

Denmark to end gambling monopoly

A Summary by Morten, Ronde

Denmark submitted in July a draft law to the European Commission with provisions to end the gambling monopoly and to liberalise the sports betting and online casino game market.

After years of uncertainty, still-stand and legal disputes the Danish Government announced in April 2009 plans to end the gambling monopoly held by the State-owned organisation, Danske Spil, and to proceed with plans to liberalise parts of the gambling market in order to offer better protection to the players, avoid economic crime related to gambling and to guarantee future revenues for social causes.

In July a draft law was submitted to the European Commission for further scrutiny. Since a confidentiality clause was attached to the submitted draft law the details of the draft will not be public during the scrutiny period. Some information was, however, disclosed in a press release from the Danish Ministry of Taxation before the submission.

The press release told that the liberalisation will create a national licensing and taxation framework for online sports betting, poker and casino games, allowing increased competition in these areas. The national lottery, LOTTO, and instant games will on the other hand continue under the exclusive provision of Danske Spil. Operators will be subject to taxation, licence fees and must abide by all Danish gambling regulations.

The licensed gambling market should be protected with payment processing bans, ISP blocking and a ban on advertising for non-licensed operators. These measures should enforce the new regulated gaming market and prevent non-licensed operators

from attracting Danish customers.

Importantly the gambling reform should provide a level of profit for the Danish State and for the 'non-profit' organisations equal to the level of profit the current gambling regime provides.

There has been taken no decision on the tax-rate level. The current tax-rate level on sportsbetting is 30 % of GGR.

The announcement has been welcomed by both private operators and Danske Spil, which will see its games portfolio expanded and taxation rates reduced under the new model. H.C. Madsen, Danske Spil's Managing Director, told Danish newspapers he welcomed the upcoming changes: "It will be nice to get some clarity on the issue after so many years of uncertainty...We'll also be able to offer casino gambling and poker now, which we couldn't do before."

The non-profit organisations which currently benefit from the gambling revenues are also content. After the revenues from Danske Spil have been declining during the last 2 years the non-profit organisations hope the gambling reform will create a long-term solution with a stable gambling market.

Comments from the European Commission and the European member states are expected to be received during September. The Government expects to be able to present its proposals in Parliament early 2010 and come into force during 2010/2011.

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