

[Act 2001 No 43]



New South Wales

Betting Tax Bill 2001

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to consolidate NSW legislation relating to betting tax. The new Act:

- (a) imposes betting tax on bookmakers in relation to racing and sports betting events, and
- (b) imposes betting tax on totalizator licensees in relation to commissions taken on, and net earnings from, totalizator betting and approved betting activities on certain racing and sports betting events, and
- (c) makes provision for the lodgment of returns and the keeping of records in relation to betting activities.

The provisions of the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of taxation laws, are applied to the new Act.

Outline of provisions

Part 1 Preliminary

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides for the commencement of the proposed Act on 1 July 2001.

Clause 3 defines certain terms used in the proposed Act.

Clause 4 provides that notes included in the proposed Act do not form part of the Act.

Clause 5 provides that the proposed Act is to be read with the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of the proposed Act and other taxation laws.

Part 2 Imposition of betting tax

Clause 6 imposes a tax on bets made by backers with bookmakers on any event or contingency relating to a horse race, a harness race or a greyhound race.

Clause 7 imposes a tax on bets made by backers with bookmakers on the outcome of any event or contingency relating to a sports betting event.

Clause 8 imposes a tax on commissions taken on totalizator betting.

Clause 9 imposes a tax on roundings. (A rounding is an amount that would ordinarily form part of a dividend but that is retained by a totalizator licensee as a result of the rounding down of an amount calculated as dividend.)

Clause 10 imposes a tax on net earnings from approved betting activities conducted by totalizator licensees.

Part 3 Rebates of betting tax

Clause 11 provides for a rebate of tax for bets back. (A bet back is a bet, or an investment on a totalizator, by a bookmaker that is the same as a bet previously made with the bookmaker or is the same except that the amount of the bookmaker's bet or investment is different from the amount of the bet made with the bookmaker, or that the odds given to the bookmaker are different from the odds given by the bookmaker.)

Clause 12 provides for a rebate of tax to racing clubs when turnover of a race meeting is less than an amount determined under the clause.

Part 4 Returns

Clause 13 requires a bookmaker to prepare returns specifying all bets made with the bookmaker in the preceding week.

Clause 14 requires a racing club to prepare returns on race meetings, specifying the people who carried on business as bookmakers at the meetings.

Clause 15 requires a racing club to prepare returns on betting auditoriums, established and conducted by the racing club, in which bets were taken.

Clause 16 requires a racing club to prepare returns on sports betting events on which bets were taken that were held at the racecourse on which the club conducts race meetings.

Part 5 Miscellaneous

Clause 17 requires a bookmaker to keep records of bets made with the bookmaker and bets back made by the bookmaker.

Clause 18 provides for an amount equivalent to a proportion of tax paid in respect of a totalizator on sports betting events to be paid to the Sport and Recreation Fund established under the *Public Lotteries Act 1996*.

Clause 19 provides for summary proceedings for offences against the proposed Act or regulations.

Clause 20 empowers the Governor to make regulations.

Clause 21 provides for the review of the proposed Act.

Clause 22 is a formal provision giving effect to the amendments to the *Racing Administration Act 1998*, *Taxation Administration Act 1996* and *Totalizator Act 1997* set out in Schedules 1–3.

Clause 23 repeals the *Bookmakers (Taxation) Act 1917*, the *Bookmakers (Taxation) Regulation 1996*, the *Racing Taxation (Betting Tax) Act 1952* and two amending Acts.

Clause 24 gives effect to the Schedule of savings and transitional provisions in Schedule 4.

Schedule 1 Amendment of Racing Administration Act 1998

Schedule 1 inserts in the *Racing Administration Act 1998* (with some modifications) provisions relating to the registration of bookmakers and the Bookmakers Revision Committee that were formerly in the *Bookmakers (Taxation) Act 1917*.

In addition, the Chief Commissioner of State Revenue is included as a member of the Bookmakers Revision Committee.

Schedule 2 Amendment of Taxation Administration Act 1996

Schedule 2 [1] applies the provisions of the *Taxation Administration Act 1996*, which makes provision for the administration and enforcement of taxation laws, to the new Act.

Schedule 2 [2] provides for the disclosure of information under the Act to the Director-General of the Department of Gaming and Racing and the Bookmakers Revision Committee.

Schedule 2 [3] provides that in any action for the recovery of any tax payable under the proposed Act, a defendant cannot plead, and the court cannot take judicial notice of, any law relating to gaming in answer to or avoidance of the claim in the action.

Schedule 2 [4] provides for the making of savings and transitional regulations.

Schedule 3 Amendment of Totalizator Act 1997

Schedule 3 [1], [4], [8], [9] and [10] omit provisions that are transferred to the proposed Act.

Schedule 3 [2], [3] and [5] make consequential amendments.

Schedule 3 [6], [7], [11] and [12] omit provisions that are dealt with in the *Taxation Administration Act 1996*, which will apply to the provisions transferred to the proposed Act.

Schedule 3 [13] provides for the disclosure of information under the Act to the Chief Commissioner of State Revenue.

Schedule 3 [14] provides for the making of savings and transitional regulations.

Schedule 4 Savings and transitional provisions

Schedule 4 makes savings and transitional provisions consequent on the enactment of the proposed Act.