

## EXPLANATORY MEMORANDUM

### *Gaming Control (2017 Budget)(Amendment) Bill 2016*

This bill proposes an amendment to:

- reduce the gaming machine profit distribution to community benefit fund by 4 per cent and permit holders portion by 5 per cent and those shares reallocated to increase consolidated revenue fund share from 46 per cent to 55 per cent to support the 2017 budget;
- merge the bookmakers stamp duty on betting tickets into bookmaker's turnover tax and increase bookmaker's turnover tax rate to 15 per cent to simplify administration, adjust for inflation and restores equity for all wagers; and
- obligate bookmakers to comply strictly with turnover tax requirements to ensure government revenue is protected.

## SECOND READING SPEECH

### *GAMING CONTROL (2017 BUDGET)(AMENDMENT) BILL 2016*

MR SPEAKER,

THIS BILL PROPOSES AN AMENDMENT TO:

- REDUCE THE GAMING MACHINE PROFIT DISTRIBUTION TO COMMUNITY BENEFIT FUND BY 4 PER CENT AND PERMIT HOLDERS PORTION BY 5 PER CENT AND THOSE SHARES REALLOCATED TO INCREASE CONSOLIDATED REVENUE FUND SHARE FROM 46 PER CENT TO 55 PER CENT TO SUPPORT THE 2017 BUDGET.
- MERGE THE BOOKMAKERS STAMP DUTY ON BETTING TICKETS INTO BOOKMAKERS TURNOVER TAX AND INCREASE BOOKMAKERS TURNOVER TAX RATE TO 15 PER CENT TO SIMPLIFY ADMINISTRATION AND TO ADJUST FOR INFLATION.
- OBLIGATE BOOKMAKERS TO COMPLY WITH TURNOVER TAX REQUIREMENTS TO ENSURE GOVERNMENT REVENUE IS PROTECTED.

MR SPEAKER, I COMMEND THE BILL.



**INDEPENDENT STATE OF PAPUA NEW GUINEA**

No:                      of 2016.

***Gaming Control (2017 Budget)(Amendment) Bill 2016***

**ARRANGEMENT OF CLAUSES.**

1. Interpretation (Amendment of Section 3).
2. Distribution of Profits (Amendment of Section 163).
3. Betting Tax (Amendment of Section 164).
4. New Section 195A

***“195A.            ABILITY TO COMPLY WITH TURNOVER TAX  
REQUIREMENT.”***

5. Turnover Tax (Repeal and Replacement of Division VI. 4).

***“DIVISION 4. – TURNOVER TAX.”***



A BILL

for

AN ACT

entitled

***Gaming Control (2017 Budget)(Amendment) Act 2016,***

Being an Act to amend the ***Gaming Control Act 2007,***

MADE by the National Parliament and deemed to come into operation:

- (a) in respect of Section 1 – on 18 September 2014; and
- (b) in respect of the remainder of the Act - on 1 January 2017.

**1. INTERPRETATION (AMENDMENT OF SECTION 3).**

Section 3 of the Principal Act is amended by repealing the definition of “Commissioner General” and replacing it with the following definition:

“Commissioner General” means the Commissioner General of Internal Revenue appointed under the **Internal Revenue Commission Act 2014**”.

**2. DISTRIBUTION OF PROFITS (AMENDMENT OF SECTION 163).**

Section 163 of the Principal Act is amended in Subsection (4) by-

- (a) repealing and replacing the figure “46%” in Paragraph (c) with the following figure:

“55%”; and

- (b) repealing and replacing the figure “14%” in Paragraph (d) with the following figure:

“10%”; and

- (c) repealing and replacing the figure “25%” in Paragraph (g) with the following figure:

“20%”.

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**3. BETTING TAX (AMENDMENT OF SECTION 164).**

Section 164 of the Principal Act is amended in Subsection (1) by repealing the figure and mark “46%” and replacing it with the following figure and mark:

“55%”.

**4. NEW SECTION 195A.**

Division VI. 2 of the Principal Act is amended by inserting after Section 195, the following new Section:

**“195A. ABILITY TO COMPLY WITH TURNOVER TAX  
REQUIREMENTS**

In considering an application under Section 195, the Board shall ensure, as a condition of granting a license, that the applicant has the ability to generate betting tickets, and has the necessary receipting and accounting controls in place in order to comply with the turnover tax requirements of Division 4.”.

**5. TURNOVER TAX (REPEAL AND REPLACEMENT OF DIVISION VI.4)**

Division VI. 4 of the Principal Act is repealed and replaced with the following:

*“Division 4. – Turnover Tax.*

*Subdivision 1. – Betting Records.*

**208. RECORD OF BETS.**

(1) A bookmaker shall record each bet made with him (including a credit bet) on a separate betting ticket and in such other manner as prescribed.

