
Gaming

Bill Amending Laws on Gambling Duties Passed in Parliament

Introduction

On 10 January 2022, the Gambling Duties Bill ("**Bill**") had its second reading and was passed in Parliament.

The Bill consolidates and harmonises the law on the levy and collection of duties on legalised betting and lotteries, and also increases the amounts of fines and penalties for default in payment of gambling duties. In addition, the Bill makes related amendments to other legislation such as the Casino Control Act, the Private Lotteries Act ("**PLA**"), and the Inland Revenue Authority of Singapore Act, as well as repeals the Betting and Sweepstakes Duties Act ("**BSDA**").

Prior to the passage of the Bill, the laws relating to duties on legalised betting and lotteries were divided between the BSDA and the PLA. The BSDA, in particular, was enacted in 1950, and various provisions were seen as being due for an update. The Bill thus represents a harmonisation of the various statutes governing the collection of gambling duties, as well as an update to keep pace with the changes in tax administration and enforcement.

In this Update, we highlight the key changes introduced by the Bill.

Overview

The Bill is structured as follows:

- (a) Part 1 introduces the definitions and fundamental concepts of gambling-related terms used in the Bill.
- (b) Part 2 provides for the tax called gambling duties.
- (c) Part 3 deals with the recovery of and penalties for failure to pay gambling duties.
- (d) Part 4 is concerned with making of returns, keeping of records, and providing of information in connection with administration of the provisions of the Bill.
- (e) Part 5 is about the administration of the Bill.
- (f) Part 6 contains miscellaneous provisions including exemptions and regulation-making powers.
- (g) Part 7 makes consequential and related amendments to other Acts and contains saving and transitional provisions.

Gaming

Administration and Enforcement

As highlighted, the Bill will harmonise the tax administration and enforcement provisions between the BSDA and the PLA. It also harmonises the administration and enforcement for gambling duties with other tax legislation administered by the Inland Revenue Authority of Singapore ("**IRAS**").

In particular, the Bill updates the authority of the Commissioner of Betting Duties (whose title will henceforth be changed to the "Commissioner of Gambling Duties" ("**Commissioner**")) in the following ways:

- (a) The Commissioner currently does not have power to refund overpaid betting and sweepstake duties. The Bill provides the Commissioner with such power, bringing it in line with the existing power to refund overpaid private lotteries duty and other taxes administered by IRAS.
- (b) The Commissioner currently does not have the power to enter or search premises for enforcement of betting and sweepstake duties. The Bill provides the Commissioner with such power, bringing it in line with the existing power to search and enter for private lotteries duty and all other taxes administered by IRAS.

Offences and Penalties

The Bill harmonises what constitutes an offence relating to gambling duties, implementing similar penalty structures across gambling taxes. It also increases the amounts of fines and penalties for such offences, which have remained unchanged since the 1950s, ensuring that the quanta are commensurate with similar offences in other tax legislation.

The offences and corresponding penalties are as follows:

- (a) **Late returns and non-compliant record keeping** – A fine of up to S\$5,000.
- (b) **Misleading etc. returns by taxable persons** – A fine of up to S\$5,000 and/or imprisonment of up to two years for individuals, or a fine of up to S\$10,000 for non-individuals.
- (c) **Refusing to give or giving false information** – A fine of up to S\$5,000 and/or imprisonment of up to 12 months for individuals, or a fine of up to S\$10,000 for non-individuals.
- (d) **Evasion of payment of gambling duty or penalty tax** – A fine of up to S\$12,500 and/or imprisonment of up to five years for individuals, and a fine of up to S\$25,000 for non-individuals.

Gaming

Casino Control Act

The Bill gives effect to a new tiered casino tax structure which is set to take effect from 1 March 2022, setting out higher tax rates and a new 10-year moratorium, subject to the casino operator meeting certain development targets.

- (a) **Premium gaming** – The first \$2.4 billion of gross gaming revenue per year will be taxed at 8%; and the rest will be taxed at 12%. This is up from the current rate of 5%.
- (b) **Mass gaming** – The first \$3.1 billion of gross gaming revenue per year will be taxed at 18%; and the rest will be taxed at 22%. This is up from the current rate of 15%.
- (c) **Development targets** - If the casino operator fails to satisfactorily meet its development targets, a flat rate of 12% for premium gaming and 22% for mass gaming will apply instead.

