



Finance Act 2014

2014 CHAPTER 26

PART 3

GENERAL BETTING DUTY, POOL BETTING DUTY AND REMOTE GAMING DUTY

CHAPTER 1

GENERAL BETTING DUTY

The duty

125 General betting duty

A duty of excise, to be known as general betting duty, is charged in accordance with this Chapter.

General and spread bets

126 General bets

- (1) A bet is a general bet for the purposes of this Part if—
 - (a) it is not an on-course bet,
 - (b) it is not a spread bet,
 - (c) it is not made by way of pool betting, and
 - (d) one or more of conditions A to C is met in relation to it.
- (2) Condition A is that the person who makes the bet (whether as principal or agent) does so while present at a place in the United Kingdom where betting facilities are provided in the course of a business and the bet is made using those facilities.
- (3) Condition B is that—
 - (a) the person who makes the bet as principal is a UK person, and

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(b) the bet is not an excluded bet.

(4) Condition C is that—

- (a) the person who makes the bet as principal is a body corporate not legally constituted in the United Kingdom,
- (b) the bookmaker with whom the bet is made knows or has reasonable cause to believe that at least one potential beneficiary of any winnings from the bet is a UK person, and
- (c) the bet is not an excluded bet.

127 General betting duty charge on general bets

- (1) General betting duty is charged on a general bet made with a bookmaker.
- (2) It is charged at the rate of 15% of the bookmaker’s profits on general bets for an accounting period.
- (3) The bookmaker’s profits on general bets for an accounting period are the aggregate of—
 - (a) the amount of the bookmaker’s ordinary profits for the period in respect of general bets (calculated in accordance with section 131), and
 - (b) the amount of the bookmaker’s retained winnings profits for the period in respect of general bets (calculated in accordance with section 132).
- (4) Where the calculation for an accounting period under subsection (3) produces a negative amount—
 - (a) the bookmaker’s profits on general bets for the accounting period are treated as nil, and
 - (b) the amount produced by the calculation may be carried forward in reduction of the bookmaker’s profits on general bets for one or more later accounting periods.

128 Spread bets

- (1) A bet is a spread bet for the purposes of this Part if it constitutes a contract the making or accepting of which is a regulated activity within the meaning of section 22 of the Financial Services and Markets Act 2000.
- (2) In this Part—
 - “financial spread bet” means a spread bet the subject of which is a financial matter, and
 - “non-financial spread bet” means any other spread bet.
- (3) The Commissioners may by regulations provide that a specified matter—
 - (a) is to be treated as a financial matter for the purposes of subsection (2), or
 - (b) is not to be treated as a financial matter for those purposes.

129 General betting duty charge on financial spread bets

- (1) General betting duty is charged on a financial spread bet made with a bookmaker who is in the United Kingdom.

- (2) It is charged at the rate of 3% of the bookmaker's profits on financial spread bets for an accounting period.
- (3) The bookmaker's profits on financial spread bets for an accounting period are the aggregate of—
 - (a) the amount of the bookmaker's ordinary profits for the period in respect of financial spread bets (calculated in accordance with section 131), and
 - (b) the amount of the bookmaker's retained winnings profits for the period in respect of financial spread bets (calculated in accordance with section 132).
- (4) Where the calculation for an accounting period under subsection (3) produces a negative amount—
 - (a) the bookmaker's profits on financial spread bets for the accounting period are treated as nil, and
 - (b) the amount produced by the calculation may be carried forward in reduction of the bookmaker's profits on financial spread bets for one or more later accounting periods.

130 General betting duty charge on non-financial spread bets

- (1) General betting duty is charged on a non-financial spread bet made with a bookmaker who is in the United Kingdom.
- (2) It is charged at the rate of 10% of the bookmaker's profits on non-financial spread bets for an accounting period.
- (3) The bookmaker's profits on non-financial spread bets for an accounting period are the aggregate of—
 - (a) the amount of the bookmaker's ordinary profits for the period in respect of non-financial spread bets (calculated in accordance with section 131), and
 - (b) the amount of the bookmaker's retained winnings profits for the period in respect of non-financial spread bets (calculated in accordance with section 132).
- (4) Where the calculation for an accounting period under subsection (3) produces a negative amount—
 - (a) the bookmaker's profits on non-financial spread bets for the accounting period are treated as nil, and
 - (b) the amount produced by the calculation may be carried forward in reduction of the bookmaker's profits on non-financial spread bets for one or more later accounting periods.

