

Irish Betting Tax Update

Budget 2019

Minister for Finance, Paschal Donohoe T.D., announced the Irish 2019 Budget at 1pm on Tuesday 9 October 2018.

The main change impacting upon the gambling sector is the doubling of the betting tax rate from 1% to 2% and the increase from 15% to 25% on betting commissions on exchanges with effect from 1 January 2019. According to Minister Donohoe, such changes are expected to raise an estimated €50m per year for the Irish exchequer.

However, there are a number of downsides from the rate hike that need to be considered, particularly for those operating in the retail sector.

This increase in the rate of turnover tax will be particularly damaging to the retail sector, particularly for SMEs. There has already been a drop in the number of licensed retail premises, but this increase may result in further consolidation and closures and subsequently, job losses and a loss of tax to the Irish exchequer. Therefore, the suggested increase in exchequer funding of €50m may very well be a lot less as a result of the impact on businesses.

Such increases in the tax rates could also drive customers to black market operators who operate remotely and do not pay the existing 1% rate of tax. Customers are sensitive to pricing, so if black market operators can offer more attractive prices, it would be a natural attraction.

Any increase in the rates of tax that apply to betting in Ireland needs to be considered as part of an overhaul of the current outdated regulatory regime which exists in Ireland for betting and gaming. Any changes that are introduced need to strike an appropriate balance between encouraging commercial and responsible gambling operators and protecting consumer and vulnerable gamblers.

Please contact the McCann FitzGerald Betting and Gaming Group if you would like to discuss in more detail the impact of these increases.

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