

Tax

Portugal to revisit punitive online gambling tax rates

Government establishes new working group to consider changes to existing tax structure

Robert Simmons | 30 January 2019



The Portuguese government has established a new working group to consider the potential for changing the country's online gambling tax system.

The six-person working group includes representatives from the ministries of finance, economy, labour, agriculture and tourism, while an unnamed official from the Portuguese gambling regulator, Santa Casa da Misericórdia de Lisboa (SRIJ), has also been appointed to the group.

Proposals to switch to a universal tax rate of 25% on gross gambling revenue were **initially included** in the Portuguese government's 2019 budget proposals but were **later left out** of the final budget.

Local lawyers said at the time it was likely due to pushback from local incumbents.

One of the main objectives of evaluating the current taxation regime is to increase channelisation to the regulated market. The Portuguese government will have the final say on whether any changes are made.

Tiago Bessa, managing associate at Portuguese law firm Viera De Almeida, said SRIJ would likely take these factors into account, and that the working group will suggest amendments to achieve a better deal for operators.

There is, however, a possibility that the forthcoming Portuguese elections will play a part in the Government's final decision and that this may not be the best time to institute tax changes.

"Despite the elections, I really believe that this would be a good timing to revise the legal framework," said Bessa. "The market is now more mature, there is some competition, the regulator has gained more experience on online gambling matters and there are new clients wishing to enter the regulated market if there is more offers and more products to bet on."

888 this week received its **Portuguese online gaming licence** but made no mention of online sports betting in its plans. Sports betting is subject to a punitive turnover tax.

Recent studies by analysts Eurogroup Consulting highlighted that over 68% of online gambling in Portugal takes place via unlicensed operators. In addition, the research revealed that only 39% of the funds gambled by Portuguese gamblers online are staked on regulated sites.

The working group will have 30 days to present their findings to the Portuguese government.

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