INSTITUTE FOR GAMBLING REGULATION

NEWSLETTER

september/20

WHAT'S UP IN THE INSTITUTE

HERE IS THE SEPTEMBER MEETING'S DETAILED PROGRAM

The meeting of IFGR's members is fast approaching, and that is why we want to outline its program. You have known about its date - **23 September 2020** - and the place - **Prague StartUp Market, Prague Market - Bubenské nábřeží 306/13, Prague 7, Hall 24** - for some time now. **The program will**, as usual, **start at 13:00 with a joint meeting of all IFGR members**, when the activities of the Institute during the COVID-19 pandemic will be evaluated, and we will also discuss key topics related to news and obligations, which will start to apply on 20 December 2020 and, as a result of the amendment to the AML and GA Act, probably on 1 January 2021. Subsequently, a new IFGR project entitled "Gambling in a Better Light" will be presented, through which we would like to contribute to a better societal perception of gambling. We believe that this activity is necessary so that we do not have to fight against senseless populist measures every year. The joint general part will be followed by meetings of individual sections from 15:30. **More detailed programs of these meetings can be found here**. If you have any comments or suggestions to complete the program, do not hesitate to contact us, and we will be happy to include your topic. **At the same ti me, continue to confirm your participation by e-mail** institut@iprh.cz until 11 September 2020. Each member is guaranteed 2 seats.

NEWLY, IN ADDITION TO THE NEWSLETTER, WE PUBLISH ARTICLES ON OUR WEB

Since we are still trying to improve our information service, we have started to prepare expert articles for you on our field's current events. You can find them once a week in the monitoring sent by NEWTON media a.s. If you would like to read the articles once more, you can do so on the IFGR website, where they are published in advance.

CONSULTATION PROCEDURE ON THE DECREE CHANGING THE GAMBLING TAX FORM

IFGR is an official comment place, which is why we received a notice of initiation of a consultation procedure on a new decree on form submissions for gambling tax. The Decree is a reaction to the ruling of the Constitutional Court (Pl. CC 19/17), in which the **CC ruled that tax forms must newly be regulated by a legal regulation at least with the legal force of the Decree**. Therefore, it is no longer possible for these forms to be set down only by issuing the MoF printed form like it was before. For this reason, the Ministry will issue several decrees that would stipulate the tax forms (in addition to ours, they have already published the one for real estate tax or income tax). In the available materials, the Ministry states that the **ambition of these decrees is not a radical revision of tax forms and fundamental changes in the reported data**. It should, therefore, be a matter of simply reflecting the current forms into the form of the decree. However, the Ministry also states that the new decree will reflect standard year-on-year updates, and that, within the legislative process, partial changes that will be necessary may still be made, they just have not been made "in time". The full text can be found here. We have read the decree carefully and, from our point of view, there really are just formal changes.

INSTITUTE FOR GAMBLING REGULATION

FAO HAS SENT THE OFFICIAL RESPONSE TO THE IFGR'S COMMENTS

In a previous newsletter, we informed you that, **based on the IFGR's key comments on the draft chapter on the threat of money laundering in the field of gambling, the risks associated with money laundering** in the field of gambling **should probably be reclassified** in some areas from medium to low. **The IFGR's efforts have borne fruit.** **The Institute has been officially informed by the FAO that it is precisely on the basis of the IFGR's comments that the risks associated with money laundering in the area of gambling have been reclassified from medium to low** in some areas. Unfortunately, this is still a private consultation, so we cannot provide more information

IFGR'S COMMENTS ON THE AML AND GA AMENDMENTS ACCEPTED

In the last issue, we informed you that, just before the summer holidays, the amendment to the AML Act and the Gambling Act (GA) passed its first reading in the Chamber of Deputies. The Institute, as a mandatory comment place, commented on this amendment, some comments being based on your suggestions. **The IFGR's comments concerning the new obligation of audits of gaming systems, which all lead to administrative simplification of these new obligations, were accepted by the MoF. In the case of the AML Act, the limit of EUR 2,000 for the obligation of continuous check of the client was cancelled and will be replaced by a change in the system of internal principles of each obliged person.** We have sent you the summary document of all changes some time ago, but you can also find it here.

The effectiveness of the proposed changes varies from one provision to another. **Most of the provisions of the GA will take effect on 1 January 2021**, and the rest, including **changes to the AML Act, on the 15th day after the promulgation of the amendment**, but, for example, the expansion of the REP to include persons not paying maintenance will not take effect until one year after the entry into effect of the relevant act.

