

FINANCE ACT 2009

EXPLANATORY NOTES

INTRODUCTION

Section 113: Vat Exemption for Gaming Participation Fees

Summary

1. [Section 113](#) amends Group 4 of Schedule 9 to the Value Added Tax Act 1994 to exempt from VAT all participation fees for playing bingo and other games of chance for a prize. The section also makes consequential repeals.

Details of the Section

2. Subsection (2) removes Note (1)(b) to Group 4, which was the basis of taxation for participation fees.
3. Subsection (3) removes Notes (5) to (11) from Group 4. These notes are now unnecessary, because they listed various categories of exceptions to the taxation of participation fees.
4. Subsection (4) revokes the [Value Added Tax \(Betting, Gaming and Lotteries\) Order 2007 \(S.I. 2007/2163\)](#). This Order updated the law on participation fees in the light of the Gambling Act 2005.
5. Subsection (5) removes sections 19(3)(b) and 26E(2) of the Betting and Gaming Duties Act 1981, and section 11(9)(a) of the Finance Act 1997. These sections are now unnecessary as they required the VAT element of participation fees to be ignored for the purposes of calculating bingo duty, remote gaming duty and gaming duty respectively.

Background Note

6. Gambling is in principle exempt from VAT under EU law, although Member States have discretion as to the scope of the exemption they apply. In the UK, betting, gaming and lotteries are generally exempt from VAT under Group 4 of Schedule 9 to the VAT Act. However, Note 1(b) to Group 4 excluded from the exemption “the granting of a right to play a game of chance for a prize unless the playing of the game is excepted from this paragraph by Note (5)”. This in effect taxed participation fees for playing bingo and other games of chance, apart from certain exceptions for remote gaming and various categories of small scale gaming specifically listed in the law. (Participation fees are charges that a gaming operator makes to customers for participating in gaming. They may take the form of a fixed fee or a percentage of any stakes kept by the operator.)
7. The effect of the amendments in this section is to exempt from VAT all participation fees for gaming.