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Skatteministeriet / Ministry of Treasury

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**SKATTEMINISTERIET**

## **Proposal**

for

Act concerning Duty on Gambling  
(Gambling Act ("Spilleafgiftsloven"))

### Chapter 1

#### The act's field of application

§ 1. Certain games that are being offered, arranged or operated in this country are dutiable here according to this act. Duty according to this act are to be paid to the state.

Sect. 2. Liable to duty are the Danish land-, sea- and airspace-territories. The dutiable zone also includes international waters and airspace, if transportation herein is required in order to maintain regular service between a Danish harbour or airport and the final destination abroad.

Sect. 3. Proceeds from games and gambling contained by this act are not to be included in taxable income accounts. Correspondingly, profit from gambling and games equalling those that are contained by this act, being offered, arranged or operated in another EU-member state or in an EEA-country, are exempt tax if the gambling is approved and controlled by official authorities in another EU-member state or EEA- country and thus complies with the rules and conditions in that state.

Sect. 4. The act does not apply to winnings from literature, art, science or technical competitions or price-winnings or monetary awarding for similar assignments.

Sect. 5. The Tax Collection Act (Opkrævningsloven) only applies where it is referred to in this act.

### Chapter 2

#### Dutiable games, duty rates and dutiable lotteries

§ 2. Lotteries that are being offered according to § 5 Gambling Act (Spilleloven) are liable to duty of 15 pc. of winnings that exceed 200 DKK.

§ 3. Dutiable payer is the license-holder according to § 5 Gambling Act.

#### Class lottery

§ 4. Class lottery operated with a valid licence according to § 8 Gambling Act is subject to duty of 15 pc. of winnings that exceed 200 DKK.

§ 5. Det Danske Klasselotteri A/S is subject to duty amounting to 6 pc. of the payment sum.

§ 6. Dutiable payers are the licence holders according to § 8 Gambling Act

#### Non profit (charitable) lottery

§ 7. Non profit lotteries offered according to § 9 Gaming Act are to pay the following duties:

- 1) Cash winnings are dutiable 15 pc. of the winning that exceeds 200 DKK. The duty is to be deducted at disbursement, cf. § 35, sect. 1.
- 2) All other winnings are liable to 17.5 pc. from winnings that exceed 200 DKK.

§ 8. Dutiable payers are the licence holders according to § 9, sect. 1, Gambling Act, or the lottery operator without licence according to § 9, sect. 3, Gambling Act and proclamations according to said act.

#### Betting

§ 9. Betting offered according to § 10 Gambling Act is dutiable 20 pc. of the amount that the sum payment exceeds the winning (gross profit).

Sect. 2. Betting by a system that allows betting between gamblers (betting exchange) is dutiable according to sect. 1 of the amount that the licence holder has taken as a commission from payment or winnings from operated games.

§ 10. Pool betting on horses and dogs offered according to § 12 Gambling Act are subject to 11 pc. duty on the amount that the sum payment exceeds the winning (gross profit) and an extra duty amounting to 19 pc. of the monthly gross profit in excess of 16.7 mi. DKK.

§ 11. Dutiable payer is the licence holder according to §§ 10 and 12 Gambling Act.

#### Local pool betting

§ 12. Local pool betting ("totalisatorspil") at horse and dog betting, track cycling and pigeon race according to § 14 Gambling Act are dutiable by 11 pc. of the payment sum.

Sect. 2. An amount of 20.000 DKK (2010-standard) can be deducted from the duty according to sect. 1 per racing day, yet only for 24 racing days in a calender-year.

§ 13. The amount stipulated in § 12, sect. 2 is regulated by the Personal Tax Act (Personskatteloven) § 20.

§ 14. Dutiable payer is the licence holder according to § 14 Gambling Act.

#### Land based casino

§ 15. Land based casinos are liable to duty according to § 16 Gambling Act.

Sect. 2. The dutiable amount is the sum of the stake that exceeds the winnings minus the value of the chips in the "troncen" (gross profit), and for the dutiable term taxes are calculated by the following scale:

Gross profit in DKK .....	Duty
not more than 4.000.000 .....	45 pc.
more than 4.000.000 .....	1.800.000 of 4.000.000 + 75 pc. of the rest

Sect. 3. At poker tournaments the dutiable amount cannot be lower than winnings plus four percent.  
§ 16. Dutiable payer is the licence holder according to § 16 Gambling Act.

#### Online (internet) casino

§ 17. Online casino games offered according to § 22 Gambling Act are dutiable by 20 pc. of the amount that the sum payment exceeds the winning (gross profit).

Sect. 2. Duties on online poker games according to sect. 1 are calculated on the sum that the licence holder has taken as a commission from payment or winnings.

§ 18. Dutiable payer is the licence holder according to § 22 Gambling Act.

#### Profitable gambling machines in pool halls and restaurants

§ 19. Profitable gambling machines with cash pay-outs are dutiable according to § 23 Gambling Act by 41 pc. of the amount that the stakes in a casino or restaurant exceed the winnings (gross profit).

Sect. 2. Gambling machines in a restaurant are furthermore subject to duty according to sect. 1 by 30 pc. of the gross profit that in the duty-term exceeds 30.000 DKK

Sect. 3. Gambling machines in a pool hall are furthermore subject to duty according to sect. 1 of 30 pc. of the gross profit that in the duty-term exceeds 250.000 DKK and an additional 3.000 DKK per machine up to 50 machines and an additional 1.500 DKK per machine beyond.

§ 20. Licence holders for stationary pool halls can allocate charitable funds that are redactable by 95 pc. from the part of the duty that exceeds 30 pc. of the gross profit, cf. § 19, sect. 3.

Sect. 2. Allocating charitable funds according to sect. 1 means:

- 1) Donating to charitable and social institutions and associations according to Assessment Act (Ligningsloven) § 8 A or by a purpose according to the VAT (Moms) Law § 13, sect. 1, no. 18.
- 2) Cultural events on open air scenes and concert halls with music and singing, theatres with pantomime- and children's shows and tambourine youth orchestras in big theme and fun parks.

Sect. 3. Reduction to duties according to sect. 1 take place at the time of allotment and are assessed at every duty term.

Sect. 4. The Treasury can determine further conditions in relation to allotment of charitable funds and duty deduction.

§ 21. Dutiable payer is the licence holder according to § 23 Gambling Act.

#### Games in connection with public entertainment

§ 22. Games operated according to § 1, cf. §§ 9 and 15 of the proclamation on public entertainment (Bekendtgørelse om offentlige forlystelser) are dutiable by 17.5 pc. of the amount of the winnings that exceed 200 DKK

§ 23. Dutiable payer is the licence holder according to § 22 issued according to § 23, sect. 1 and 3 Law of Police Activity.

## Games without stakes

§ 24. The following duty has to be paid for games that according to § 3, sect. 2, Gambling Act can be offered without licence or declaration to the gambling authorities and that are considered public games:

- 1) Cash disbursements are dutiable by 15 pc. of the amount of the winning that exceeds 200 DKK. The duty has to be deducted at disbursement, cf. § 35, sect. 1.
- 2) Other winnings are dutiable by 17.5 pc. of the value of the winning that exceeds 200 DKK

§ 25. Dutiable payer is the person, association, business or concern that administrates the game.

## Savings account

§ 26. According to Savings Account Act (Gevinstopsparingsloven), savings from winnings are dutiable by 15 pc. of the amount that exceeds 200 DKK.

§ 27. Dutiable payer is the bank, where the savings are placed.

## Chapter 3

### Administrative clauses

#### Registering

§ 28. Organisations etc. that conduct dutiable activities according to this act shall register their operations at the Danish Ministry of Taxation ("Told- og Skatteforvaltningen"). Registration has to be made no later than 4 weeks after the licence to operate games etc. has been attained, but prior to the onset of games, gambling etc. - cf. however sect. 2 and 3.

