

Mexico's Televisa says gaming tax too high

Mexico City (Reuters) – Mexican broadcaster Televisa, which has a growing betting business, said on Tuesday it is trying to convince the government that a planned 20 percent tax on gaming is too high and will hurt the industry.

Mexico's president, Felipe Calderon, last month presented a long-awaited fiscal reform plan, part of which would close off corporate tax loopholes.

The government wants to slap a 20 percent tax on gaming as part of the bill, which is expected to get the go-ahead before Congress starts discussing next year's budget in September.

„We are talking to the minister of finance of Mexico. We believe that tax is extremely high,“ Televisa's executive vice president, Alfonso de Angoitia, told analysts during a conference call.

Televisa received a government permit in 2005 to operate 65 gaming halls with sports betting, bingo and digital slot machines. At the end of June, eight halls were operating.

Televisa plans to open six more, including two in the popular beach resorts of Acapulco and Cancun, over the the next few months.

„It is a developing industry, and if you impose a tax of that magnitude to a business or an industry that is still developing in Mexico, it will affect it severely,“ the executive added.

The government's new tax plan also calls for a 19 percent flat rate on companies and a 2 percent rate on monthly bank cash deposits of over 20,000 pesos (USD 1,855),

The proposed tax on cash deposits will „curb somewhat our cable subsidiaries, (satellite operation) SKY, the magazine business,“ De Angoitia said. „In those businesses you receive a lot of cash payments.“

Gaming rivals like CIE and privately held Caliente are also expected to be hurt by the gaming tax, analysts said.

On Monday, Televisa reported a 15 percent decline in second-quarter earnings as advertising revenues slumped.

Sales at Televisa’s division that includes the gaming business jumped nearly 38 percent in the quarter.

Satellite TV Expands

The direct-to-home television service, SKY, along with cable operator Cablevision, have become two of Televisa’s main revenue generators in recent quarters, offsetting softer results from its core broadcast unit.

SKY launched in Costa Rica this month and plans to expand to Nicaragua, Panama and the Dominican Republic soon.

De Angoitia, the executive vice president, said those four countries will be served through a single platform and bring in a combined 100,000 customers in several years.

Referring to its cable business, Televisa said there is room for more acquisitions as the industry, which is composed of over 200 cable systems, consolidates. (USD 1=10.78 pesos)
(Editing by Jeffrey Benkoe)