EVENTS IN THE CZECH REPUBLIC

WHIRL AROUND MASKS

There has been a whirl around new measures in recent weeks. First, the Minister of Health A. Vojtěch presented a new measure: that from 1 September 2020, the obligation to wear a mask in public places (including shops, shopping centres, post offices, offices), at internal mass events regardless of the number of participants, in public transport or in schools outside classrooms will again apply. On the contrary, this obligation should not apply to offices, restaurants, or operations with employees. Two days later, the Ministry of Health (MoH) published a measure that included restaurants among the places where it is mandatory to wear a mask. However, this was not met with a favourable reception from the public, which, on the contrary, loudly expressed its disapproval. Therefore, as usual, Prime Minister A. Babiš intervened and had a meeting with the Minister of Health. After the meeting, the measures significantly changed, which is a good thing for our industry. **The originally proposed wearing of masks indoors, including gaming establishments and betting offices, was cancelled**. The same goes for restaurants. The only restriction that **applies to gaming establishments is the wearing of masks in the case of card tournaments and social events, where there will be more than 100 people at once, and such events can be attended by a maximum of 500 people at once**. The full text of the emergency measure - wearing respiratory protective equipment - can be found here.

Another positive news is that the **mandatory quaran-**

tine will be shortened on 1 September 2020. The quarantine of contacts and isolation of people infected with Covid-19 disease without symptoms is shortened from two weeks to 10 days. A test is no longer required to end the quarantine, except for health care workers, social workers or people with impaired immunity. The full text of the quarantine measures can be found here.

PRAGUE REPRESENTATIVES WILL DISCUSS A NEW DECREE

Unfortunately, the darkest fears came true. The Prague City Council is to discuss the draft of a new generally binding decree (GBD), which, following the example of Ostrava, provides for a total ban on the operation of the technical game. Representative and councillor JUDr. Hana Kordová Marvanová needs the consent of the city management to be able to submit the new form of the GBD to the representatives on 10 September 2020 for approval. We assume that the impacts of the Prague decree will be one of the topics discussed during the planned September meeting.

ANTIMONOPOLY OFFICE IMPOSED A ONE-MILLION FINE ON THE CITY OF OSTRAVA

With its first-instance ruling, the Office for the Protection of Competition (OPC) imposed a fine of CZK 1,078,000 on the City of Ostrava for violating the Act on the Protection of Competition by a generally binding decree regulating the operation of gambling in the city from 1 January 2017 to 30 June 2019. The city appealed against the ruling, so it is not legally effective.

The reason for imposing the fine was that the decree allowed the operation of gambling only in selected places and did not apply objective, non-discriminatory and criteria known in advance when selecting addresses. According to the spokesman of the Office, Martin Švanda, *"this favoured some operators who could continue to operate at the permitted addresses".*

The mayor of the city, Tomáš Macura, completely disagrees with the Office. In his opinion, the contested decree significantly contributed to the fulfilment of society-wide interest, namely by reducing pathological phenomena related to the operation of gambling and improving the quality of public space.

Since July 2019, a stricter decree has been in force in Ostrava, which only allows the live game in casinos to be operated. Its goal is to eradicate technical games from all over the city within a few years, that is after the expiration of issued licences.

NEWS FROM ABROAD

THE SCOTTISH AND WELSH CASINOS CAN REOPEN

After the casinos in England, which opened on 15 August 2020, the casinos in Scotland and Wales have finally reopened. The British gambling industry is therefore looking forward to returning to normal operations. In addition to the operators themselves, reports of the reopening were welcomed by the Betting and Gaming Council (BGC), which also thanked the Scottish Government for hearing the operators out and the Welsh Prime Minister for making the right decision. BGC CEO Michael Dugher said that, like operators in England, Scottish casinos had taken some hygiene measures beyond their responsibilities to protect staff and players from possible infection.

Although casinos across the GB tried to make profit during the mandatory closure, some were unlucky.

London club Ritz has already announced that they will not reopen, and Genting UK Plc is considering selling its casinos on the coast, specifically in Margate, Torquay and Bristol. In this context, the Bacta business group has launched its "Save Our Seasides" campaign to persuade MPs to reduce gambling taxes and VAT at the coastal establishments. Bacta CEO John White called on members to turn to their local MPs for help, as closing the establishments down would have a devastating impact on local economies.

TAX BURDEN FOR DANISH CASINOS AND AUTOMATS IS GROWING

A new version of the Danish Gambling Tax Act was published on Friday, 14 August 2020, and although the basic tax rates remain unchanged, slot machine and casino operators must prepare to pay more. The tax for the land-based casinos remains at 45%, as does the 30% gross gaming income rate (GGR), which is payable over a certain limit. This limit is reduced by the new Act from the original DKK 4,087,800 (EUR 548,963) to DKK 3,656,000 (EUR 490,976).

The same applies to slot machine operators. They will have to continue to pay a 41% GGR tax on devices in restaurants and establishments. The limit where the additional tax of 30% GGR is applied has been reduced from DKK 30,700 (EUR 4,123) to DKK 27,400 (EUR 3,680) in restaurants and from DKK 255,500 (EUR 34,314) to DKK 228,500 (EUR 30,688) in other establishments. Additional one-time fees for each device in the establishments do not change.