Sect. 2. Operators that conduct dutiable operations according to this act, but where other applicable law or act does not claim prior licence for offering and conducting these operations, shall register every game adjacently in connection with the payment of duty (duty-registration - "afgiftsanmeldelse"). The Danish Ministry of Taxation ("Told- og skatteforvaltningen") can approve optional registration of companies etc. that regularly undertake dutiable gambling.

Sect. 3. Gambling has not to be registered if the highest winning does not exceed 200 DKK.

Sect. 4. Registering according to sect. 1 is valid as long as the company has licence to offer and operate gambling etc. that is dutiable according to this act, or until the dutiable operation is terminated.

Sect. 5. A duty-registration according to sect. 2, 1. par., relates only to the sole game that is related to that duty payment.

Sect. 6. Changes in the registration details of a registered company are to be made to the Danish Ministry of Taxation (Told- og skatteforvaltningen) no later than 8 days after the changes are made.

§ 29. Notifiable companies that are not fiscally settled or do not have business addresses in a EU-state or EEA-country, are to be registered by a representative living in this state who is to be jointly liable for paying duty according to this act.

## Duty accounting/payment

§ 30. The duty term (time period) for games mentioned in §§ 10, 15, 19 and 22 and for games with optionally registered game-providers according to § 28, sect. 2, 2. par. is the calendar-month. Reporting and payment of liable duty has to be made no later than at the 15th of the first month after the expiration of the duty term.

Sect. 2. Told- og skatteforvaltningen (Danish Ministry of Taxation) can shorten the duty term or payment conditions for a registered company with a calendar-monthly duty period if liable duty has not been paid on time.

§ 31. Duty terms for gambling mentioned in §§ 2, 9 and 17 are weekly (Monday – Sunday) and duty has to be accounted and paid no later than 5 days after the duty period has expired. If the last accounting and payment day is a bank holiday the accounting and payment have to be submitted by the next working day.

§ 32. Duty terms for gambling mentioned in § 12 are weekly (Monday – Sunday) and duty has to be accounted and paid no later than 15 after the duty period, as far as gambling has been operated in that period.

If the last accounting and payment day is a bank holiday the accounting and payment have to be submitted by the next working day.

§ 33. Duty terms for gambling mentioned in §§ 7, 24 and 26 and for gambling operators that are not optionally registered according to § 28, sect. 2, 2 par. the duty term is the sole game and accounting and payment of liable duty has to be made no later than 15 days after the result of the game has been made up. If the last accounting and payment day is a bank holiday the accounting and payment have to be submitted by the next working day.

Sect. 2. If accounting and payment have not been submitted according to the appointed respite according to sect. 1 the duty has to be paid with a mark up of 50 pc. If circumstances provide appropriate refutation Told- og skatteforvaltningen (Danish Ministry of Taxation) can remit or reduce the duty mark up.

Sect. 3. Liable duty is not contained by a proclamation issued according to § 81 Law of Succession (Lov om skifte af dødsboer), cf. § 83, sect. 2, no. 4.

Sect. 4. Submission of liable duty registration can - if necessary - be enforced by day rates imposed by Told- og skatteforvaltningen (Danish Ministry of Taxation).

§ 34. Duty term for games mentioned in § 4 is the sole lottery itself. Accounting and payment has to be submitted no later than 5 days after the last draw in the lottery's last class. If the last accounting and payment day is a bank holiday the accounting and payment have to be submitted by the next working day.

§ 35. The person that is liable to duties shall withhold the duties from cash winnings from games etc. at disbursement. At cash winnings in Landbrugslotteriet and Varelotteriet the duty submission is shortened by depreciation of the winning's amount by the amount of the duty sum. At disbursement of winnings to gamblers the calculated duty amount is being rounded down to complete Danish Crowns.

Sect. 2. Duty for lottery winnings on numbers that are divided into halves, fourths, eights or other fractions are to be calculated solely for every winnings sum on every fraction. It is of no concern to the calculation of duties whether several persons jointly play by one ticket (a whole ticket or a fraction of a ticket).

Sect. 3. Duties on other winnings than cash, e.g. goods etc. are to be assessed on grounds of the winning's market value.

Sect. 4. Duty is liable on all winnings, whether they are claimed or not. However there is no duty on winnings on lottery tickets that are not handed out.

§ 36. Accountings according to §§ 30-34 have to be countersigned by the responsible management of the duty-liable organisation or company.

Sect. 2. Told- og skatteforvaltningen (Danish Ministry of Taxation) can permit accounting by electronic data transmission.

§ 37. If accounting and payment are not being made in due time, Told- og skatteforvaltningen (Danish Ministry of Taxation) shall notify the Gambling Authorities accordingly.

§ 38. Treasury can lay down further regulations about registration and accounting and payment of duties.

§ 39. §§ 4, 4 a, 5, 5 a, 6, 7, 8 and 18 Fiscal Act (Lov om opkrævning af skatter og afgifter m.v.) apply mutatis mutandis.

#### Liabilities and surety

§ 40. The company, foundation, organisation etc. or the owner, lessor or similar who operates the activities is liable to pay according to this act.

§ 41. For companies registered according to § 28, sect. 1, and § 28, sect. 2, 2. par., applies § 11 Fiscal Act (Lov om opkrævning af skatter og afgifter m.v.) about providing security.

Sect. 2. §§ 12 and 13, Fiscal Act (Lov om opkrævning af skatter og afgifter m.v.) applies mutatis mutandis.

#### Accounting

§ 42. Dutiable gambling operators according to this act shall keep books that are to be the foundation for accounting duties and supervising the settlement of duties.

Sect. 2. Treasury can lay down further regulations about bookkeeping for companies and organisations that are applicable by law.

#### Supervision

§ 43. Danish Ministry of Taxation (Told- og skatteforvaltningen) are to be admitted to premises that are being used by companies etc. that are liable by law without court decision only by display of legitimation and to inspect accounting books and relevant papers, correspondence, and other documents that are considered to be relevant for specification of duties.

Sect. 2. The company's owner and persons employed shall inform and comply with Danish Ministry of Taxation (Told- og skatteforvaltningen) in accomplishing the supervision and examination according to above mentioned sect. 1.

Sect. 3. Papers and documentation mentioned in sect. 1, shall be submitted to the Danish Ministry of Taxation (Told- og skatteforvaltningen) if requested.

Sect. 4. Dutiable companies etc. and distributors and lessors of goods and services to those companies etc. shall submit all informations that are requested in order to execute supervision to the Danish Ministry of Taxation (Told- og skatteforvaltningen).

Sect. 5. Banks, solicitors, lawyers and others who receive funds in order to administrate or commercially borrow out money shall by request submit complete information about their financial cooperation with companies etc. that are dutiable by law to the Danish Ministry of Taxation (Told- og skatteforvaltningen).

Sect. 6. Information subject to sect. 1 and sect. 3-5, that is registered or kept electronically is to be made accessible to the Danish Ministry of Taxation.

Sect. 7. Danish Ministry of Taxation (Told- og skatteforvaltningen) may enforce execution of duties by conventional fines according to sect. 3–6.

§ 44. Other public authorities are to submit all informations about dutiable companies by request from Danish Ministry of Taxation (Told- and skatteforvaltningen) when registering and supervising dutiable companies. The information may be submitted electronically and may be subject to data-matching and information-matching.

Sect. 2. The police shall assist Danish Ministry of Taxation (Told- and skatteforvaltningen) in executing supervision according to § 43, sect. 1. The Treasury can lay down further regulations accordingly in concert with the Ministry of Justice.

