

UK government announces proposed changes to remote gambling licensing

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In a Ministerial written statement of 14th July 2011, John Penrose MP, the Minister with responsibility for gambling has confirmed the UK Government's intention to pass primary legislation to amend the Gambling Act 2005 to revise the UK's approach to remote gambling licensing. This much delayed but widely anticipated response to the public consultation initiated by the last government cites consumer protection concerns arising from the fact that, as a result of the current British law, most of the online gambling operators with whom British residents gamble are not licensed in Great Britain.

The Government expresses concern that such operators are not subject to the same regulatory controls as those which are licensed by the British Gambling Commission, and that British consumers' gambling may be subject to increasing numbers of different regulations and consumer protection arrangements as more countries regulate online gambling. It also highlights the fact that non-UK operations are not generally required to contribute towards the costs of research, education and treatment of problem gambling in Britain and are not required to report suspicious betting patterns to the British authorities.

It therefore proposes that all gambling operators, irrespective of their location, will be required to obtain a British remote gambling licence in order to transact with British residents and to advertise here.

The British law would therefore change from licensing at the point of origin to licensing at the point of consumption, consistent with the developing regulatory landscape across Europe.

A transitional period is proposed, with EEA and „white list“ licensees (i.e. those currently able to advertise in Britain without a licence) either entitled to or eligible for an automatic transitional licence to prevent an interruption to their trade with British customers.

The white list would eventually be phased out, as operators from anywhere in the world would be entitled to apply for a British licence. Instead, it is suggested that the Gambling Commission will adapt their approach to licensing and regulation depending on where the applicant for a British licence has its primary licence, applying a „lighter touch“ to those from “trusted” jurisdictions with the intention of minimising the duplication of compliance requirements.

Hot on the heels of the DCMS statement, on 18th July 2011 a written Ministerial Statement was published by the Economic Secretary to the Treasury, which announced that HM Treasury, the UK tax authority, will review the case for changing the UK tax for remote gambling in line with the DMCS proposals and specifically will consider taxing operators on the basis of customer location.

The Treasury statement highlights the fact that other countries are also changing their regulatory and taxation regimes for remote gambling and it states that consideration will be given to the tax implications of these developments and, in particular, ways to prevent operators in the UK being subject to double taxation on remote gambling in the shorter term.

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