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30th January 2017

Dear Sir/Madam

Reform of Horserace Betting Levy for Great Britain

Introduction

We are contacting you to alert you to the forthcoming changes to the Horserace Betting Levy which the UK Government intends to introduce in April 2017. These changes may affect your company.

Additional information regarding these arrangements will be provided as soon as possible but, at this stage, you are not required to take any action.

Background

The UK Government announced on 14th January 2017 that it intends to introduce a reformed statutory Horserace Betting Levy in April 2017, subject to receiving State aid approval. The Government's press release is attached.

The principal purpose of the reform is that any gambling business that takes bets from customers located in Britain on horseraces held in Britain will be liable, under UK law, to pay 10% of its gross profit from such bets. The first £500,000 of gross profit will be exempt from the calculation. This will mean that operators that offer bets on British horseracing to customers located in Britain will be within scope of the Levy, regardless of where the operator is based.

The Horserace Betting Levy Board will be responsible for the administration of the Levy until its functions transfer which, as set out in the press notice, it is intended will occur in early 2018.

Yours faithfully

Alan Delmonte
Chief Executive

Embargoed until 0001 Saturday 14 January 2017

Department for Culture, Media and Sport Press Release

Government boost for Horseracing in Betting Levy Reform

Move will help secure the future of horseracing and ensure a fair return to the sport from gambling operators

British Horseracing will benefit from mandatory contributions from all major gambling businesses that take bets on the sport in this country, Sports Minister Tracey Crouch announced today.

The move will ensure that any gambling business that takes bets from British-based consumers on races held in this country will pay 10 per cent of their gross profits from racing, above the first £500,000 they make, to support the sport and the equine industry.

It will be enforced via a reformed statutory Horserace Betting Levy. The Levy has been in existence since 1961 but has become outdated. Under the current levy system offshore online betting businesses that take bets on British racing are under no statutory obligation to contribute to horseracing, although some make voluntary contributions.

The government intends to introduce the new funding scheme in April 2017. This is subject to receiving state aid approval for these proposals.

Today's announcement follows consultation with both the betting and racing industries and will ensure a level playing field amongst gambling operators that are based in Britain and those that are offshore.

Sports Minister Tracey Crouch said:

"This move will help secure the future of horseracing in Britain by making sure that gambling firms pay a fair return to support the sport. Horseracing has a strong heritage in this country, employing thousands of people and is enjoyed by many almost every day of the year. This new approach to the Horserace Betting Levy will help sustain and develop the sport."

The levy will support funding for a range of areas including prize money, integrity, equine welfare, veterinary science and the mental and physical wellbeing of participants.

The levy scheme will apply to all operators who offer bets on British horseracing by GB-based customers, including pool betting, betting exchanges, on-course bookmakers and on spread bets.

The Sports Minister will also review the rate set within seven years of the legislation coming into force to ensure that it reflects any future changes in the market.

The Government intends to transfer responsibility for collecting the Levy to the Gambling Commission in early 2018, that will mean that the Horserace Betting Levy Board will be wound up.

The levy funding will be passed on by the Gambling Commission to a nominated Racing Authority, that will act on behalf of British racing and be responsible for making decisions on spend.

Notes to Editors:

For further information contact:

Jose Riera, DCMS Press Office on 020 7211 6971 / 07825 057405

- The government will introduce a statutory instrument to enact the changes to the Horserace Betting Levy that we intend to come into effect from April 2017.
- The gross profits refer to Gross Gambling Yield (GGY), that is stakes minus prizes paid out.
- Government will lay a Legislative Reform Order to effect the transfer of responsibilities to the Gambling Commission and Racing Authority. We will consult affected stakeholders on the detail of those proposals shortly.