§ 45. Danish Ministry of Taxation (Told- og skatteforvaltningen) and the gambling authorities (spillemyndigheden) may exchange information about dutiable companies etc. in order to use these informations relating to registering and supervision. The information may be submitted electronically and may be subject to data-matching in conjunction with supervision and control. The Treasury may lay down further regulations about the exchange of information.

§ 46. The Treasury may also lay down regulations about required control-measures in order to enforce the law.

## Chapter 4

### Penalty provisions

§ 47. Penalty is imposed on persons who intentionally, premeditated or with gross negligence

- 1) issue false or misleading statements or conceal information in regard to supervision of duties,
- 2) violate the rules on registering § 28, sect. 1-2 and sect. 6, and § 29,
- 3) violate the rules on submission in § 30, sect. 1, § 31, § 32, § 33, sect. 1 and § 34, the rules on accounting in § 42, the rules on informational duties in § 43, sect. 2, and the rules on information for solicitors, lawyers and banks etc. in § 43, sect. 5, or
- 4) fail to comply instructions on shorter accounting terms according to § 30, sect. 2.

Sect. 2. In connection with instructions issued by law, penalty may be imposed on persons who intentionally, premeditated or with gross negligence violate the rules of regulations.

Sect. 3. Anybody who commits one or more of the above mentioned violations with the intention of tax or duty evasion is to be punished by fine or jail sentence up to 1 years and 6 months unless higher penalty is to be inflicted according to Criminal Law § 289.

Sect. 4. Companies (legal bodies) may be imposed liability according to Criminal Law (Straffeloven) 5th chapter.

§ 48. §§ 18, 18a and 19 Tax Collection Act (Lov om opkrævning af skatter and afgifter m.v.) is also applicable to violations of this act.

## Chapter 5

Inception and transitional regulations etc.

§ 49. Commencement of the act is 1. January 2011, however cf. sect. 2.

Sect. 2. § 5 commences on 1. May 2011.

Sect. 3. From 1. January 2011 till 31. December 2011 (incl.) shall companies that are obligatory for registration and do not have business addresses here albeit § 29, be registered by a representative living in this state that is jointly liable for the duty payment according to this act .

Sect. 4. Tax Control Act (Skattekontrollovenslovens § 7 A, sect. 2, nr. 14 and 15, som indsat ved § 51) takes effect for prizes and winnings disbursed since 1. January 2011.

§ 50. The Act is not applicable for the Faroese and Greenland.

## Chapter 6

### Revision of Tax Control Act

§ 51. To the Tax Control Act (Skattekontrolloven, jf. lovbekendtgørelser nr. 1126 af 24. november 2005, som ændret senest ved § 10 i lov nr. 1278 af 16. december 2009), the following revision is made:

1. Insertion according to § 7L,:

”§ 51. In the Tax Control Act (Skattekontrolloven, jf. lovbekendtgørelser nr. 1126 af 24. november 2005, som ændret bl.a. ved § 17 i lov nr. 404 af 8. maj 2006, § 20 i lov nr. 515 af 7. juni 2007 and § 2 i lov nr. 462 af 12. juni 2009 and senest ved § 10 i lov nr. 1278 af 16. december 2009), the following revision is made:

1. In § 7 A, sect. 2, no. 14 and 15 are inserted thus:

”14) Disbursement of winnings by persons, companies or institutions etc. who are licensed to operate gambling according to §§ 7 and 8 Gambling Act as tournaments, with winnings exceeding 300 DKK

15) Prizes and winnings given by companies in connection with gambling and competitions as part of entertainment programmes in electronic media, where prizes and winnings are not dutiable according to Prize Duty Act (Lov om afgift af spil m.v.), and the value of the winning or prize exceeds 300 DKK”

## Chapter 7

### Revision of Tax Management Act

§ 52. To the Tax Management Act (Ligningsloven, jf. lovbekendtgørelse nr. 176 af 11. marts 2009, som senest ændret ved lov nr. 1279 af 16. december 2009), the following revision is made:

1. § 8 C wording is to be:

”§ 8 C. According to Prize Duty Act (Spilleafgiftslovens) § 20, sect. 1. allotments are deductible in annual taxable earnings accounting. ”



## Comments on the bill

### General comments

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## 1. Introduction

The bill is part of an overall approach to modernising and partially liberalising the Gambling Act. Today the regulation and duties regarding gambling are fixed in a succession of special laws and announcements. In the future these will be collected into 4 Main Acts, respectively a Regulations Act "Reguleringslov" (bill for the Gambling Act), a Duty Act "Afgiftslov" (proposed bill for the Gambling Duty Act), a Gambling Allotment Act "Spiludlodningslov" (bill for "Lov om udlodning af overskud fra lotteri samt heste- og hundepuljevæddemål") and an Ownership Act "Ejerskabslov" (forslag til lov om Danske Spil A/S). This proposal will collect the different duties and taxes on gambling and games into one single act.

For further comments cf. the bill re. Gambling Act.

The government (Venstre and Det Konservative Folkeparti), Socialdemokraterne, Dansk Folkeparti, Socialistisk Folkeparti, Det Radikale Venstre and Liberal Alliance agree to implement an act in order to regulate and partially liberalise the Danish gambling market. The proposal is part of the framework of this agreement.

## 2. Proposed bill: goal and background

The proposal shall regulate duties on certain games that are being offered, arranged or operated in Denmark. The proposal contains a.o. provisions for duty liability, payment, responsibility and security and supervision/control.

Until now duty on gambling has been put on either payment-sum, the winning or the gross profit ("BSI", that is down payment with winnings deducted). Some games are vat-able to duty on payment sum and on the winning. When a game is vat-able this mostly involved that the winning was not covered by the winners taxable income.

The reason why games have been liable to different duties is the different characteristics of the games.

Gross profit is often used as basis for liability of games with high speed, and in games where a winning is used as a stake in the following game. These goes e.g. for casino-games, gambling machines and and horse races. The gross profit is being defined as the amount that the payment sum exceeds the winnings (gambling stake minus winnings).

Duty on winnings and duty on payment sum typically are used on games with lower speed like lotteries. Duty on winnings is basically laid out as a certain percent of the winning that is disbursed to the winner. Typically, duty is only to be paid for winnings beyond a certain minimum. Duty on payment sum is calculated as a certain percentage of the entire payment sum for the game.

This proposal continues the discrimination between duty on either the payment, the winning or the gross profit according to the nature of the game. Respectively, some games shall also in the future be liable to both duty on payment sum and winnings. Thus in most parts existing right is being continued in respect to the nature of the liability.

In case of games that are proposed to liberalisation e.g. betting and internet casino games the bill proposes differences in the way games hitherto have been liable. These games are not to be concerned by duty on winnings but on gross profit only. This re-liabilisation takes into account the fact that duty on gross profit is seen to be the more purposeful liability for high speed games and high reimbursement-percentage.

The proposal also contains changes in funds to fight compulsive gambling. According to applicable law compulsive gambling duty is only put on profitable gambling machines. But other games, especially the liberalised betting and online casino-games are also considered to be subject to compulsive gambling. It is being proposed to put aside 32 mi. DKK annually of the governmental budget to fight compulsive gambling - prevention, treatment and research. Thus greater security for bringing forward funds for fighting compulsive gambling is achieved. The amount is submitted for disbursement first time in 2012 and shall be index-linked.

As the partial liberalisation will commence 1. January 2011 it is proposed that in 2011 there shall be deposited 5 mi. DKK to prevent compulsive gambling, however the entire amount for fighting compulsive gambling inclusive funds for treatment and research from the applicable compulsive gambling tax shall not go below 25 mi. DKK

The regulation on compulsive gambling shall be assessed in 2013 in view of the government's Budget for 2014.

