violation of public order in connection with the operation of gambling. As a result of the removal of this condition, local authorities will be able to adopt a generally binding regulation banning gambling in their territory (like our decrees), therefore strengthening the power of local administration to regulate gambling. At present, the adoption of the generally binding regulation of the municipality on the ban of gambling in its entire territory is conditioned by the existence of a petition, which must be supported by at least 30% of the population of the municipality, or rather 15% in the case of Bratislava and Košice. The full text of the bill can be found here.