

Guide to Betting Operations Tax

This guide contains useful information
on the Betting Operations Tax

Authorised Betting Operations Act 2000
Authorised Betting Operations (Taxation)
Variation Regulations 2017



The purpose of this Guide to Betting Operations Tax (“Guide”) is to provide a general guide to the administration of the betting operations tax.

It deals with:

- ▶ liability;
- ▶ registration;
- ▶ calculation of tax payable;
- ▶ payment of tax, interest and penalty tax;
- ▶ record keeping obligations of a taxpayer;
- ▶ audits and investigations; and
- ▶ taxpayers’ rights of objection in respect of the betting operations tax.

The contents of this Guide are current at the time of printing but may be subject to change in the future.

We hope you find this publication to be worthwhile and we would certainly welcome any comments or suggestions that would help us to improve it.

For further details on any matters relating to the administration of the betting operations tax, please feel free to contact RevenueSA on (08) 8204 9888 or returns@sa.gov.au.

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COMMISSIONER OF STATE TAXATION
3 July 2017

Further Information

Further information can be obtained from RevenueSA.

Website revenuesa.sa.gov.au **Email** returns@sa.gov.au **Telephone** (08) 8204 9888

Authorised copies of the Act can be purchased from the Service SA, EDS Centre, 108 North Terrace, Adelaide.

Online versions of state legislation are available at the South Australian legislation website:

legislation.sa.gov.au

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Introduction

The Betting Operations Tax applies from 1 July 2017 and is payable in respect of a financial year if your Net State Wagering Revenue (NWR) for that year exceeds \$150 000. The tax is payable at the rate of 15% on NWR in excess of \$150 000 for a financial year.

Who is liable to pay?

All betting operators with NWR that exceeds \$150 000 for a financial year.

When do I need to register?

If you expect your NWR to exceed \$150 000 for a financial year, you are required to register on RevenueSA's online system, which can be accessed via RevenueSA's website.

Returns and making payments

Once registered, betting operators (other than oncourse bookmakers) are required to lodge returns (even if nil tax is payable) and make any relevant payment on a monthly basis, within 21 days after the end of the month in a financial year in which the betting operator's NWR for that financial year first exceeds \$150 000, and within 21 days after the end of each subsequent month of that financial year.

Based on the example below, the requirement to lodge returns (even if nil tax is payable) and make any relevant payment would not commence until after the end of October.

Once registered, oncourse bookmakers are required to lodge returns (even if nil tax is payable) and make any relevant payment on an annual basis, within 21 days after the close of the financial year.

Returns must be made via RevenueSA's online system.

Payment methods include Electronic Funds Transfer (EFT) and cheque.

Example

Month	NWR for Month	NWR YTD	Tax-Free Balance (of \$150 000)	Taxable NWR for month	Tax Payable
July	\$50 000	\$50 000	\$100 000	Nil	Nil
August	-\$25 000	\$25 000	\$125 000	Nil	Nil
September	\$100 000	\$125 000	\$25 000	Nil	Nil
October	\$80 000	\$205 000	Nil	\$55 000	\$8250
November	-\$25 000	\$180 000	Nil	Nil	Nil
December	\$150 000	\$330 000	Nil	\$125 000	\$18 750

RevenueSA's online system will also contain help and instructions to assist betting operators with the lodgement of returns and the making of payment.

Calculation of NWR

The NWR of a betting operator for a financial year is the sum of:

(1) The total amount of all bets made with, or using a service provided by, the betting operator during the financial year by persons who were located in South Australia at the time of making the bet or using the service.

plus

(2) The total of any fees, commission or other amounts of a kind prescribed by the regulations associated with making the bets or using the service.

less

(3) The total amount of all winnings paid or payable in respect of those bets.

less

(4) The total of any other amounts of a kind prescribed by the regulations.

For the purposes of (2), all fees and commissions associated with making bets with, or using a service provided by, a betting operator are required under the regulations to be included in this calculation.

For the purposes of (4), the amount of any refund of a bet made with, or using a service provided by, a betting operator by persons located in South Australia at the time of making the bet or using the service is required by the regulations to be included in this calculation.

There are no deductions prescribed by the regulations.

Determining the value of bets made by persons located in South Australia at the time of making a bet or using a service

RevenueSA acknowledges that it may be problematic for betting operators to accurately determine a person's location at the time of making a bet or using a service.

Accordingly, betting operators can, if they are unable to accurately determine a person's location at the time of making a bet or using a service, estimate NWR based on a person's registered residential address at the time of making the bet or using the service. Section 12 of the *Taxation Administration Act 1996* (the "TAA") provides that the Commissioner of State Taxation (the "Commissioner") may make an assessment on the information that the Commissioner has from any source at the time the assessment is made. Further, if the Commissioner has insufficient information to make an exact assessment of a tax liability, the Commissioner may make an assessment by way of estimate.

Where a betting operator chooses the registered residential address approach to calculating NWR, it is essential that the betting operator has sufficient safeguards in place to ensure that registered residential address information is accurate.

RevenueSA will undertake comprehensive compliance activities to ensure that registered residential address information is accurate, with interest and penalty tax potentially applying where a betting operator fails to pay any of the tax it is liable to pay (see Interest & penalty tax).

Determining NWR if you are a betting exchange

Betting exchanges effectively operate as betting brokers (i.e. facilitate the making or accepting of bets between others), and derive their revenue from charging a commission or a transaction fee for their service. The commission and/or transaction fee charged by a betting exchange to a person (including a business) who is located in South Australia at the time the bet is made or the service is used should be included by the betting exchange in its calculation of NWR.

Treatment of lay-off bets

If a betting operator receives a lay-off bet from a person (including a business) that is not related to the betting operator and that is located in South Australia at the time the lay-off bet is made, the betting operator should include the lay-off bet in its calculation of NWR.

If a betting operator makes a lay-off bet, the betting operator should not include the lay-off bet in its calculation of NWR.

Interest & penalty tax

For the purposes of the TAA, the *Authorised Betting Operations Act 2000* and the *Authorised Betting Operations (Taxation) Variation Regulations 2017* are taxation laws. Accordingly, interest and penalty tax may apply, as outlined in Part 5 of the TAA, where a betting operator fails to pay any of the tax it is liable to pay pursuant to these taxation laws.

Record keeping

Betting operators must keep all records necessary to accurately assess their tax liability for at least five years.

Audits & investigations

RevenueSA will conduct audit and investigation programs to ensure compliance with the Betting Operations Tax.

Accordingly, RevenueSA may request that a betting operator provide records and documents (including written or electronic records and documents) to help determine whether the betting operator is compliant with its obligations.

Objections & appeals

Objections

A betting operator that is dissatisfied with a reviewable decision of the Commissioner may lodge a written notice of objection with the Minister for Finance (the Minister) within 60 days of the decision, stating fully and in detail the grounds for the objection. The Minister can permit an objection after the 60-day period, but not after 12 months of the decision.

Appeals

A betting operator that is dissatisfied with a decision of the Minister to an objection may appeal to the Supreme Court within 60 days of the date of the Minister's determination. Appeals need not be restricted to the grounds of the original objection. The Supreme Court can permit an appeal after the 60-day period, but not after 12 months of the determination.

An appeal cannot be exercised unless 50% of the tax assessed (not including interest or penalty tax) that relates to the appeal has been paid.

Application for refund of overpaid tax

A betting operator may request a refund of tax paid within the last five years, providing the Commissioner has not previously made an assessment of the tax liability for which the payment was made.