Between Gambling Duty Act and Gambling Act basically games are defined by Gambling Act. These definitions are used in the Gambling Duty Act by categorising the different liable games. That is, all games contained by Gambling Act, are basically also contained by Gambling Duty Act. Historically the law giver has omitted certain gambling activities from regulations like licensing, though they still should be liable to duty. This approach is being kept for those areas.

Also there is proposed a regulation in the Tax Control Act that operators of competitions and games not contained by the Gambling Act have to report information to SKAT (Treasury) about disbursed winnings and its winners, as the winners are liable to income tax of the winnings.

Finally it shall be mentioned that this bill proposal does not contain special rulings for complaints as there have not be found grounds for deviation from Tax Management Act's ground rules, cf. proclamation no. 907 on 28. August 2006 about tax managing. Complaints regarding decisions made according to this law by SKAT (Treasury) are thus assessed according to applicable rules of the Tax Management Act.

### 3. The bill's specific regulations

#### 3.1. Lottery

##### 3.1.1. Applicable law

According to Games Lottery and Betting Act (Tips- og lottoloven), cf. proclamation no. 273 on 17. April 2008 about certain games, lotteries and betting, Treasury can hand out licence for operation of games, lottery and betting.

This licence can only be given to one single company, and it has been given to Danske Spil A/S.

According to Games Lottery and Betting Act (Tips- og lottoloven) lotteries are subject to duty on payment sum as well as winning. Duty of payment sum amounts to 16 pc. cf. § 1 A, sect. 1, of the Games Lottery and Betting Act (Tips- og lottoloven), and according to § 6 of the same act 15 pc. of the winnings-amount that exceeds 200 DKK.

### 3.1.2. Contents of the bill

It is proposed that Danske Spil is being made liable to corporation tax like the other gambling companies, and that the omission according to Games Lottery and Betting Act (Tips- and lottoloven) § 8, sect. 1, is being lifted. Also it is proposed to abolish the payment duty of 16 pc in order to ensure higher surplus for allotment.

The duty on winnings is kept on lotteries, and there will have to be paid a duty of 15 pc. of the amount that exceeds 200 DKK in the future.

## 3.2. Class lottery

### 3.2.1. Applicable law

According to Winnings Duty Act (Gevinstafgiftsloven, jf. lovbekendtgørelse nr. 1146 af 2. december 2005 om afgift af gevinster ved lotterispil mv.), there shall be paid duty to the state on winnings in the "Landbrugslotteri" and "Almindeligt dansk Vare- og Industrielotteri (Varelotteriet)" and class lottery operated by "Det Danske Klasselotteri A/S".

All class lotteries are subject to duty on winnings of 15 pc. calculated on the amount of the winning that exceeds 200 DKK, cf. § 2, sect. 1, letter a, in the Winnings Duty Act (Gevinstafgiftsloven).

Furthermore "Det Danske Klasselotteri A/S" has to pay, cf. their license, a duty of 6 pc. of the payment sum.

### 3.2.2. Contents of the bill

The proposal continues with applicable rules as to the duty rates. In the future the duty rate and the duty of the payment sum will be found in the act.

## 3.3. Non profit (charitable) lotteries

### 3.3.1. Applicable law

Applicable rules follow the Winnings Duty Act (Gevinstafgiftsloven). It is being distinguished between cash winnings and goods winnings. Cash winnings are liable to 15 pc. duty of the amount exceeding 200 DKK, and goods winnings are liable to duty of 17.5 pc. of the amount of the winnings value that exceeds 200 DKK.

### 3.3.2. Contents of the bill

The proposal continues applicable law.

## 3.4. Betting

### 3.4.1. Applicable law

Betting is divided into three groups: betting with fixed odds (bookmaker games), common pool betting (e.g. "Tipning") and puljevæddemål ("totalisator" games) on horses and dogs. The games are contained by the rules of Games Lottery and Betting Act (Tips- and lottoloven).

Operation of games with fixed odds and common pool betting and pool betting in connection with horse- and dog racing is part of the licence of "Danske Spil".

Betting with fixed odds (bookmaker games) shall be liable to 30 pc. duty of the amount that the sum payment exceeds the winning (gross profit), cf. § 1 A, sect. 2, Games Lottery and Betting Act (Tips- og lottoloven). Furthermore a winning duty of 15 pc. of the winning amount that exceeds 200 DKK, cf. § 6 same act, must be paid.

Duty on common pool betting amounts to 16 pc. of the payment sum cf. § 1 A, sect.1, in the Games, Lottery and Betting Act, and a duty on winning of 15 pc. of the amount of the winning that exceeds 200 DKK, cf. § 6 same act.

Pool betting (totalisator games) on horses and dog betting are subject to a duty of 11 pc. of gross profit and an extra duty of 19 pc. of the monthly gaming income that exceeds 16.7 mi. DKK, cf. § 1 A, sect. 3, Games, Lottery and Betting Act (Tips- og lottoloven).

#### 3.4.2. Contents of the bill

Pursuant liberalisation of betting with fixed odds and common pool betting, it is proposed that winning duty is not carried on for these games. Furthermore it is proposed that an identical duty is to be established as 20 pc. of gross profit.

Furthermore it is proposed that duty on betting that is operated by a system that aides betting between players (betting exchange), is to be calculated on the amount that the licence holder has taken as commission of the payment or the winnings from performed betting.

Duty according to the act includes betting that is contained by a Danish licence. Gaming operators can operate betting with Danish and foreign players. Only the betting that is done by Danish players is contained by Danish licensing. The duty is calculated on the gross income, that is payment from Danish players minus winnings for Danish players, respectively commission from payment or winnings from Danish players.

The proposal continues applicable law for pool betting (totalisator games) on horses and dog betting.

### 3.5. Local pool betting

#### 3.5.1. Applicable law

Duty on local pool betting (totalisator game) is found in the Totalisator Duty Act (Totalisatorafgiftsloven, jf. lovbekendtgørelse nr. 22 af 16. januar 2006 om lokale totalisatorspil). The duty depends on whether it is about horses or dogs or pool betting in track cycling and pigeon races. The duty is calculated on the payment sum. Furthermore there are certain deductions in the duty per racing day, dependent on whether the betting concerns horses, dogs, bicycles or pigeons.

#### 3.5.2. Contents of the bill

It is proposed to simplify the rules on duty for local pool betting, so that in the future it shall be paid 11 pc. of the payment sum regardless whether it concerns betting on horses, dogs, bicycles or pigeons. Furthermore it is proposed to simplify the rules for deductions so that they also are identical, and that there shall be given a deduction from duty of 20.000 DKK per racing day (2010-standard) for no more than 24 racing days in a year.

Background for the simplification is that the existing rules are very extensive and at the same time are used to very little extent.

### 3.6. Land based casino

#### 3.6.1. Applicable law

According to Gambling Casino Duty Act (Spillekasinoafgiftsloven, jf. proclamation nr. 1145 af 2. december 2005 om afgift af spillekasinoer), duty is to be paid on income from gambling in casinos. Liable sum is the amount that the sum payment exceeds the winning (gross profit), minus the value of the chips in the "troncen". "Troncen" is the term for tippings (chips) that casino-guests put into containers, designated to the casino's staff.

For gross profit up to 4.000.000 DKK the duty is 45 pc. hereof. For gross profit exceeding 4.000.000 DKK the duty amounts to 1.800.000 DKK of the first 4.000.000 DKK plus 75 pc. of the rest, cf. § 2 spillekasinoafgiftsloven (Gambling Casino Duty Act).

### 3.6.2. Contents of the bill

The proposal primarily continues applicable law. For poker tournaments it is proposed to determine a minimum, as dutiable amounts must be at least the winnings plus 4 pc. This equates the existing casino conditions.

### 3.7. Online (internet) casino

#### 3.7.1. Applicable law

According to Applicable law online casino games are subject to licensing for Danske Spil. Yet Danske Spil does not offer these games.