131 Ordinary profits

Take the following steps to calculate the amount of a bookmaker's ordinary profits in respect of a class of bets for an accounting period.

Step 1

Calculate the aggregate of the stake money falling due to the bookmaker in the accounting period in respect of bets of that class made with the bookmaker.

Step 2

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Calculate the aggregate of the amounts paid by the bookmaker in that period by way of winnings to persons who made bets of that class with the bookmaker (irrespective of when the bets were made or determined).

Step 3

Subtract the amount calculated under Step 2 from the amount calculated under Step 1.

132 Retained winnings profits

- (1) The amount of a bookmaker's retained winnings profits in respect of a class of bets for an accounting period is the aggregate of amounts which cease to be qualifying amounts in the accounting period.
- (2) An amount is a qualifying amount for the purposes of this section if, as a result of a person ("P") being notified as mentioned in section 140(2)(b), it has been taken into account in calculating the bookmaker's ordinary profits for bets of that class in any accounting period.
- (3) An amount ceases to be a qualifying amount for the purposes of this section if, otherwise than by virtue of being withdrawn by P as mentioned in section 140(2)(b), P ceases to be entitled to withdraw it.
- (4) The Commissioners may by notice published by them direct that subsection (3) is not to apply in a specified case or class of cases.

133 Bet-brokers

- (1) This section applies where—
 - (a) one person (the "bettor") makes a bet with another person (the "bet-taker") using facilities provided in the course of a business, other than a betting exchange business, by a third person (the "bet-broker"), or
 - (b) one person (the "bet-broker") in the course of a business makes a bet with another person (the "bet-taker") as the agent of a third person (the "bettor") (whether the bettor is a disclosed principal or an undisclosed principal).
- (2) For the purposes of sections 126 to 132—
 - (a) the bet is to be treated as if it were made separately by the bettor with the bet-broker and by the bet-broker with the bet-taker,
 - (b) the bet-broker is to be treated as a bookmaker in respect of the bet,
 - (c) the aggregate of amounts due to be paid by the bettor in respect of the bet is to be treated as being due separately to the bet-broker and to the bet-taker (and any amount due to be paid by the bet-broker to the bet-taker is to be disregarded), and
 - (d) a sum paid by the bet-taker by way of winnings in respect of the bet is to be treated as having been paid separately by the bet-taker and by the bet-broker at that time and for that purpose (and any sum paid by the bet-broker is to be disregarded).
- (3) Where there is any doubt as to which of two persons is the bettor and which the bet-taker for the purposes of subsection (1)(a), whichever of the two was the first to use the facilities of the bet-broker to offer the bet is to be treated as the bet-taker.

- (4) In this section “betting exchange business” means a business such as is mentioned in section 141(1).

Pool betting on horse and dog races

134 Chapter 1 pool bets

- (1) A bet is a “Chapter 1 pool bet” for the purposes of this Part if—
- (a) it relates only to horse racing or dog racing,
 - (b) it is not an on-course bet,
 - (c) it is made by way of pool betting, and
 - (d) one or more of conditions A to C is met in relation to it.
- (2) Condition A is that the person who makes the bet (whether as principal or agent) does so while present at a place in the United Kingdom where betting facilities are provided in the course of a business and the bet is made using those facilities.
- (3) Condition B is that—
- (a) the person who makes the bet as principal is a UK person, and
 - (b) the bet is not an excluded bet.
- (4) Condition C is that—
- (a) the person who makes the bet as principal is a body corporate not legally constituted in the United Kingdom,
 - (b) the bookmaker with whom the bet is made knows or has reasonable cause to believe that at least one potential beneficiary of any winnings from the bet is a UK person, and
 - (c) the bet is not an excluded bet.
- (5) A Chapter 1 pool bet is a “pooled stake Chapter 1 pool bet” for the purposes of this Part if all or any part of the stake money on the bet is assigned by or on behalf of the bookmaker with whom it is made to a fund (referred to in this Part as a “Chapter 1 stake fund”) from which winnings are to be paid in respect of pool betting.
- (6) A Chapter 1 pool bet is an “ordinary Chapter 1 pool bet” for the purposes of this Part if it is not a pooled stake Chapter 1 pool bet.

