

The Tax Treatment of Remote Gambling Consultation Response
by the Chartered Institute of Taxation

1. Executive Summary

- 1.1. The Chartered Institute of Taxation (CIOT) is the leading professional body in the UK for advisers dealing with all aspects of taxation. We are a charity and our primary purpose is to promote education in taxation with a key aim of achieving a more efficient and less complex tax system for all. We draw on the experience of our 20,000 members, and extensive volunteer network, in providing our response.
- 1.2. We welcome in principle any simplification of the taxation of gambling, noting that there are at present seven different types of gambling excise duties, and that reducing the number of different excise duties appears, at face value, to lead to simplification. However, if the proposals contained in the consultation are adopted, there will still be seven different types of gambling excise duties, with only a minority of taxpayers being subject to fewer gambling excise duties than they are today, and some taxpayers being subject to more gambling excise duties than they are today.
- 1.3. Given the many different gambling activities (fixed-odds betting, pool betting, betting exchanges, bet brokers, financial and non-financial spread betting, remote gaming (slots, casino games, and poker), and remote bingo) covered by the existing duties that are proposed to be merged into Remote Betting & Gambling Duty ('RBGD'), it is likely that differences to the detailed rules for different types of gambling will have to be maintained within RBGD, thereby limiting the scope for any meaningful standardisation and simplification.
- 1.4. We are concerned that the proposals may result in greater complexity in some areas, such as the taxation of bets placed via Self-Service Betting Terminals (SSBTs), telephone, text, and e-mail, as well as with any change in the rules relating to free bets, freeplays, and restrictions placed on the deduction of the value of prizes paid to customers.
- 1.5. The introduction of a RBGD would present an opportunity to ensure that the design of any associated penalty regime is aligned with modern best practice for a proportionate regime that encourages compliance.

2. About us

- 2.1. The CIOT is an educational charity, promoting education and study of the administration and practice of taxation. One of our key aims is to work for a better, more efficient, tax system for all affected by it – taxpayers,

their advisers and the authorities. Our comments and recommendations on tax issues are made solely in order to achieve this aim; we are a non-party-political organisation.

- 2.2. The CIOT's work covers all aspects of taxation, including direct and indirect taxes and duties. Through our Low Incomes Tax Reform Group (LITRG), the CIOT has a particular focus on improving the tax system, including tax credits and benefits, for the unrepresented taxpayer.
- 2.3. The CIOT draws on our members' experience in private practice, commerce and industry, government and academia to improve tax administration and propose and explain how tax policy objectives can most effectively be achieved. We also link to, and draw on, similar leading professional tax bodies in other countries.
- 2.4. Our members have the practising title of 'Chartered Tax Adviser' and the designatory letters 'CTA', to represent the leading tax qualification.

3. Consultation Questions

- 3.1. **Question 3: Do you support in principle the proposal to merge the three existing taxes for remote gambling?**
- 3.2. Yes. We welcome in principle any simplification of the taxation of gambling, noting that there are at present seven different types of gambling excise duties, and that reducing the number of different excise duties appears, at face value, to lead to simplification. However, if the proposals contained in the consultation are adopted, there will still be seven different types of gambling excise duties, with only a minority of taxpayers being subject to fewer gambling excise duties than they are today, and some taxpayers being subject to more gambling excise duties than they are today.
- 3.3. We note that there may be legitimate policy and technical grounds to have different gambling excise duties for different products, such as maintaining the flexibility to tax different products at different rates. We note that it is common practice for betting and gaming services to be taxed under different regimes and at different rates in other tax regimes around the world. At present, the UK regime allows for different forms of remote gambling to be taxed at five different rates (financial spread bets at 3%, non-financial spread bets at 10%, chargeable lotteries at 12%, fixed-odds, pool bets and exchange betting at 15%, and remote gaming (slots, casino games, and poker) and remote bingo at 21%).
- 3.4. Up until now, different gambling excise duties have been designed to accommodate the differing characteristics of the products to which they apply (such as betting versus gaming). It is not immediately clear that the method by which gambling products are consumed (ie in-person or remotely) is the most appropriate basis on which to apply different tax regimes.
- 3.5. We note from the consultation document that only a minority of taxpayers (25%) are currently registered for more than one type of remote gambling excise duty, which suggests most taxpayers would not experience any reduction in the number of returns they would be required to file if a single tax called RBGD were introduced.
- 3.6. **Question 4: Do you think the proposal to introduce RBGD would have any unintended consequences? Please explain your answer.**
- 3.7. Yes. We are concerned that the proposals may have the unintended consequence of introducing additional complexity in certain circumstances.
- 3.8. Making bets placed via Self-Service Betting Terminals (SSBTs), telephone, text, and e-mail subject to the new RBGD is likely to result in some retail bookmakers being required to pay three different gambling excise duties

instead of the current two gambling excise duties (being General Betting Duty (GBD) for 'over-the-counter' bets and Machine Games Duty (MGD) for activity on gaming machines), increasing the number of returns they are required to file and increasing complexity and compliance costs for both taxpayers and HMRC.

