

MEDIA RELEASE

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NSW BUDGET 2018: NSW TO CLOSE ONLINE WAGERING LOOPHOLE

The NSW Government will introduce a 10 per cent tax on all wagers placed by NSW residents, regardless of the location of the wagering operator, closing a current loophole in wagering laws.

The current NSW wagering tax on racing and sports betting is levied at the physical point of sale and does not capture most online wagering, a part of the industry that has experienced significant growth in recent years.

Many online wagering companies are physically located and licenced outside of NSW and have not been required to pay the existing NSW wagering tax paid by other betting operators.

The point-of-consumption (PoC) tax will take effect from 1 January 2019, capturing some of the significant growth in telephone and online gambling in recent years – which has previously gone untaxed in NSW.

“The introduction of a point-of-consumption tax is an important step to ensure that we are levelling the playing field given the wagering tax paid by onsite operators,” Mr Perrottet said.

“Following an extensive consultation period with stakeholders, this decision will resolve the disconnect between the jurisdiction where gambling activity occurs and where it is taxed.

“We also want to make sure that the Racing Industry is no worse off under these changes, which is why we have taken steps to ensure that they share in additional revenue and that existing parity arrangements are unchanged.”

South Australia, Western Australia, Queensland, Victoria, and the ACT have either introduced or committed to implementing PoC taxes.

Under the new system, all Australian-based wagering operators will pay a tax of 10 per cent of net wagering revenue generated from all wagering and betting activity of NSW residents. A tax-free threshold of \$1 million per year will apply for all operators.

The Government recognises the economic, cultural and sporting importance of the NSW racing industry and will ensure the industry is not negatively impacted as a result of the tax. The industry will receive additional funding of 2 per cent of all net wagering revenue in New South Wales, similar to the Victorian model.

The NSW Government's decision to introduce a point of consumption tax follows extensive consultation including the release of a discussion paper calling for stakeholder views earlier this year.

The Government will work with all Australian based operators in the lead up to the 1 January 2019 start date to ensure a smooth transition to the new system.

The Government has committed to review the policy after 18 months to ensure it is achieving its goal, as well as whether any impacts are experienced by the racing industry.

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