GREECE ANNOUNCES NEW RULES FOR ONLINE GAMBLING GAMES

After a long wait, online gambling operators in Greece have finally lived to see them. On Tuesday, 11 August 2020, **7 ministerial decisions** (implementing regulations) **were published** on the regulator's website, which **set out the conditions for the operation of online gambling games.**

The long-awaited regulations were adopted with conflicting feelings. Some interested people acknowledge that the regulations were issued at once and on the contrary, consider the date of the publication to be quite strange. In addition, however, operators were surprised to find out that the new rules appear to allow a maximum jackpot for random number generator (RNG) games of € 70,000, and not € 7,000, as was originally proposed. However, the maximum bet per spin in online casinos for RNG games remains at € 2, which corresponds to the current maximum deposit with the land-based video-lottery terminals.

Fees in Greece are the highest in Europe. The Greeks are well aware of this, and the Greek Parliament, also under pressure from the gambling industry, has accepted the **possibility to pay the fees** of EUR 3 million for online fixed-odds betting and EUR 2 million for other online gambling games **in four annual instalments**. The first instalment becomes due after obtaining the licence, but a bank guarantee of EUR 500,000 is also required.

Online gambling has been regulated in Greece since 2012 in the so-called transitional regime. It allowed online gambling operators to operate games if they were licenced in another EU or EEA Member State, met certain conditions and paid gambling taxes. Although 24 temporary licences were originally issued, many operators merged or left the Greek market. Following assurances from the Hellenic Gaming Commission (HGC) that they would be able to continue to operate on the Greek market, all 13 remaining operators applied for a licence in March without being aware of the implementing rules. Newcomers who are about to enter the Greek market will now be able to apply for a licence, but they will be banned from advertising until the licence is granted.

INSTITUTE
FOR GAMBLING
REGULATION

THE UKRAINIAN GAMBLING ACT SIGNED BY THE PRESIDENT

In the last issue, we informed you in detail about the new Ukrainian act on gambling and its adoption by parliament. After less than a month, the act reached President Volodymyr Zelensky, who had its fate in his hands. Most MPs were convinced that the bill would be vetoed by the president and returned to parliament with changes. The reason for these concerns was the critique of the professional public. One of the main critics was the Ukrainian Anti-Corruption Agency, which **said that the Act was not detailed enough as to how operators would pay for licences and what authorities were authorized to certify gambling games. Likewise, the reasons for obtaining or revoking a licence are problematic because they are not compatible with the applicable Ukrainian legislation**. To the surprise of all, **the president signed the Act on Tuesday, 11 August 2020, which came into force after its publication in the Ukrainian gazette**. The president signed it, knowing that it contained several imperfections. As he himself said, the parliament must "solve" them in the coming months. If the president did not sign the Act, it would have far-reaching consequences, because parliament would not be able to discuss it until September. This was confirmed by the president's adviser, Boris Baum, who said: *"We have assessed all the risks and decided that it would be better for us to sign it now and then correct it than to lose the whole Act as well as budget revenues."*

Marian Zablocki, chairman of the Committee on Finance, Taxation and Customs Policy, said that the changes related to the president's concerns would be included in legislation, setting new rates for the gambling tax. Specific **tax rates for gambling remain a mystery**, but they seem likely to face the same pressure that accompanied the main Act as the government expects to generate between 2.5 billion UAH and 4 billion UAH (EUR 79 to 123 million) in tax revenues per year from the gambling industry.

TWO PLAYERS OF DARTS INVESTIGATED FOR VIOLATION OF MATCH-FIXING RULES

The International Betting Integrity Association (IBIA) informed the Darts Regulatory Authority (DRA) of suspicious bets, which led to the opening of an **investigation into Kyle McKinstry and Wessel Nijman. The activity of both professional darts players was suspended until** the alleged violation of the rules of match-fixing is investigated. During match-fixing, the course or result of sporting events is illegally influenced, especially by the players or referees themselves. In the case of McKinstry, the DRA was informed as early as 1 May 2020 after he lost a match 5-0 the day before. Shortly after the first warning, the DRA was warned again, right after the match between McKinstry and Nijman on 3 May 2020. However, according to the DRA, *"there is no indication that McKinstry's opponents in any way participated in the alleged violations of rules of match-fixing"*. Although Nijman was involved in one of the matches being investigated in the McKinstry case, he faces his own accusation of losing a 4-0 match against David Evans. If the DRA Disciplinary Committee finds that match-fixing rules were indeed violated, both players will face further disciplinary action. To investigate both cases, the DRA is working with Sportradar Integrity Services, UK Gambling Commission's Sports Betting Intelligence Unit, the Malta Gaming Authority as well as the Gibraltar Gambling Regulator.

INSTITUTE
FOR GAMBLING
REGULATION