Inland Revenue Authority of Singapore Act

The Bill makes consequential amendments to the Inland Revenue Authority of Singapore Act for IRAS to establish a system providing for the electronic service of notices and documents in connection with the administration of tax legislation administered by IRAS. The purpose of this is to facilitate digitalisation of tax administration.

Concluding Words

The authorities have recently started taking steps to amend and harmonise Singapore's existing gambling legislation, and the Bill is a much-welcome update to gambling duties legislation. The Bill consolidates and harmonises the laws on gambling duties and provides a more structured framework that more appropriately keeps pace with the practical and technological progression of tax administration for the gambling industry. Notably, the Bill also introduces new definitions of key terms used in other gambling-related legislation as well, such as "*betting*", "*game of chance*", "*gaming machine*", "*lottery*" and "*money's worth*", thus paving the way for likely amendments to the Betting Act, Common Gaming Houses Act, Private Lotteries Act, Casino Control Act and Remote Gambling Act in the near future.

Parties in the industry would be well advised to be familiarise themselves with the new administrative provisions, as well as the new offences and penalties. For further information, please feel free to contact our team below.

Gaming

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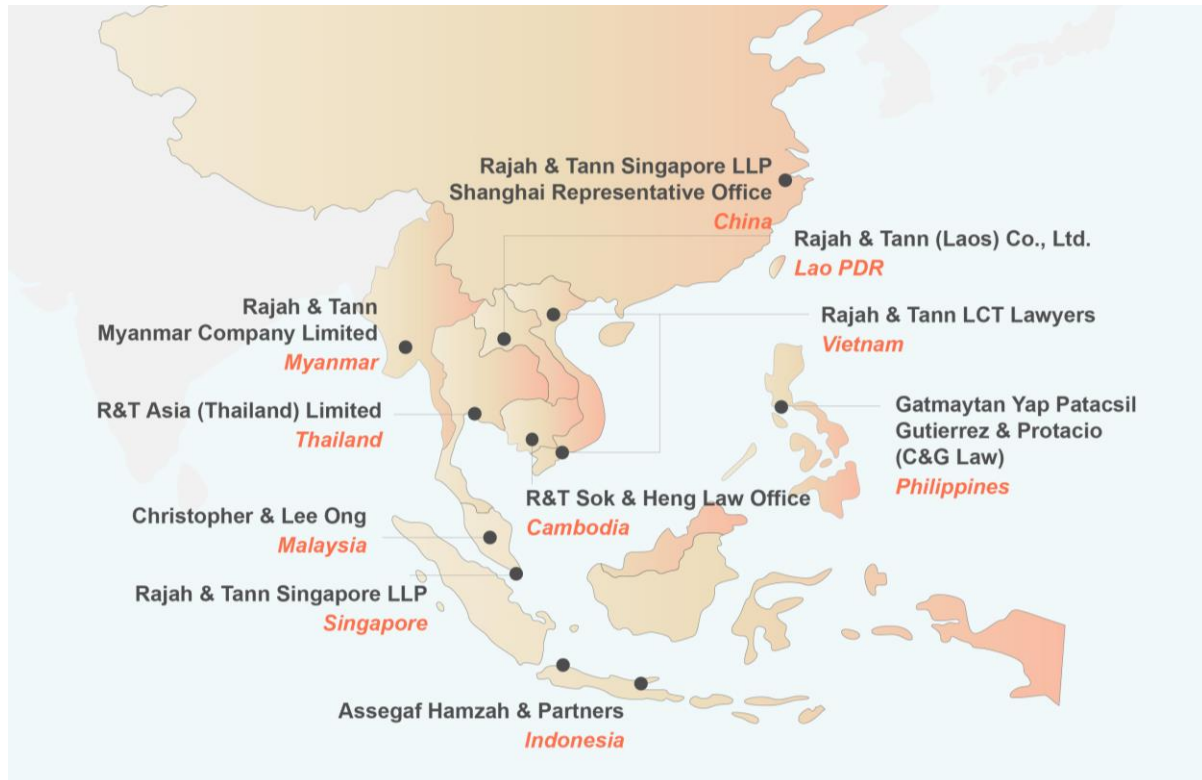
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