



Responsiveness

ARTHUR COX

E X P E C T E X C E L L E N C E

4 JUNE 2010

## Betting & Gaming Group Briefing

# Remote Betting in Ireland - Latest Developments

### Introduction and Government Proposals

- » At a recent function hosted by The Irish Field, the newspaper dedicated to racing and equestrian sports, both the Taoiseach, Mr. Brian Cowen, T.D. (the “**Taoiseach**”) and the Minister for Agriculture, Fisheries and Food, Mr. Brendan Smith, T.D. (the “**Minister**”) spoke of the Government intentions to tax remote betting, including facilities provided by overseas bookmakers. This was on foot of a report made by the Casino Review Committee which was published in July of 2008.
- » According to both the Taoiseach and Minister, this move was predicated on a desire to protect the Irish racing industry, specifically in the thoroughbred equine sector, which employs some 22,000 people. The Minister, under whose responsibility the horse industry now falls, stated that the Government would introduce legislation this year to ensure that overseas betting providers comply with a licensing regime that will permit them to sell their services into this jurisdiction.
- » Both government officials commented that the indigenous skill of horse-breeding was of vital importance to the Irish economy, especially in rural areas. Any levy or tax, it appears, will go directly to protecting the industry. Thus, in the words of the Taoiseach this will mean “that those currently not contributing to securing the future of important indigenous industries will now make that contribution”. To date there has been no real indication as to the level of taxation providers of remote betting can expect on bets made from within Ireland (although the current rate of betting duty for high-street bookmakers is 1%).
- » The imminent changes follow pressure from a number of sources, both within the industry and also from the opposition parties. In January 2010, the Labour Party published “*Raising the Stakes - Labour Proposals to Tax Remote Betting and Reform the Funding of the Horse and Greyhound Fund*”. The Labour Party proposed a radical change to the current regulation and taxation of betting in Ireland, broadly extending its scope and ambit. They acknowledge that such legislative change would take some time and be phased in gradually. In light of this fact they suggest that interim measures should be adopted whereby the betting levy would be increased to 1.5% on all high-street bookmakers, providing, by their calculations, an additional €15 million in revenue.
- » Currently, the Horse and Greyhound Racing Fund (established under Section 12 of the Horse and Greyhound Racing Act, 2001) receives money from the Minister for Finance equivalent to the total monies gained from the excise duty on off-course betting. Of this fund, 80% goes to Horse Racing Ireland (“HRI”) with the remainder to

*This document contains a general summary of developments and is not a complete or definitive statement of the law. Specific legal advice should be obtained where appropriate.*

Bord na gCon (both figures are open to variation by the Minister for Finance). It seems that the proposed legislative change is intended to capture those bookmakers currently incorporated and controlled from outside this jurisdiction but targeting customers in Ireland.

### Industry Reaction

- » The reaction of some leading bookmakers has been to call for equal treatment between Irish-based and foreign-based bookmakers. One concern expressed was that inequitable treatment would lead to Irish-based companies becoming uncompetitive with the net result that Irish jobs, specifically “smart economy” jobs with betting service companies located in Ireland, would be jeopardised. Some bookmakers also believe that any new betting tax should go directly into the exchequer and should not be earmarked specifically for Irish racing, while HRI argue that subvention from betting activity is a rational and proportionate measure which will protect employment.
- » The Irish Bookmakers Association, which includes Ladbrokes and Boylesports as members (but not Paddy Power), has stated that remote betting should be regulated through a system of licensing and duty and

has largely welcomed the development so long as whatever tax levied is “suitable to attract inward investment”. Betfair has also indicated that it would accept an “appropriate” tax duty.

- » Overall, figures in the industry confirm a general trend of punters resorting to online betting over retail outlet betting. Evidence of this can further be seen in the recent announcement that seven of Ireland’s largest independent bookmakers (Bambury Bookmakers, Hackett’s, Mulholland’s, Terry Rogers, Toolan Bookmakers, Track Bookmakers and Tully’s) have formally launched an online gambling facility (BetPack.com).

### Conclusion

- » The Taoiseach’s confirmation that online bookmaking will require a licence and will be taxed has provoked mixed responses in the industry. Whilst it is evident that there will be an imminent extension of betting levies and taxation to remote betting, the scope and ambit of the changes are yet to be defined. Key issues such as whether any new legislation will attempt to capture all forms of betting/gaming (e.g. exchanges, spread-betting, casino, poker, bingo, etc.) remain open pending publication of legislation, possibly later this year. We will keep readers updated on developments.

### Further Information

For further information on the developments outlined in this briefing, please contact:



**Rob Corbet**

Partner

tel: +353 (0)1 618 0566  
rob.corbet@arthurcox.com



**Emmet O’Grady**

Associate

tel: +353 (0)1 618 0541  
emmet.ogrady@arthurcox.com

or your usual Arthur Cox contact.

#### Dublin

Earlsfort Centre, Earlsfort Terrace, Dublin 2, Ireland  
tel: +353 (0)1 618 0000 | fax: +353 (0)1 618 0618  
email: dublin@arthurcox.com

#### London

12 Gough Square, London EC4A 3DW, England  
tel: +44 (0)20 7832 0200 | fax: +44 (0)20 7832 0201  
email: london@arthurcox.com

#### Belfast

Capital House, 3 Upper Queen Street, Belfast BT1 6PU, Northern Ireland  
tel: +44 (0)28 9023 0007 | fax: +44 (0)28 9023 3464  
email: belfast@arthurcox.com

#### New York

300 Park Avenue, 17th Floor, New York NY 10022, USA  
tel: +1 (1)212 705 4288 | fax: +1 (1)212 572 6499  
email: newyork@arthurcox.com