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Gibraltar Gaming Practice

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Gibraltar Gaming Practice

ISOLAS LLP (“ISOLAS”) can assist with the establishment of your gaming business in Gibraltar and any associated licensing requirements (B2B and B2C).

About ISOLAS

ISOLAS was established in 1892, making it the longest established law firm in Gibraltar. ISOLAS is a full service law firm and considered one of the leading law firms in Gibraltar and consistently ranked as a top tier Gibraltar law firm by most major legal directories (Chambers Global, Chambers Europe, Chambers Gaming and Legal 500). In relation to betting and gaming our dedicated team regularly supports companies on major strategic transactions, licensing/ regulation and legal issues as well as their day-to-day business needs.

We have an excellent record in license applications having assisted many operators since the start of remote gaming in the 90's with telephone and television betting/ casino games to online/ block chain cloud/ mobile platform type gaming services offered across all verticals.

Benefits of Gibraltar establishment

- Highly-developed business services infrastructure.
- Competitively priced VAT-free services from an approved business establishment with substance in Gibraltar.
- Quality low-tax jurisdiction with a profit oriented capital base at low levels of corporate tax, with stable currency with few restrictions for moving capital or repatriating dividends.
- A legal system modelled on the English legal system.
- A high-quality environment for corporate accommodation, with modern services and workspace.
- Start-up incentives, for new businesses established in Gibraltar.
- Stable political and economic environment.
- Daily flights to the UK, in conjunction with proximity to Spanish regional airports at Malaga, Seville and Jerez.
- Advanced fibre-optic communications networks, offering quality solutions for online businesses.
- Multi-skilled workforce.
- Harmonious, multicultural and English-speaking environment.
- The Common Agricultural Policy, Value Added Tax and the Common Customs Tariff do not apply to Gibraltar.
- High Net Worth Individuals (HNWIs) and High Executives Possessing Specialist Skills (HEPSS) may establish tax residency in Gibraltar, affording them the opportunity to have the tax payable on their income restricted to a capped amount.
- Around 300 days of sunshine, high quality of life, with a wide variety of sporting, cultural and entertainment facilities, both in and around Gibraltar.
- Guaranteed UK market access for financial services and gaming post Brexit.

Remote gambling from Gibraltar

All gambling operations and activity conducted from Gibraltar require licensing under the Gambling Act 2005 ("Act"). Remote Gambling licences, are issued by the Licensing Authority. The Gambling Commissioner (or "Regulator"), appointed under the provisions of the Act, is empowered to ensure that licensees conduct their operations in accordance with their licenses and maintain the good reputation of Gibraltar. The Licensing Authority will only consider licensing companies with a proven track record in gambling, licensed in a reputable jurisdiction, of good financial standing and with a realistic business plan showing a significant interest in investing in Gibraltar infrastructure. Licenses are generally difficult to obtain.

Codes of practice

The Gambling Commissioner is responsible for drawing up and issuing codes of practice as to good practice in the conduct of their undertakings by licensees, and to ensure that licensees conduct their undertakings in accordance with the provisions of the Act. These are:

1. The generic code which contains general guidance on the Act.
2. The Anti-money laundering code which contains detailed AML guidance.
3. The Remote technical and operating standards which contains detailed technical, responsible gambling and other technical operating guidelines.

Testing requirements

4. Licensees must ensure that their gambling products and services have been tested and certified as compliant with Gibraltar's regulatory model and standards. Certain approved/ independent testing houses ("ATF's") have been approved in Gibraltar to carry out this function.
5. A list of ATF's can be obtained from the below link: <https://www.gibraltar.gov.gi/finance-gaming-and-regulations/remote-gambling#ancla13>

Physical presence

In terms of minimum compliance and accounting/auditing mandatory obligations, financial statements should be filed annually with the tax office, the Gambling Commissioner and Companies Registry and specific gaming revenue returns should be submitted quarterly to the regulator (for betting and gaming – B2C and B2B). Annual account requirements largely depend on the size of the company.

The business is required to have substance in Gibraltar so therefore directed and/ or managed from within Gibraltar with a physical presence such as having a place of business, property, or equipment in Gibraltar.