- 3.9. **Question 5: Would the introduction of RBGD lead you to change your business operating model? If so, in what way?**
- 3.10. We do not have any comments on question 3.
- 3.11. **Question 6: Do you agree that RBGD should use the same wide definition of 'remote gambling' as currently provided for in s154 of Finance Act 2014 (Gambling Act s4)? Please explain your answer and suggest an alternative if not.**
- 3.12. No. We believe using this definition to determine the scope of RBGD risks undermining the simplification objective by making retail bookmakers subject to an additional gambling excise duty of RBGD in addition to General Betting Duty and Machine Games Duty.
- 3.13. **Question 7: Do you agree with the proposed scope and design of RBGD? Please provide suggestions you may have for improvement.**
- 3.14. Don't know. Given the many different gambling activities (fixed-odds betting, pool betting, betting exchanges, bet brokers, financial and non-financial spread betting, remote gaming (slots, casino games, and poker), and remote bingo) covered by the existing duties that are proposed to be merged into RBGD, it is likely that differences to the detailed rules for different types of gambling will have to be maintained within RBGD, thereby limiting the scope for any meaningful standardisation and simplification.
- 3.15. **Question 8: Do you think that ancillary remote gambling should be in the scope of RBGD? Please explain your answer.**
- 3.16. No. We believe including ancillary remote gambling in the scope of RBGD risks undermining the simplification objective by making retail bookmakers subject to an additional gambling excise duty of RBGD in addition to GBD and MGD.
- 3.17. **Question 9: How would bringing ancillary remote gambling activities into RBGD impact your business, and could you suggest alternatives to administering the duty from such activity? If so, please specify the general and specific activities affected.**
- 3.18. We do not have any comments on question 9.
- 3.19. **Question 10: Do you agree that spread betting is mostly provided by UK-based companies and predominantly offered remotely as opposed to premises based? If not, please explain why.**
- 3.20. Yes.
- 3.21. **Question 11: Do you agree that spread betting should continue to be taxed on a place of supply basis? Please explain your answer.**
- 3.22. Yes. Given that spread betting is mostly provided by UK-based companies, there is no obvious reason to change the place of supply approach.
- 3.23. **Question 10: Do you think that spread betting should be included in the scope of RBGD? Please explain your answer and provide suggestions for alternative treatment.**
- 3.24. No. If spread betting is included in the scope of RBGD, this may limit the scope for simplification of the legislation given the need to maintain separate rules because of the different nature of the product to other

gambling products (different regulatory environment, place of supply instead of place of consumption basis, and lower tax rates).

- 3.25. **Question 13: Do you agree that under RBGD the tax treatment of free pool bets should be aligned with the tax treatment of free general bets? Please explain your answer.**
- 3.26. Don't know (no 'not applicable' option). We do not have any comments on question 13.
- 3.27. **Question 12: Do you have any suggestions for ensuring the fairness and simplifying the tax treatment of freeplays under RBGD, and for removing opportunities for the re-wagering exemption to be exploited to reduce liability? If so, please give details.**
- 3.28. Yes. Whilst the freeplays rules are undoubtedly an area of complexity in the current Remote Gaming Duty (RGD) legislation, taxpayers have complied with the rules since August 2017, and short of the abolition of the rules altogether, there is no obvious scope for simplification. However, taxpayers would likely welcome more detailed guidance from HMRC on the operation of the rules in-practice, along with worked examples.
- 3.29. We are not aware of the existence of opportunities for the re-wagering exemption to be exploited to reduce liability.
- 3.30. We note that the Gambling Commission recently announced new rules limiting re-wagering requirements, which might limit any opportunity for exploitation that exists.
- [<https://www.gamblingcommission.gov.uk/news/article/gambling-promotions-to-be-safer-and-simpler>]
- 3.31. **Question 15: What percentage of your profits (measured by gross gaming yield) are allocated to offering freeplays? How might this change given what is being proposed?**
- 3.32. [leave blank as 'optional'] We do not have any comments on question 15.
- 3.33. **Question 16: What is the average number of re-wagering requirements you currently set before winnings can be withdrawn? How might this change given what is being proposed?**
- 3.34. [leave blank as 'optional'] We do not have any comments on question 16.
- 3.35. **Question 17: What level of winnings do customers usually receive from freeplays as a percentage of the original freeplay amount offered?**
- 3.36. [leave blank as 'optional'] We do not have any comments on question 17.
- 3.37. **Question 18: Do you agree that the treatment of prizes should be aligned under RBGD, so that only amounts won as the direct result of a successful outcome of a single game round or bet may be deducted as winnings? If so, please give details.**
- 3.38. No. Only allowing taxpayers to deduct the value of certain prizes won at certain times, instead of all prizes paid to customers, could lead to distortion of product and promotion design, and increased complexity in the tax system, contrary to the consultation's simplification objective.
- 3.39. **Question 19: Do you envisage any consequences from making non-monetary prizes deductible for all remote gambling in RBGD? If so, please give details.**
- 3.40. Don't know (no 'not applicable' option). We do not have any comments on question 19.
- 3.41. **Question 20: Do you agree that the current sanctions in the Remote Gaming Duty (RGD), General Betting Duty (GBD) and Pool Betting Duty (PBD) systems are sufficient to support the introduction of RBGD? If not, please explain why.**

- 3.42. Yes. The introduction of a RBGD would present an opportunity to ensure that the design of any associated penalty regime is aligned with modern best practice for a proportionate regime that encourages compliance.
- 3.43. **Question 21: Do you have any other suggestions for additional sanctions? If so, please give details and explain why you think these are necessary.**
- 3.44. Don't know. We do not have any comments on question 21.

4. Acknowledgement of submission

We would be grateful if you could acknowledge safe receipt of this submission, and ensure that the Chartered Institute of Taxation is included in the List of Respondents when any outcome of the consultation is published.

The Chartered Institute of Taxation
18 July 2025