These games shall according to applicable rules be contained by the regulations in the Games, Lottery and Betting Act (Tips- og lottoloven). The games are subject to a duty on payment sum and a duty on winnings respectively. Duty on payment sum amounts to 16 pc., and the duty on winnings amount to 15 pc., cf. § 1 A, sect. 1, and § 6 Games, Lottery and Betting Act (Tips- og lottoloven), respectively.

#### 3.7.2. Contents of the bill

These games are part of the proposed partial liberalisation of the gambling market. This means that in prospect Danish as well as foreign gambling companies can attain licence to operate these internet games in this country.

Thus this duty is put forward for change so that these games shall no longer be dutiable by winning but by gross profit only. This duty is proposed to be 20 pc., cf. comments on sect. 3.4.2.

Duty according to law includes online (internet) casino games that are contained by a Danish gambling licence. Gambling operators can offer casino games for both Danish and foreign players. Only the part of the games that include Danish players is to be licensed by a Danish licence. The duty is to be calculated according to gross profit, that is payment from Danish players minus the winnings disbursed to Danish players. For poker games the duty shall be calculated according to the amount that the licence holder keeps from the players' payment or winnings (the rake).

### 3.8. Profitable gambling machines

#### 3.8.1. Applicable law

Regulation and liability of gambling machine follows from the Gambling Machine Act (Spilleautomatloven, jf. proclamation nr. 820 af 26. juni 2006 om gevinstgivende spilleautomater).

Duty is applied on a progressive scale, a basic duty is to be paid from the entire gross profit and a further duty for gross profit over a certain limit, cf. §§ 23 and 24 Gambling Machine Act (Spilleautomatloven). The duty relates to how many gambling machines are situated in e.g. a restaurant, casino or mobile tivoli (fair).

According to applicable law, cf. Gambling Machine Act (Spilleautomatloven) § 25, there is being granted a deduction in the duty if the owner of a stationary pool hall donates funds to a charitable organisation VAT Act (Momslov) § 13, sect. 1, no. 18, and certain local cultural organisations. Furthermore it is decided that allotment against duty deduction from the company affiliated to Danske Spil, that is. Dansk Automatspil, is to be made by transfer of funds to Danske Spil. Tax Managing Act § 8 C prescribes that allotment and transfer can be deducted when accounting for the taxable income.

For all gambling machines a duty of 1 pc. from gross profit is liable, hereof 2/3 is to be used on treatment of compulsive gambling and 1/3 is to be used on research on compulsive gambling, cf. § 26 Gambling Machine Act (Spilleautomatloven). This duty is also called "ludomaniafgift" (compulsive gambling duty).

### 3.8.2. Contents of the bill

It is proposed that duty on gross profit, that amounts to 40 pc., and "ludomaniafgift" amounting to 1 pc. shall be merged so that for common gambling machines with cash disbursement there shall be paid a duty of 41 pc. of the entire gross profit. Regarding the prospective financing of funds for treatment of compulsive gambling cf. paragraph 2 on the proposed bills goal and background and paragraph 4 on the economic impact on the public.

The applicable progressive scale gambling machine duty amounting to 30 pc. of the gross profit continues. Thus for gambling machines situated in restaurants there shall be paid a duty of 30 pc. of the part of gross profit that in the duty term (period) exceeds 30.000 DKK. For gambling machines situated in a pool hall there shall be paid a duty of 30 pc. of the part of gross profit that in the duty term (period) exceeds 250.000 DKK. The 250.000 DKK are to be increased by 3.000 DKK per machine up to 50 machines and 1.500 DKK per machine successively.

Applicable duty regulations for gambling machines with other winnings than money, cf. § 24 Gambling Machine Act (Spilleautomatloven) is not to be continued as there will be given no more licence for these machines. cf § 28 of the proposal for Gambling Act and comments.

It is proposed to widen the purpose for applying the deduction of duty for allotment of funds for local charitable purpose so that there shall be given deduction of duty when allotting funds from a pool hall to charitable purposes in the entire country, in other EU-countries, and in EEA- countries. The applicable regulation that Dansk Automatspil can deduct duty by transferring funds to Danske Spil is proposed to fall so that Dansk Automatspil prospectively shall operate under the same circumstances as other operators of profitable gambling machines. Consequently § 8 A of the Tax management Act (Ligningsloven) is to be changed, as it refers to applicable law in the profitable Gambling Machines Act (Lov om gevinstgivende spilleautomater), cf. comments on § 52.

### 3.9. Gambling and public amusement

#### 3.9.1. Applicable law

Applicable regulations for gambling in connection with public amusement refers to proclamation of public amusements (Regulering af spil i forbindelse med offentlige forlystelser) cf. proclamation no. 502 on 17. June 2005, revised by proclamation no. 1326 on 14. December 2005. Licence to operate gambling is given by the police. These games are played in tivolis (fairs) etc., where the winning always are goods or commodities.

The duty accords to the Winnings Tax Act (Gevinstafgiftsloven), and it makes for 17.5 pc. of the winning that exceeds 200 DKK, cf. § 2, sect. 1, letter b.

#### 3.9.2. Contents of the bill

The proposal continues applicable law as to the size of the duty, the payment a.s.o.

### 3.10. Gambling without stakes

#### 3.10.1. Applicable law

According to Winnings Duty Act (Gevinstafgiftsloven) § 1, sect. 1, letter f, there shall be paid duty on winnings "at prize- and quiz-games in this country that are to be seen as public."

Thus in order to fall under the Winnings Duty Act (Gevinstafgiftsloven), there must be a public contest and the contest must include an element of chance. Furthermore, participants shall not pay to play. If participants have to pay it is no longer a contest of chance but an actual gamble.

Duty on winnings amounts to 15 pc. of the amount that exceeds 200 DKK, and for other winnings the duty amounts to 17.5 pc. of the amount that exceeds 200 DKK, cf. Winnings Duty Act (Gevinstafgiftsloven) § 2, sect. 1.

### 3.10.2. Contents of the bill

Applicable conditions for liable duty on winning continue. It has to be a game according to the definition of § 4 in the proposal for the Gambling Act, that is to say that there must be an element of chance in the game/quiz/competition. Furthermore the games must be public, and contestants may not be subject to casting. Furthermore the participants may not pay in order to participate.

Prospectively duty still has to be paid for winnings from games without payment, where participants can only participate by being casted.

The proposal continues the existing rules on how to calculate the duty and the size of the duty.

### 3.11. Savings

#### 3.11.1. Applicable law

According to Winnings Duty Act (Gevinstafgiftsloven) § 1, sect. 1, letter b, duty shall be paid to the state from winnings at allotment in reference to the Savings Act (Lov om gevinstopsparing). Duty on cash winnings amounts to 15 pc. of the winning that exceeds 200 DKK, cf. Winnings Duty Act (Gevinstafgiftsloven) § 2, sect. 1.

#### 3.11.2. Contents of the bill

The proposal continues applicable law.

### 3.12. Administrative regulations - in general

#### 3.12.1. Applicable law

According to applicable rules, cf. Gambling Machines Act (Spilleautomatloven) § 22, sect. 2, pool halls and restaurants must provide security for payment in connection with operating gambling machines. Pool halls must pay 95.000 DKK and restaurants 7.500 DKK. This security is to cover taxes and duties. In addition casinos have to provide security amounting to 5 - 10 mi. DKK to cover taxes and duties and one day's winnings cf. the individual casino-licence.

Duty terms relate to the applicable duty act. For profitable gambling machines, casinos, local totalisator-games in connection with public amusement and savings the duty term is monthly. In contrast Danske Spil at present pays duty on a weekly basis in most cases.