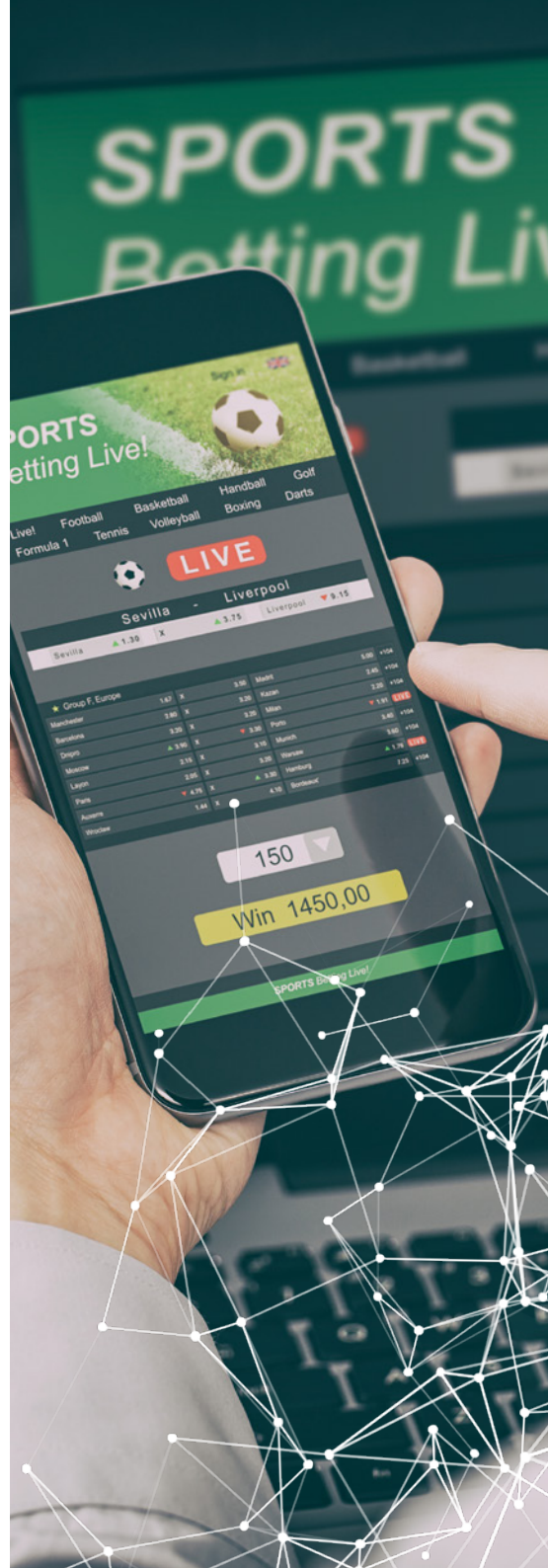
Subject to the agreement of the Regulator a B2C operation is expected to have a greater degree of substance in Gibraltar than a B2B operation. There needs to be “substance” to the operation so decisions are made in Gibraltar or decisions made are managed/ approved to the satisfaction of the Regulator via clear reporting lines. Having operational infrastructure in Gibraltar is mandatory.

Change of Control and Ownership Consent

All changes of ownership or management of a licence holder requires prior written approval from the Regulator.

Location of principal servers

As regards servers, principal gaming transactions done via the Gibraltar gaming licence needs to be based in Gibraltar. Cloud is allowed subject to agreeing conditions with the Regulator/ Licensing Authority.





The licensing process

The licensing process is usually commenced by submitting an outline proposal to the Regulator/ Licensing Authority and if they are comfortable in principle with the Applicant and its outline business plans for the Gibraltar licence they may invite the licence application by providing a bespoke Application Form and an “in-principle” letter of comfort subject to the Applicant fulfilling the requirements of the licensing process. When proceeding with the formal Licence Application applicants will need to submit a detailed Business Plan. The Business Plan to be appended to the Application will need to cover at least:

- i) overview of existing operations;
- ii) overview of proposed Gibraltar gambling operations;
- iii) projected levels of investment in Gibraltar; and
- iv) projected revenues arising from the first
- v) 3 years of the commencement of the Gibraltar gambling operation.

Licences not transferable

Licences are not transferable to any other party. Furthermore, in the event that the gambling activities licensed thereunder are inactive for a continuous period of (6) six months, the Licence will be deemed to have lapsed and may be cancelled by the Regulator.

New Gambling Act expected in 2023

Please note that it is anticipated that a new Gambling Act is expected this year. The new Act is being drafted by HMGoG and will serve to significantly modernise the current Gambling Act.

Product submission/approval regime

The Licence Holder may share the use of its gambling facilities with any other gaming company or joint venture in which it participates only with the prior permission of the Regulator. This would include a corporate JV 50/50 between Licence Holder and a 3rd party and any white label arrangements.

Gambling licence fees / duty / tax

All gambling operations based in Gibraltar require licensing under the Act.

Licence Fee

A licensee must pay an annual fee for its licence, and the fee payable is as follows:

Licence Type	Fee
Remote Gaming B2C Operator	£100,000
Remote Betting B2C Operator	£100,000
Other Remote B2C Gambling Product(s)	£100,000
Gambling B2B Support Service(s)	£85,000

General Betting Duty

The holder of a bookmaker's licence (Remote Betting B2C) must pay a general betting duty of 0.15% calculated on the gross betting profit of the bookmaker's bet receipts arising in each year or part year the licence is held. The first £100,000 of the operator's gross betting profit on bet receipts in each year is exempt from this duty.

Betting Intermediary Duty

The holder of a betting intermediary's licence must pay a betting intermediary duty of 0.15% calculated on the gross profit of the betting event revenues arising in each year or part year the licence is held. The first £100,000 of the operator's gross profit on betting event revenues in each year is exempt from this duty.

General Gaming Duty

The holder of a gaming operator's licence (Remote Gaming B2C) must pay a general gaming duty of 0.15% calculated on the gross gaming yield of the gaming receipts arising in each year or part year the licence is held. The first £100,000 of the operator's gross gaming yield on gaming receipts in each year is exempt from this duty.

Duty – Deductible allowance

Any General Betting Duty, Betting Intermediary Duty or General Gaming Duty would be deemed an allowable expense for tax purposes.



Meet the team

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