135 General betting duty charge on Chapter 1 pool bets

- (1) General betting duty is charged on a Chapter 1 pool bet made with a bookmaker.
- (2) It is charged at the rate of 15% of the bookmaker’s profits on Chapter 1 pool bets for an accounting period.
- (3) The bookmaker’s profits on Chapter 1 pool bets for an accounting period are the aggregate of—
- (a) the amount of the bookmaker’s profits for the period in respect of pooled stake Chapter 1 pool bets (calculated in accordance with section 136), and
 - (b) the amount of the bookmaker’s profits for the period in respect of ordinary Chapter 1 pool bets (calculated in accordance with section 137), and
 - (c) the amount of the bookmaker’s profits for the period in respect of retained winnings on Chapter 1 pool bets (calculated in accordance with section 138).

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- (4) Where the calculation for an accounting period under subsection (3) produces a negative amount—
- (a) the bookmaker's profits on Chapter 1 pool bets for the accounting period are treated as nil, and
 - (b) the amount produced by the calculation may be carried forward in reduction of the bookmaker's profits on Chapter 1 pool bets for one or more later accounting periods.

136 Profits on pooled stake Chapter 1 pool bets

- (1) Take the following steps to calculate the amount of a bookmaker's profits for an accounting period in respect of pooled stake Chapter 1 pool bets.

Step 1

Take the aggregate of the relevant stake money falling due to the bookmaker in the accounting period and deduct the aggregate of any of that stake money that is assigned by or on behalf of the bookmaker to Chapter 1 stake funds during the period.

Step 2

If in the accounting period any amount contained in a Chapter 1 stake fund to which relevant stake money has been assigned by or on behalf of the bookmaker is used otherwise than to provide winnings to persons who made bets by way of pool betting, multiply each amount so used in the accounting period by the relevant proportion that applies in relation to it.

Step 3

Add the aggregate of the amounts calculated under Step 2 to the amount calculated under Step 1.

Step 4

If in the accounting period any top-up payment is assigned to a Chapter 1 stake fund by the bookmaker, multiply the amount of each top-up payment so assigned in the accounting period by the appropriate proportion that applies in relation to it.

Step 5

Subtract the aggregate of the amounts calculated under Step 4 from the amount calculated under Step 3.

- (2) For the purposes of Step 2 the relevant proportion, in relation to any amount which is used otherwise than to provide winnings, is—
- (a) if the amount relates to bets on a specific event, the proportion of that amount that consists of relevant stake money that fell due to the bookmaker in respect of the bets,
 - (b) if the amount does not relate to bets on a specific event but relates to amounts assigned to the fund during a specific period, the proportion of that amount that consists of relevant stake money assigned to the fund by or on behalf of the bookmaker during that period, and
 - (c) in any other case, the proportion of the total amount contained in the fund immediately before the amount is so used which consists of relevant stake money assigned to the fund by or on behalf of the bookmaker.
- (3) For the purposes of Step 4—

- (a) a top-up payment is assigned to a Chapter 1 stake fund if the bookmaker assigns an amount (other than stake money on a bet) to the fund to satisfy a guarantee given by the bookmaker that a specified minimum amount of winnings will be available in respect of bets made with the bookmaker, and
 - (b) the appropriate proportion, in relation to such a payment, is the proportion determined in accordance with a notice published by the Commissioners.
- (4) A notice under subsection (3)(b) may provide for top-up payments to be ignored for the purposes of Step 4 in a specified case or class of cases.
- (5) In this section “relevant stake money” means stake money in respect of a pooled stake Chapter 1 pool bet.

137 Profits on ordinary Chapter 1 pool bets

To calculate the amount of a bookmaker’s profits for an accounting period in respect of ordinary Chapter 1 pool bets—

- (a) take the aggregate of the stake money falling due to the bookmaker in the accounting period in respect of such bets, and
- (b) subtract the aggregate of the expenditure by or on behalf of the bookmaker for the period on winnings in respect of such bets.

138 Profits on retained winnings on Chapter 1 pool bets

- (1) The amount of a bookmaker’s profits for an accounting period in respect of retained winnings on Chapter 1 pool bets is the aggregate of the amounts which cease to be qualifying amounts in the accounting period.
- (2) An amount is a qualifying amount for the purposes of this section if, as a result of a person (“P”) being notified as mentioned in section 140(2)(b), it has been taken into account in calculating the bookmaker’s profits for any accounting period under section 136 or 137.
- (3) An amount ceases to be a qualifying amount for the purposes of this section if, otherwise than by virtue of being withdrawn from the account by P as mentioned in section 140(2)(b), P ceases to be entitled to withdraw it.
- (4) The Commissioners may by notice published by them direct that subsection (3) is not to apply in a specified case or class of cases.

