

# A 20% tax on games and draws approved

Mexican legislators approved in a commission a 20% tax to operators of bets and draws, a duty that could affect the profitability of several games and draws belonging to media company Televisa and entertainment firm CIE.

In a press release sent by the House of Legislators, they said that the duty had been proposed as part of the Special Tax on Production and Services (IEPS), included in a tax reform which is being debated in the Congress.

The new tax generated Televisa protests even before it was approved. "I think the tax is a bit high and will affect the profitability of the firm", said Raúl Ochoa, analyst of Scotia Capital. The new tax would also hit Caliente and CIE, leaders of the betting market.

After the project was issued months ago, the executive VP of Televisa, Alfonso de Angoitia, had said that, if approved, it would severely affect the market.

At the beginning of the year, Televisa presented its lottery unit Multijuegos, which was added to its chain of betting centres PlayCity, launched in 2006. The government granted Televisa a license in 2005 to open 65 betting centres, but up to date, only 8 have been opened, though it aims to inaugurate the rest in the following years. CIE received the license in May to open 20 betting centres, added to the existing 45.