

# PALMERBET

29 March 2019

Mr Dominic Perrottet  
Treasurer  
Minister for Industrial Relations

Dear Sir

## **FEEDBACK SOUGHT ON WAGERING TAXATION 29 March 2018**

We provide our written response to the issues outlined on your paper of 8 March 2018 as follows:

Should NSW Introduce a PoCT on wagering? If so, why? If not, why not?

*We do not support the introduction of a PoCT. Bookmakers are already burdened with excessive product fees from racing and sporting bodies in addition to GST and company taxes. A point of consumption tax is unviable particularly to smaller and medium sized operators, the result will be a shrinking of the market, reduction in competition and reduced market value for the consumer.*

*The introduction and growth of product fees from racing and sporting bodies over the last decade has had the effect of reducing the state governments funding burden on these sports, particularly racing, an introduction of a point of consumption tax will reduce the effectiveness of this self funding model and it would become harder for racing and sporting bodies to manage their own funding.*

If NSW was to introduce a PoCT which PoCT design elements should be harmonised across jurisdictions, and why?

*If NSW were to introduce a point of consumption tax, then NSW should work with the federal government and other states to remove the GST and harmonize the rate across states so that operators are no worse off.*

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*The design and implementation of the policy in South Australia should be given no weight. There was no industry or participant consultation and no regard to the damaging affects to the racing and wagering industries and adverse consequences to participants in the state.*

Should a PoCT be levied on the operator's net wagering revenue (player loss) or on the operator's wagering turnover? Why?

*Player loss (net of GST). Taxing turnover will further stymie the market and do nothing to incentivize turnover and growth.*

Should all forms of wagers (online and terrestrial) be captured by a PoCT at a common tax rate?

No. All on-course bookmakers should be exempt from the tax, either by way of defined category (that is business with an on-course operational component) or via a suitable high tax free threshold.

All terrestrial transacted wagering should be exempt from the tax, irrespective of business type and scale. We submit that that the intent of the POC tax concept was essentially for governments to extract a revenue contribution from non-local licensing jurisdictions operators who were financially benefiting from 'cross border' trade with the State's resident gamblers.

Should a common PoCT rate apply to all wagering types (fixed odds, totalizator, betting exchange etc.)?

*Yes, all wagering types should be levied at the same rate. Logistically inefficiencies exist in separating the calculation of different fees across different products across different states.*

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Should a customer's location be defined through their usual residential address for the purpose of a PoCT, or should it be based on where the bet was made? How should this be verified and updated?

*The customers residential address.*

What should the PoCT rate/s for NSW be? For which reasons?

*We don't agree that a point of consumption tax should be introduced, if it was to be introduced it should be no greater than 5% of revenue. There are significant risks that a higher rate will have unintended consequences for the industry and ultimately for associated government taxation revenues.*

Should there be a tax-free threshold? If so, at what level? Should oncourse bookmakers be exempt from a PoCT? Considering the potential impact of a PoCT on wagering practices and the wagering industry:

*Yes. All bookmakers licensed in NSW should be exempt from the point of consumption tax. NSW based bookmakers already directly contribute to the NSW economy, the intended purpose of a consumption tax is for the state to generate revenue from companies based interstate that do not contribute to this state. Should NSW bookmakers be included, then a \$5m threshold should apply.*

Estimates of the take-up of illegal offshore wagering are uncertain. Stakeholders are encouraged to provide any relevant information or evidence on the sensitivity of punters to changes in odds and shifting to offshore operators.

*My estimate is that illegal offshore wagering would be significant. Illegal offshore operators pay no product fees or GST, they have the ability to significantly undercut onshore operators in terms of price and liquidity. The offshore market will be significantly bolstered by reducing onshore bookmakers ability to compete on price.*

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What has been the experience of operators in complying with South Australia's PoCT administration procedures?

*The administrative process is fine.*

What are the practical issues and challenges for stakeholders in implementing a PoCT, and what is an appropriate implementation timeframe in NSW?

*Technical limitations of software and staffing levels would need to be managed. There should be further review of the outcomes of the new tax in other states to get it right. 1 July 2019 would be appropriate.*

Is there a preference for coordinated PoCT collection by a single state or revenue office?

*Yes. Reducing multiple and variable systems must minimize administrative burden.*

*Yours faithfully*



*Grant Palmer  
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Palmer Bookmaking Pty Ltd*

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