

Camelot seeks review of Lottery tax

Britain National Lottery operator Camelot is lobbying the Treasury to change the way it is taxed, claiming this would boost prizes and increase contributions to good causes and the London Olympics.

Camelot, which last month was awarded the next ten-year Lottery licence beginning in 2009, is urging the government to scrap the current tax of USD 0.24 on every USD 2 ticket. Instead, it is asking to be taxed in the same way as bookmakers, with a tax on gross profits. It wants the rate set at 24%.

Camelot commissioned accountancy group PricewaterhouseCoopers to produce a report that shows the changes to the tax regime would boost sales because of bigger prizes and could lead to an extra USD 169 million for good causes by 2012.

The report also claims that the Exchequer would not lose out as a result of the change and says that as a result Camelot would pay an extra USD\$ 28 million a year in tax by 2012. But it would also mean that Camelot, which takes USD 1 in the USD 2, would make more profit, though the company says any change would be negligible.

It is understood to believe that it has the support of the Department of Culture, Media and Sport for the changes because of its role in raising USD 4.4 billion towards the 2012 London Olympics. Camelot argues that the Lottery is the most benign form of gambling, since it contributes heavily to good causes and has paid a total of USD 12 billion in tax since it began in 1994.

But it cannot vary its prizes in the face of competition from other gaming concerns, such as bookmakers, which operate under

a gross profits regime. It believes Scratchcards and interactive lottery games would benefit most from bigger prizes. At present, USD 1 in every USD 2 spent on the Lottery goes in prizes while USD 0.56 goes to good causes.

“This is one of those very rare tax reforms – one that simultaneously benefits consumers, good causes and the Government,” said a Camelot spokesman. “If it was adopted in the 2008 Budget, its benefits would be felt just when the original Lottery good causes were feeling the squeeze from the Olympics.”