(2) A bookmaker who accepts a bet and who does not immediately make out a betting ticket for the full amount of that bet and record the bet in such other manner as is prescribed, is guilty of an offence.

Penalty: A fine of not less than K10,000.00 and not exceeding K20,000.00.

(3) Unless a court recording in a conviction under Subsection (2) is satisfied that the offence was committed through inadvertence, it shall order the bookmaker to deliver up his licence (if any) to the Board for cancellation.

*Subdivision 2. – Turnover tax.*

**209. IMPOSITION OF TAX.**

(1) Subject to Subsection (2), a turnover tax of 15% is payable by every bookmaker on the gross amount of every bet made with him, whether or not payment for that bet has been received.



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(2) For the purposes of Subsection (1), in calculating the amount of a bet made with a licensed bookmaker, the gross amount of that bet shall be reduced by the amount of the bet that is genuinely laid off by that licensed bookmaker with any other licensed bookmaker.

### **210. COLLECTION OF TAX.**

(1) The turnover tax imposed by Section 210 is a debt due and payable by the bookmaker to the State and shall, in respect of all bets made with the bookmaker during a month, be paid by him to the Commissioner General on or before the 21<sup>st</sup> day of each month or within such other time as the Commissioner General allows.

(2) It is sufficient compliance with Subsection (1) if the bookmaker posts to the Commissioner General, within the time referred to in that subsection, the amount of the turnover tax, together with the documents referred to in Section 212, as a correctly addressed pre-paid letter, and the posting of that letter shall be deemed to be payment of the turnover tax contained in it, for the purpose of Section 214(1) and 215(1).

### **211. FORM OF RETURN.**

A bookmaker shall send to the Commissioner General with every amount of turnover tax payable by him –

- (a) a return, in such form as the Commissioner General requires, setting out the prescribed particulars; and
- (b) a duplicate of each betting ticket issued or used in respect of the week to which the turnover tax relates.

### **212. COMMISSIONER GENERAL MAY ISSUE ASSESSMENTS.**

(1) Where by reason of a bookmaker –  
(a) failing to keep a proper record of bets made with him; or  
(b) failing to lodge a return or a proper return in respect of any month; or  
(c) lodging a return that is incomplete or is inaccurate in a material particular,  
the Commissioner General is of the opinion that the amount of turnover tax payable by a bookmaker in respect of any month has been understated or cannot be correctly determined, the Commissioner General may make an assessment of the amount that he considers is the correct amount of tax in respect of that month and the amount so assessed shall, unless the contrary is proved, be deemed to be the amount of turnover tax payable by the bookmaker in respect of that month.

(2) The Commissioner General shall within 14 days immediately after making an assessment under this section send to the bookmaker, by post, a notice of the assessment, but this section shall not be construed as deferring the date on which any amount of turnover tax becomes due and payable.

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(3) The **Income Tax Act 1959** shall, with the necessary modifications, apply to and in relation to an assessment of turnover tax under this section as if that assessment was an assessment of income tax made under that Act by the Commissioner General.

**213. PENALTY FOR LATE PAYMENT.**

(1) Where any amount of turnover tax remains unpaid after the expiration of the time provided for its payment under this Part, penalty tax of 10% of the amount unpaid shall be due and payable to the State.

(2) An amount of penalty tax payable under this section shall be deemed to be turnover tax due and payable by the bookmaker in respect of the month to which the unpaid tax relates.

**214. ADDITIONAL TAX.**

(1) In addition to any penalty tax imposed by Section 214, if any turnover tax remains unpaid after the time provided for its payment under this Part, additional turnover tax is due and payable at the rate of 20% per annum on the amount unpaid computed from such date as the Commissioner General determines, not being a date before the date on which the turnover tax was originally due and payable.

(2) The Commissioner General may, in any case, for reasons that he thinks sufficient, remit the additional turnover tax or any part of that turnover tax.

**215. ACCESS TO BOOKS.**

The Commissioner General or a person authorized by him for the purpose shall at all times have full and free access to all buildings, places, books, documents and other papers for the purpose of obtaining information relating to the determination of the turnover of, and the liability to pay turnover tax under this Part by, a bookmaker, and may make extracts from, or copies of, any such books, documents or papers.

**216. COMMISSIONER GENERAL MAY OBTAIN INFORMATION.**

(1) The Commissioner General may, by written notice, require a bookmaker –  
(a) to furnish him with such information as he may require; and  
(b) to attend and give evidence before him (or before a person authorized by him for the purpose),  
concerning bets made by or with that bookmaker or any other bookmaker, and may require him to produce books, documents and other papers in his custody or under his control relating to those bets.

(2) The Commissioner General may require the information or evidence referred to in Subsection (1) to be given on oath, orally or in writing, and for that purpose he, or the person so authorized by him, may administer an oath.

(3) A bookmaker required to attend and give evidence under this section shall be paid such reasonable expenses as the Commissioner General determines.”.