#### 3.12.2. Contents of the bill

It is proposed that the common rules for security under Tax Collection Act (Optrækningsloven) is to be used on all game-operators, and that such security must cover the actual taxes and duties.

In addition it is proposed that the duty term shall be weekly for the company that operates lotteries (but not for the company's operation of pool betting on horse- and dog-racing), and for organisations that operate betting and internet online casino games.

Profitable gambling machines, land based casinos, pool betting on horse- and dog-racing and gambling in connection with public amusement are proposed to continue with the existing duty term, that is monthly accounting.

In addition it is proposed that for gambling that does not require licensing but solely adjacent duty registering the duty term shall be the single game. This conforms with applicable rules. In addition it is proposed that operators of these games obligatorily can register. When registering obligatorily the duty accounting term is once a month.

On 1. January 2012 new EU-rules on mutual support with collection of claims in relation to tax etc. are enforced (the council's directive 2010/xx/EU on xx.....). As something new, regulations will contain gambling duties. Until 31. December 2011 there are no rules applying to mutual help for collecting and it is proposed that until then all game operators that do not have settlements or



addresses in this country are to be registered by a native representative who is jointly accountable for duty, cf. transitory decree § 50, sect. 3. As of 1. January 2012 it is proposed that a native financial representative solely shall represent game-operators outside the EU and EEA.

### 3.13. Disclosure and reporting requirements

#### 3.13.1 Applicable law

Operators of games and contests that are not dutiable but where winnings and prizes are liable to tax by the winners have according to applicable law no disclosure duties as to winnings, prizes and winners re SKAT (Treasury).

#### 3.13.2 Contents of the bill

It is proposed that disclosure requirements are imposed. Required informations about disbursed winnings and prizes and the winners is proposed to contain persons and companies etc. that are licensed ("bevilling") to operate public games of chance and luck in form of tournaments (poker tournaments etc.). In addition it is proposed that companies, who disburse winnings and prizes in games and contests by electronic media, and where winnings are not contained by Gambling Duty Act (Spilleafgiftsloven) shall be included. The winnings and prizes are liable to income tax by the receiver.

Reporting is proposed to be done to Income Registry (Indkomstregisteret). Like other information that is reported to Income Registry (Indkomstregisteret) reporting shall be made on a monthly basis. Partially reporting shall secure that winnings are being taxed. Partially it shall secure that prizes and winnings can be printed on annual income sheets (årsopgørelse) for persons who receive preprinted annual income sheets (fortrykte årsopgørelser). Therefore these persons are not liable to inform about prizes or winnings to SKAT (Treasury) themselves.

Partially the reporting to the Income Registry (indkomstregistret) secures that the information according to the rules of the Income Registry Act (Lov om et indkomstregister) and according to due respect for the rules of the Person Data Act (Persondataloven) can be available for other authorities to whom the information is relevant and needed. It being e.g. social authorities, where the information can be used to control whether the receiver of social security contributions receive prizes and winnings that are of significance for allocation of benefits or of the size of social benefits.

However it is proposed to impose a minimum amount of 300 DKK, so that winnings and prizes valued 300 DKK or less shall not be reported. Such winnings and prizes are taxable too, and the receivers have to declare the winnings.

## 4. Economic impact on the public

### 4.1. Introduction

The following inspection of the economic impact includes the overall impact on taxes and duties by the proposed bills package (lovpakken) for a regulated, partially liberalised Danish gambling market. Besides this bill package for at Gambling Act the analysis includes the coevally proposed bill about regulating the gambling market (proposal for a new Gambling Act), the bill for a new Gambling Allotment Act law (Spiludlodningslov), that discusses the allocation of funds for sports and culture etc. (by the ministry of education, culture and sports), and the bill for a Ownership Act (Ejerskabslov), about the state's ownership of Danske Spil (by the Treasury - "finansministeren").

For analysis of the economic impact for the receivers of Danske Spils profit see also the coevally proposed bill for a Allotment Act (Udlodningslov) by the Ministry of education and culture (Kulturministeren).

### 4.2. Volume of gambling in Denmark

Overall turnover from gambling (payment) in Denmark amounted in 2008 to 25 bi. DKK excl. payment in online casino games and the land based casinos, while the overall gross profit (payment minus prizes) amounted to 7.7 bi. DKK, cf. chart 1.

Gross profit represents the net consumption of gambling (players' losses) and at the same time the gambling operators' profit previous to duty and other costs. The accounting of payments and gross profit for the overall gambling market is subject to a certain inaccuracy as not every part of the entire gambling market offers accessible and registered information. For internet poker and casino games and the land based casinos it is not immediately possible to account for the final payments.

There is a not validated estimate that the overall turnover (payment for betting (Oddset, Tipning, horses – and dog's races and bookmaker games abroad) for 2008 amounted to appr. 5.1 bn. DKK, of which appr. 2.1 bn. DKK came from foreign operators and the rest from Danske Spil. Converted to gross profit the amount is believed to be over 1 bn. DKK, whereof appr. 180 mi. DKK came from foreign operators. The relatively high gross profit at Danske Spil is due to a lower average payback percentage.

With equal uncertainty the gross profit for foreign online casino games, among those internet poker games, is estimated at appr. 350 mi. DKK Danske Spil offers internet casino games only to a rather small limit. E.g. Danske Spil does not offer online poker.

Chart 1. Turnover of the Danish gambling market 2008 according to games categories.

	2008	
	Payment	Gross profit
	Mi. DKK	
Danske Spil Betting Tipning etc.		
Oddset		
Horses – and dogs' racing	165	85
Lotteries etc.	2.225	620
Lotto games	610	160
Joker		
Keno		
Scratch games	3.870	2.130
Bingo	530	295
Other games	185	75
	905	425
	1.200	450
Total Danske Spil	8.745	3.875
Other Danish gambling operators		
Klasselotteriet		
Vare- og Landbrugs-lotteries	655	220
Charitable lotteries	175	65
Bingo	405	245
Gambling machines	420	190
Casino	12.425	2.235
Total other Danish gambling operators	14.080	3.380
Foreign gambling operators		
Bookmaker games abroad		
Online casino games and online poker	2.100	180
Total foreign gambling operators	2.100	430
Overall gambling market	24.925	7.685

Source: Skatteministeriet (Treasury) and Danske Spil.

- 1) Hereof appr. 2.200 mi. DKK payment and appr. 395 mi. DKK gross profit Dansk Automatspil, a subsidiary of Danske Spil.
- 2) these are games with a very high payback percentage (typically over 90 pc.), the games are processed very quickly and no real payment is accounted for.

#### 4.3. Partial liberalisation of the market for betting and internet casino games

The coevally proposed bill about the regulation of the gambling market (proposal for Gambling Act) suggests that it becomes possible for foreign game operators to achieve licence to operate betting games (excl. betting on horses – and dogs) and internet casino games, hereunder online poker, in Denmark. Accordingly the turnover from Danish players in betting and online casino games with foreign betting operators are being hos contained by Danish rules and thus liable to duty in Denmark analogous to equal games operated by Danske Spil.

This bill proposes that the present duty on gross profit for betting games at Danske Spil is being reduced from 30 pc. to 20 pc. It is proposed that this duty rate shall also oblige to internet casino games, hereunder online poker. Present duty on payment is 16 pc. Analogous for Tipping the duty is proposed changed to 20 pc. of gross profit, and new operators are proposed to be liable by this duty as well.

In addition it is proposed that the percent duty on profit amounting to 15 pc. on prizes over 200 DKK for betting games (Oddset and Tipping) be removed. This will ensure equal products and thus contribute to lessen the players incitement to challenge the proposed blocking methods. Duty on winning of lottery is to be kept.

