

Tax

Portugal eyes switch to revenue-based gambling tax

All online gambling would be taxed at 25% of gross gaming revenue under 2019 budget proposals

Robert Simmons | 17 October 2018



The Portuguese government is considering a universal 25% tax on online gambling GGR for its 2019 budget, according to reports in the *Jornal de Negocios*.

A preliminary proposal, which has yet to be greenlit, would see the tax rate unified at 25% from January 2019.

It follows the completion of a tax consultation by the regulator SRIJ earlier this year, where various stakeholders called for an end to the current turnover-based rate.

At present, games of chance and pari-mutuel betting on horse races are taxed at the volume of bets net the total amount of money wagered at between 15% and 30%, while fixed-odds sports betting and fixed-odds horserace betting is taxed on turnover at varying rates between 8% and 16%. Sporting integrity body ESSA, which was invited by the Portuguese government to assess the gambling framework welcomed the proposals, with ESSA president Khalid Ali calling the present tax levels “burdensome” to operators and regulators alike.

Ali added: “ESSA promoted the adoption of a GGR tax in its response to the regulator’s consultation earlier this year highlighting that countries with a GGR ranging between 15-25% have a strong consumer channeling rate and related

positive fiscal and integrity benefits.”

The Remote Gambling Association (RGA) last year slammed Portugal’s “failing” online gambling framework, after a report showed a channelisation rate of just 38% thanks **largely to the tax rate**.

Portuguese finance minister Mário Centeno said fiscal stability and better conditions for companies to meet their tax obligations were the main priorities of the State Budget.

Tiago Bessa, managing associate for Portuguese law firm Viera De Almeida, gives his assessment of proposals: “A unification is desirable and can strengthen the level playing field between operators. In addition, a change in the current taxation mechanism for sports betting is indeed a very good sign for current operators and also for new operators that are willing to enter the Portuguese market but are unwilling to be subject to heavy taxes based on stakes.”

Bessa added: “If the rate (25%) is to be applicable on GGR and not on stakes, I believe this will put Portugal in line with the European experience so far on this matter. It can also have an important effect on the channelization rate in Portugal, which is one of lowest in Europe.”

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