

**EXPLANATORY MEMORANDUM TO  
THE POOL BETTING DUTY (APPLICATION OF GENERAL BETTING DUTY  
PROVISIONS) REGULATIONS 2010**

**2010 No. 1783**

**1.** This explanatory memorandum has been prepared by HM Revenue & Customs and is laid before the House of Commons by Command of Her Majesty.

**2. Purpose of the instrument**

2.1 Pool betting duty is made subject to the existing provisions for general betting duty (modified as appropriate) about returns, payment of duty, and changing between monthly and quarterly accounting periods. This is to address questions about penalties for inaccurate returns, and about three-month accounting periods, as described in paragraph 7 below.

**3. Matters of special interest to the Select Committee on Statutory Instruments**

3.1 None.

**4. Legislative Context**

4.1 These Regulations are the first ones made under the Betting and Gaming Duties Act 1981 (c. 63), sections 8 and 8B, and Schedule 1, paragraph 2A(2) (as substituted or inserted by the Finance Act 2002 (c. 23), Schedule 4, paragraphs 2 and 10(3)). They repeal what become unnecessary provisions in the former Act about the payment of pool betting duty.

4.2 They also amend the General Betting Duty Regulations 2001 (S.I. 2001/3088) so that the existing rules there for general betting duty about returns, payment of duty, and changing between monthly and quarterly accounting periods apply to pool betting duty as well (modified where appropriate).

4.3 This better aligns and co-locates the main administrative rules for these closely related excise duties.

**5. Territorial Extent and Application**

5.1 This instrument applies to all of the United Kingdom.

**6. European Convention on Human Rights**

The Commissioners for Her Majesty's Revenue & Customs have made the following statement regarding Human Rights:

In our view the provisions of the Pool Betting Duty (Application of General Betting Duty Provisions) Regulations 2010 are compatible with the Convention rights.

## **7. Policy background**

- *What is being done and why*

7.1 The Regulations address two matters. The first relates to the single penalty framework for inaccurate documents introduced in Schedule 24 to the Finance Act 2007 (c. 11). This applies to a number of taxes including income tax, capital gains tax, value added tax, pay as you earn, national insurance contributions and deductions under the construction industry scheme. Schedule 40 to the Finance Act 2008 (c. 9) and S.I. 2009/571 (C. 39) extend the framework to further taxes, levies and duties. Pool betting duty returns are included, provided that they are made under regulations under paragraph 2A of Schedule 1 to the Betting and Gaming Duties Act 1981 (c. 63). As such, these Regulations bring pool betting duty returns within the ambit of the penalty provisions if the related liability to pay the duty arises on 15 October 2010 or later.

7.2 The second matter concerns the length of the accounting period, and the associated payment of pool betting duty. At present the accounting period is a month, with payment required no later than the fifteenth day of the month following the one in which the period ends. These Regulations introduce the option of a quarterly accounting period for qualifying pool betting permit holders. This period begins with the Sunday following the last Saturday in a given calendar month, and ends with the last Saturday of the third, subsequent calendar month. This more closely aligns the provisions with those of the related duty, general betting duty, and offers the prospect of a small reduction in the administrative burden for all eligible businesses operating in the pool betting duty sector. We estimate that of a total business population in the region of 30, some 23 will be eligible for quarterly returns.

- *Consolidation*

7.3 It is not intended to consolidate the relevant legislation.

## **8. Consultation outcome**

8.1 The development of the single penalty framework has been the subject of extensive formal consultation. The extension of the new incorrect returns penalties to excise duties was the subject of the consultation document “Modernising Powers, Deterrents and Safeguards: Penalties Reform: The Next Stage”, published by HM Revenue & Customs (HMRC) on 10 January 2008.

8.2 The consultation ran until 6 March 2008 and the “Summary of Responses” was published in March 2008. Both documents are available on the HMRC website.

8.3 The accounting period provisions are relieving in nature and their adoption is voluntary. In view of the nature of these measures a consultation exercise has not been undertaken.

## **9. Guidance**

9.1 Guidance and fact sheets are available in respect of the new penalty regime on the HMRC website at: <http://www.hmrc.gov.uk/about/new-penalties>.

9.2 All pool betting permit holders will be written to in connection with the changes. An Information Note will be enclosed with the letters and all those eligible will be invited to apply for quarterly accounting periods and returns. The Information Note is available on the HMRC website. Notice 147 Pool Betting Duty will be amended in due course.

## **10. Impact**

10.1 The impact on business, charities or voluntary bodies is negligible.

10.2 The impact on the public sector is negligible.

10.3 An Impact Assessment has not been prepared for this instrument.

## **11. Regulating small business**

11.1 The legislation applies to small business.

11.2 To minimise the impact of the requirements on firms employing up to 20 people, the approach taken is the same for all pool betting businesses.

11.3 The basis for the final decision on what action to take to assist small business is that this pool betting measure must be the same for all pool betting businesses.

## **12. Monitoring & review**

12.1 The number of pool betting permit holders notifying their intention to adopt quarterly accounting periods and returns will be monitored over the next twelve months and compared to the total number of eligible businesses. A review of the take-up will be conducted at that point.

## **13. Contact**

Ian Ayre at HM Revenue & Customs Tel: 0161 827 0306 or email: [ian.ayre@hmrc.gsi.gov.uk](mailto:ian.ayre@hmrc.gsi.gov.uk) can answer any queries regarding the instrument.