

Bookies tell ministers to go easy in Budget 2009

Britain's leading bookmakers have warned the Government that any attempt to increase taxes or regulation at the Budget will lead to betting shop closures and job losses, as well as further undermining their ability to compete with offshore rivals.

In meetings with Gerry Sutcliffe, Minister for Sport, and Angela Eagle, Exchequer Secretary to the Treasury, some bookies have also hinted that any regressive move from the Government could force them to relocate parts of their business offshore.

Amid fears that the Government could raise gross profits tax from 15pc to 17pc and introduce tougher regulations on fixed-odds betting terminals, the bookies last week told Mr Sutcliffe what was at risk from any such action.

In a presentation, seen by The Daily Telegraph, they stressed that the industry directly employed 40,000 people and supported a further 60,000 jobs in racing and other betting-dependent industries.

They also drew attention to the GBP 920m bookies pay annually in direct taxes, including corporation tax, gross profits tax (GPT) and VAT – a figure that tops GBP 1bn when local taxes are included.

The bookies, Mr Sutcliffe was told, also contribute more than GBP 130m a year in levies to the horse and greyhound racing industries, while providing sporting events with GBP 100m via sponsorship and other commercial arrangements.

„Analysis by London Economics indicates that an increase in GPT from 15pc to 17pc would result in the closure of 845

betting shops and see the loss of 3,190 full time jobs," the bookies warned in the presentation.

They highlighted that the recession was already hurting 2,500 of the UK's 8,600 shops that are making less than GBP 30,000 profit per year.

The meeting, on March 18, was attended by Ralph Topping and Chris Bell, respectively chief executives of William Hill and Ladbrokes, as well as Gala Coral chairman Neil Goulden. Representatives of the Association of British Bookmakers also attended. A similar delegation met Ms Eagle on March 2.

The bookies also drew attention to the „severe competitive pressures from offshore operators paying little or no tax or levies“, such as the internet and telephone businesses of Irish bookie Paddy Power and Gibraltar-based Bwin.

Paddy Power, for example, routes such bets via servers on the Isle of Man, paying only 1.5pc tax on turnover – a saving that it can then recycle into advertising and into offering better odds to UK punters.

Warwick Bartlett, the ABB chairman, said: „The problem is that the tax rate on e-gaming is too high in the UK.“

Given the competitive pressures from offshore rivals, he said bookies were having to reconsider whether they could remain located in Britain.

„They are reaching a tipping point,“ Mr Bartlett said. „It's not a question of what they want to do. They have got the staff here, the expertise here and the infrastructure here. But they may not have a choice. Their shareholders are going to start asking what are you doing here?“