Th isolated impact on yields by the proposed partial liberalisation of the market for betting and online casino games, hereunder online poker, is estimated to become an annual extra yield for the state amounting to appr. 20 mi. DKK, cf. chart 2 below.

Impact on yields is composed by an annual extra yield amounting to appr. 85 mi. DKK from duty on gross profit, as a consequence to that the foreign operators are being liable to duty in this country, and a yield loss of appr. 35 mi. DKK following the abolition of duty on winnings on betting. The expected rise of net consumption will lead to a derived yield loss for the state on VAT (moms) and duties on other goods amounting to appr. 30 mi. DKK.

Chart 2. Estimated impact on yield from partial liberalisation of the gambling market. 2010-standard.

	Applicable rules	Proposed bill	Changes
	Mi. DKK		
Reduction of duty from 30 pc. to 20 pc. of gross profit 1)	205	135	-70
Introduction of 20 pc. duty on new operators	-	130	130
Overall duty on gross profit	205	290	85
Abolition of duty on winnings on betting	35	0	-35
Derived impact on VAT (moms) and duties as result of bigger gambling consumption	-	-30	-30
Total	240	260	20

Note: - = yield loss

- 1) Include. changes in applicable duty on payment from 16 pc. on Tipping etc. to 20 pc. duty on gross profit.

It is estimated that the overall gross profit from liberated betting and online casino games will come to 1.450 mi. DKK (2010-standard). Hereof 130 mi. DKK are estimated to be extended gross profit following the proposed rules. The amount consists of a falling gross profit on betting following an expected higher payback percentage at Danske Spil's present betting and an increasing gross profit for online casino games, as Danske Spil not has offered online casino games to any greater extent previously, hereunder, that the company has not offered online poker. In addition it is expected that the possibility for acquiring Danish licences for foreign operators will lead to increasing turnover. As new licence holders will establish in this country it is to be expected that there will emerge a modest extra yield on corporation tax.

In accordance with the proposed rules there must be a corporate dissociation in connection with Danske Spil and its operations of betting and online casino games. Danske Spil's profit for these games is proposed to be delivered to the state, cf. also the coevally put forward bill on a Ownership Act (Ejerskabslov). It is roughly estimated that Danske Spil's range of these games could generate gross profit of appr. 175 mi. DKK annually, especially when the internet casino games are being fully implemented. Profit depends among other things on the payback percentage of the games and the cost structure. After corporate tax amounting to appr. 45 mi. DKK there is estimated a profit amounting to appr. 130 mi. DKK

Overall annual yield impact for the state following the partial liberalisation including profit and corporate tax from subsidiary company is estimated to amount to an extra yield of appr. 195 mi. DKK, cf. chart 3. For 2011 the extra yield is estimated to amount to appr. 155 mi. DKK, this is due to the fact that introduction of internet casino games at Danske Spil's subsidiary is expected to require some time for adapting. This means that the company's profit will be lower in the first year, implicating lesser corporate tax.

#### 4.4. Changes resulting from proposed new Games Allotment Act (Spiludlodningslov)

The coevally proposed bill for e new Games allotment Act (Spiludlodningslov) suggests the future allocation of funds for sports, cultural and other public ends is to be done by the part of Danske Spil's profit that continues to be monopoly and that caters for the range of lotteries including betting on horses and dogs ("Lotteriselskabet" - the Lottery Company), as well as by profit from Det Danske Klasselotteri. In addition it is proposed that the Lottery Company (Lotteriselskabet) is to be inflicted a corporate duty and at the same time be omitted the applicable duty on payment for lotteries amounting to 16 pc.

Abolition of duty on payment for lotteries relates to the fact that - due to a decision from the National Tax Tribunal - dealers' commission is liable to VAT (Moms), and that the profit from liberalised games and from Dansk Automatspil (subsidiary of Danske Spil, who operates gambling machines) no longer is to receive profit from Danske Spil.

Looking at Danske Spil's annual account for 2008 the suggested changes are estimated to make for an annual surplus yield on corporate tax amounting to appr. 515 mi. DKK and an annual loss of yield amounting to appr. 885 mi. DKK following the abolition of duty on payment for lotteries.

It is estimated that VAT on dealer-commission following the National Tax Tribunal's decision will cause a surplus VAT (Moms) amounting to appr. 105 mi. DKK a year. When Dansk Automatspil no longer allocates to Danske Spil, it is estimated that this will cause a higher commission on duty on gambling machines amounting to appr. 55 mi. DKK a year. The increasing of the duty on gambling machines is due to the fact that the present allocating from Dansk Automatspil to Danske Spil is being brought to by a deduction of the duty.

Overall estimate of changes in taxes and duties caused by the proposed bill for e new Allocation Act suggest an annual commission loss for the state amounting to appr. 210 mi. DKK, cf. chart 3. The

commission loss is being counterweighted by a proportionate increase in profit for the lottery company, which is allocated to the receivers of profit, cf. the coevally proposed bill for a new Allocating Act (Udlodningslov) by the Ministry of culture (Kulturministeren).

#### 4.5. More land based casinos

It is expected that in connection with the liberalisation of the market for betting and internet casino games there will be given gives permission to increase the number of land-based casinos in Denmark. At present there are six casinos in Denmark.

Depending on how many new casinos will be established in the future there is expected to be an increased turnover and thus an increased duty on commission to the state from the duty on casinos. It is roughly estimated – with due regard to among other things the geographical situation of new casinos - that e.g. two new casinos with an overall gross profit amounting to appr. 50 mi. DKK will produce an annual surplus in commission to the state amounting to appr. 20 mi. DKK

#### 4.6. Greater efforts against compulsive gambling

In order to create more stability for funds coined for fighting compulsive gambling, including prevention, treatment and research, it is proposed that 32 mi. DKK is annually put aside on the Budget. That is appr. 12 mi. DKK more than the present compulsive gambling duty (Ludomaniafgift) amounting to appr. 20 mi. DKK for 2009. It is assumed that the amount will be index-regulated.

In connection with the prospective budgeting of expenses for fighting compulsive gambling it is proposed that the present compulsive gambling duty (Ludomaniafgift) on gambling machines amounting to 1 pc. of gross profit is being obliterated. Instead it is proposed to increase the general duty on gambling machines from 40 pc. to 41 pc. The commission from the duty on gambling machines is thus increased by appr. 20 mi. DKK. As the increased expenses for fighting compulsive gambling have to be taken into account the net effect for the state is estimated to be a annual expense amounting to appr. 12 mi. DKK

In 2011 the state is estimated to have expenses following the budgeting of 5 mi. DKK for fighting compulsive gambling. The overall amount for fighting compulsive gambling for 2011, including the funds for treatment and research from the present compulsive gambling duty (Ludomaniafgift) must at least amount to 25 mi. DKK

The present regulation on fighting compulsive gambling does not allow for using funds for prevention - this has been pointed out by therapeutic treatment centres several times. It is proposed that part of the money be given to that avail. In addition it is desirable to give therapeutic centres possibility to elaborate perennial budgets, which would add stability to the treatment of compulsive gamblers.

The final distribution of funds will be made in connection with the elaboration and legislation of the Budget (Finanslov) for 2012.

#### 4.7. Overall economic impact on the public

The present and proposed bills' overall economic impact on the public - proposals for liberalisation of the Gambling Act - is seen in chart 3. The chart also shows an expected increase in yield according to VAT (Moms) on dealer-commission, following a National Tax Tribunal decision and an extra yield according to casino duty, following the expectations that the number of land-based casinos will increase.

As for economic impact on the state's allocation of funds to the receivers of Danske Spil's profit, see the coevally proposed bill for a new Allocation Act (Udlodningslov) by the ministry of culture.

Chart 3. Overall economic impact of the bill package re. liberalisation of the Gambling Act. 2010-standard.

