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STATUTORY INSTRUMENTS

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**2006 No. 2685**

**VALUE ADDED TAX**

**The Value Added Tax (Betting,  
Gaming and Lotteries) Order 2006**

*Approved by the House of Commons*

<i>Made</i>	- - - -	<i>9th October 2006</i>
<i>Laid before the House of Commons</i>	- - - -	<i>10th October 2006</i>
<i>Coming into force</i>	- -	<i>1st November 2006</i>

The Treasury make this Order in exercise of the powers conferred by sections 31(2) and 96(9) of the Value Added Tax Act 1994(1):

**Citation and commencement**

1. This Order may be cited as the Value Added Tax (Betting, Gaming and Lotteries) Order 2006 and comes into force on 1st November 2006.

**Variation of Group 4 of Schedule 9 of the Value Added Tax Act 1994**

2. Group 4 of Schedule 9 to the Value Added Tax Act 1994(2) (exemption: betting, gaming and lotteries) is amended as follows—

- (a) in item 1 (exemptions in relation to betting and gaming), for “or the playing of any games of chance” substitute “or for the playing of any games of chance for a prize”;
- (b) in Note (1)(d) (matters not included in item 1), for “a gaming machine” substitute “anything which is a gaming machine for the purposes of section 23”;
- (c) for Notes (2) to (8) substitute—
  - “(2) ”Game of chance”—
  - (a) includes—
    - (i) a game that involves both an element of chance and an element of skill,
    - (ii) a game that involves an element of chance that can be eliminated by superlative skill, and
    - (iii) a game that is presented as involving an element of chance, but

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(1) 1994 c.23. There are no relevant amendments to section 31(2) or 96(9).

(2) Note (3) to Group 4 was substituted (by Notes (3) to (8)) by S.I. 2005/3328.

- (b) does not include a sport.
- (3) A person plays a game of chance if he participates in a game of chance—
  - (a) whether or not there are other participants in the game, and
  - (b) whether or not a computer generates images or data taken to represent the actions of other participants in the game.
- (4) "Prize" does not include the opportunity to play the game again."

### **Revocation**

**3.** In consequence of the provision made by this Order, the Value Added Tax (Betting, Gaming and Lotteries) Order 2005(3) is revoked.

9th October 2006

*Dave Watts*  
*Kevin Brennan*  
Two of the Lords Commissioners of Her  
Majesty's Treasury

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## EXPLANATORY NOTE

*(This note is not part of the Order)*

This Order, which comes into force on 1st November 2006, amends Group 4 of Schedule 9 to the Value Added Tax Act 1994. Group 4 exempts from VAT certain types of betting, gaming and lotteries.

Article 2 of this Order changes the scope of the exemption in relation to games of chance by restricting it to games of chance played for prizes (prizes are not a condition of the existing exemption). Free plays are not prizes for this purpose.

There is a new definition of a game of chance, as well as of playing a game of chance and playing a game of chance for a prize. The existing definition of game of chance refers to the Gaming Act 1968 definition, which is to be repealed by appointed day order made under the Gambling Act 2005. Also, whereas the existing definition relied on different statutory provisions for Northern Ireland, the new definition will apply throughout the United Kingdom. There is no material difference between the existing Great Britain and Northern Ireland definitions, or between those existing definitions and the new one.

Gaming machines continue to be excluded from the exemption, but a new definition provides simply that these are machines within section 23 of this Act (the definition in each is effectively the same). This allows the earlier Order amending Group 4 to be revoked as spent.

Similar changes to several of the definitions described above are also being made to the same expressions used in the valuation provisions in section 23 of the Value Added Tax Act 1994 by the Value Added Tax (Gaming Machines) Order 2006, although those other expressions apply only to gaming machines.

A full regulatory impact assessment has not been produced for this instrument as it has negligible impact on the costs of business, charities or voluntary bodies.