Stake money and winnings

139 Chapter 1: stake money

- (1) For the purposes of this Chapter the stake money on a bet is the aggregate of the amounts which fall due in respect of the bet.
- (2) If the stake money falls due to a person other than the bookmaker with whom the bet is made, it is to be treated as falling due to the bookmaker.
- (3) Where the bet is not a spread bet and the sum which the person who makes the bet will lose if unsuccessful is known when the bet is made, that sum is to be treated as

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falling due when the bet is made (irrespective of when it is actually paid or required to be paid).

- (4) Where the person who makes the bet does so in pursuance of an offer which permits the person to pay nothing or less than the amount which the person would have been required to pay without the offer, the person is to be treated as being due to pay that amount—
- (a) to the bookmaker with whom the bet is made, and
 - (b) at the time when the bet is made.
- (5) All payments made—
- (a) for or on account of or in connection with the bet,
 - (b) in addition to amounts falling due in respect of the bet, and
 - (c) by the person making the bet,
- are to be treated as amounts due in respect of the bet except so far as the contrary is proved by the bookmaker whose profits on the bet are being calculated.
- (6) In calculating any amount falling due in respect of the bet, no deduction is to be made in respect of—
- (a) any other benefit secured by the person who makes the bet as a result of paying the money,
 - (b) a person's expenses, whether in paying duty or otherwise, or
 - (c) any other matter.

140 Chapter 1: winnings

- (1) Only winnings in the form of money are to be taken into account when determining for the purposes of this Chapter what are winnings on a bet.
- (2) For those purposes, winnings on a bet include—
- (a) the return of a stake on the bet, and
 - (b) any winnings on the bet held in an account for a person ("P") if P is notified that the amount is being held in the account and may be withdrawn by P on demand.
- (3) The Commissioners may by regulations make provision as to when, for the purposes of any calculation under this Chapter—
- (a) winnings are to be treated as paid or provided, and
 - (b) expenditure on winnings is to be treated as incurred.

Exchanges

141 General betting duty charge on betting exchanges

- (1) This section applies where—
- (a) one person makes a bet with another person using facilities provided by a third person in the course of a business, and
 - (b) that business is one that does not involve the provision of premises for use by persons making or taking bets.

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- (2) General betting duty is charged on the amounts (“commission charges”) that any party to the bet who is a UK person is charged, whether by deduction from winnings or otherwise, for using those facilities.
- (3) No deductions are allowed from commission charges.
- (4) The amount of duty charged under this section in respect of bets determined in an accounting period is 15% of the commission charges relating to those bets.
- (5) Where a person arranges for facilities relating to a bet to be provided by another person, the facilities are to be treated for the purposes of this section and section 142(4) as provided by the person who makes the arrangements instead of by the person who provides the facilities.
- (6) For the purposes of this section it does not matter—
 - (a) whether the bet is made in the United Kingdom or elsewhere;
 - (b) whether the facilities are in the United Kingdom or elsewhere.

Payment

142 Liability to pay

- (1) All general betting duty chargeable in respect of—
 - (a) bets made in an accounting period, or
 - (b) in the case of duty chargeable under section 141, bets determined in an accounting period,becomes due at the end of that period.
- (2) In the case of bets made with a bookmaker in an accounting period the general betting duty is to be paid—
 - (a) when it becomes due, and
 - (b) by the bookmaker.
- (3) But general betting duty which is due to be paid by a bookmaker in respect of bets may be recovered from the following persons as if they and the bookmaker were jointly and severally liable to pay the duty—
 - (a) the holder of any licence which authorises—
 - (i) the provision of facilities for betting by the business in the course of which the bets were made, or
 - (ii) betting at the place where the bets were made;
 - (b) a person responsible for the management of the business mentioned in paragraph (a)(i);
 - (c) where the bookmaker is a company, a director.
- (4) In the case of bets made in an accounting period by means of facilities provided by a person as described in section 141 the general betting duty is to be paid—
 - (a) when it becomes due, and
 - (b) by the person who provides the facilities.