	Commission Mi. DKK
Partial liberalisation	
Changes to gross profit duty (20 pc.)	85
Abolition of winning's duty (gevinstafgift) on certain games <sup>1)</sup>	-35
Derivative effect on VAT (moms) and duties following increased gambling	-30
Profit from companies under Danske Spil, that offer betting and internet casino	130
<b>Total</b>	<b>195</b>
Changes following Allotment Act (spiludlodningslov)	
abolition of duty on payment for lottery company <sup>3)</sup>	
Corporate tax from Danske Spil's exclusive right	-885
Increased duty from gambling machines from Dansk Automatspil <sup>4)</sup>	515
VAT (moms) on dealer-commission	55
<b>Total</b>	<b>-210</b>
Other changes	
Increased casino-duty with more land based casinos	
Increased activity against compulsive gambling	20
<b>Total</b>	<b>8</b>

Note: - = loss on commission

- 1) according to applicable rules the winnings-duty is calculated as 15 pc. of the amount of the prize that exceeds 200 DKK. The abolition contains present games from Danske Spil, Oddset and Tipning.
- 2) Cf. the coevally proposed bill for the ownership Act by the Treasury.
- 3) Abolition relates to the duty on payment amounting to 16 pc. for the lotteries ("Lotto" and others). The estimate is based on Danske Spil's accounting 2008.
- 4) According to de applicable rules duty on gambling machines can be reduced if the amount is allocated to Danske Spil. Erasing will result increased duty from commission. The estimate is based on the annual account for 2008.

As implementing internet casino games at Danske Spil's subsidiary is expected to take a certain initial phase, profit for the company that is to operate internet is expected to amount to appr. 100 mi. DKK in the fiscal year 2011 and the corporate tax to appr. 35 mi. DKK, while finally implemented it is expected to lead to an increase of commission amounting to 45 mi. DKK, cf. chart 3. In addition VAT (Moms) on dealer-commission plus the increased duty on gambling machines and the increased duty on casinos to amount to appr. 165 mi. DKK in the fiscal year 2011.

Due to increased corporate tax the municipalities' part of the overall impact on commission will amount to appr. 75 mi. DKK annually. The municipalities' increased income will be included in the annual budget agreements.

The proposed bills have no impact on the Regions' commissions.

5. Administrative impact on the public  
Waiting for reactions from SKAT (Treasury).

6. Economic impact on business

The complete bills package for liberalising the Gambling Act implies equal conditions for Danish and foreign companies wishing to operate betting and internet casino games in Denmark, since all operators in the future will be compassed by equal rules regarding operating of games in this country. So far conditions for competition have been discriminative, as foreign companies, that have offered

games to Danish persons have been able to do so and not be compassed by the same rules e.g. Danish duty liabilities. Furthermore the proposed shielding measures (prohibition of advertising, payment-blocking and internet-blocking) against gambling operators without Danish licences will contribute to ensure revenues for operators holding a Danish licence.

At the same time showing off a Danish licence will probably ensure better advertising revenue with the media and many sports-clubs will probably be able to increase their sponsor-revenues by games operators.

As far as companies settle here or introduce physical sales of products, activities might create more Danish jobs.

#### 7. Administrative impact on business

In connection with External Consultation the proposal will be sent to the Commerce and Companies Agency Centre CKR (Erhvervs- og Selskabsstyrelsens Center for Kvalitet i ErhvervsRegulering (CKR)) for assessment whether the proposal has to be put forward to the Ministry of Economic and Business Affairs (Økonomi- og Erhvervsministeriet).

#### 8. Administrative impact on citizens

The proposal has no administrative impact on citizens.

#### 9. Environmental impact

The proposal has no impact on the environment.

#### 10. Relationship with EU-laws

The proposal is expected to not have consequences in regard to EU-law.

#### 11. Heard parties

Besides relevant ministries a copy of the bill will be sent for hearing to Advokatsamfundet, Arbejderbevægelsens Erhvervsråd, Brammer Advokater, Casinoforeningen, Center for Ludomani, CEPOS, Compu-Game A/S, DR, Danmarks Bridgeforbund, Danmarks Rederiforening, Danmarks Idræts-Forbund (DIF), Danmarks Tankesports-Forbund, Danmarks Tivoliforening, Dansk Arbejdsgiverforening, Dansk Automat Brancheforening, Dansk Automat Expert A/S, Dansk Backgammon Forbund, Dansk Boldspil-Union (DBU), Danske Dagblades Forening, Dansk Døve-Idrætsforbund, Dansk Erhverv, Dansk Firmaidrætsforbund (DFIF), Dansk Galop, Dansk Go Forbund, Danske Gymnastik- and Idrætsforeninger (DGI), Dansk Handicap-Idræts Forbund, Danske Handicaporganisationer, Dansk Industri, Dansk L'Hombre Union, Dansk Othello Forbund, Dansk MisbrugsBehandling, Århus, Dansk Skak Union, Dansk Skoleidræt, Dansk Skole Skak, Dansk Travsports Centralforbund, Dansk Ungdoms Fællesråd (DUF), Danske Advokater, Danske Dagblades forening, Danske Spil A/S, Danske Regioner, Datatilsynet, De Danske Skytteforeninger (DDS), De Samvirkende Købmænd (DSK), Den Danske Dommerforening, Det Danske Klasselotteri A/S, Det Centrale Handicapråd, Divisionsforeningen, Danske Gymnastik- and Idrætsforeninger (DGI), European Betting and Gaming Association, Erhvervs- and Selskabsstyrelsen, Finansrådet, FDIH - Foreningen for Distance- and Internethandel, Forbrugerrådet, Foreningen af Danske Revisorer, Foreningen af Registrerede Revisorer, Foreningen af Statsautoriserede Revisorer, Frederiksberg Centeret, Friluftsrådet, Hestevæddeløbssportens Finansieringsfond (HFF), Horesta, Horten, ISOBRO, JKL A/S, Jyllands Attraktioner, Kommunernes Landsforening, Konkurrencestyrelsen, Kortclub'en af 1993, Ladbrokes Nordic, Landsorganisationen i Danmark (LO), Landbrugslotteriet, Landsskatteretten, Lokale- and Anlægsfonden, Majorgaarden, Pokerstars v. Nikolaj Bøgh, JKL A/S, RGA - Remote Gambling Association, Retssikkerhedschefen, SKAT, Stanleybet, Sydslesvigs danske Ungdomsforeninger, Team Danmark, TV2, Varelotteriet.

12. Conclusive chart

Overall assessment of the consequences of the proposal

	Positive consequences	Negative consequences
Economic impact on the public	<p>Overall annual yield impact for the state following the partial liberalisation including profit and corporate tax from subsidiary company is estimated to amount to an yield increase of appr. 195 mi. DKK. Furthermore an annual increase for the state in commission amounting to appr. 20 mi. DKK following the possibility to establish more land based casinos.</p> <p>Due to increased corporate tax the municipalities' part of the overall impact on commission will amount to appr. 75 mi. DKK annually. The municipalities' increased income will be included in the annual budget agreements</p>	<p>Overall estimate of changes in taxes and duties caused by the proposed bill for e new Allocation Act suggest an annual commission loss for the state amounting to appr. 210 mi. DKK. Included is the yield from VAT (moms) on dealer-commission following a decision from the National Tax Tribunal. This loss of yield is counterbalanced of a proportional increase on profit at the lottery company that is allocated to the receivers of profit. In addition the proposal of more dedication to fighting compulsive gambling net costs for the state amounting to 12 mi. DKK</p>
Administrative impact on the public		

Economic impact on business	Some positive impact following equality of conditions for operators of games.	None
Administrative impact on business		
Administrative impact on citizens	None.	None.
Environmental impact	None.	None.
Relations to EU-law	The proposal is not expected to have impact on EU-law.	