



4 The Orchard
Headfort Demense
Kells
Co Meath
2/3/2012

Ref.New Betting Act

087/6259932

TO: COMMITTEE OF PUBLIC ACCOUNTS.

Thank you for raising this matter with Minister Noonan. Please find enclosed a copy of letter which I sent to him following his reply to Dail members questions. Hopefully these points merit consideration in formation of new act.

Another issue which you may not be aware of. The racecourse have been selling live pictures for the last 10 years, they have just signed new picture deal worth 100million for next 5 years, none of this money is included in funding of racing. HRI owns 30% of all racecourses in Ireland. They have received their share of this money. Every year since 2003 the taxpayer has given money to HRI to fund racing. Why should racecourses not contribute some of this money towards the funding of racing.

In the new act no money from taxpayers should be given to racing until all income sources have been included. We signed up to bail out the banks not knowing all the facts, so before we sign another blank cheque lets put in place proper checks. We need you the members of Dail Eireann to do this.

Yours sincerely

Padraic Carty

4 The Orchard
Headfort Demense
Kells

CO. Meath

18/2/2012.

Attn: Michael Noonan
Minister for Finance
Dail Eireann
Kildare Street
Dublin 2

Ref. 12/0256/MF

Dear Sir

Thank you for your letter regarding the proposed Betting (Amendment) Bill. I would like to make the following points.

1. Two different tax rates on the same product will not work (Turnover tax and Gross profit tax) Large corporate entities (Ladbrokes, Paddy Power etc) who are paying turnover tax shall move to gross profit regime by setting up a Betting Exchange, themselves, set a low rate of commission, (possibly 0% to gain market share), reroute present business through terminals and mobile devices to new exchange platform and pay 15% gross profit tax on low commission rate (15% of zero is zero). Result fall in revenue to Government.

2. Why is betting tax only 1%. No punter currently pays betting tax, at the moment all high street betting shop operators absorb the tax, by allowing this to continue jobs on the high street are being put at risk (example Ivan Yates). A common reason used for not raising the tax is "If we raise the tax, the business will go offshore"

POSSIBLE ANSWER: Consumption Tax; The point of consumption determines location of bet for tax purposes.

Betting Exchanges. New Act. In relation to the taxation treatment of betting exchanges, it is the operator of the betting exchange that will be liable to the gross profit tax which is also the position in the UK.

With regard to the new legislation I would like to know the following;

1. In the UK it is only the commission which is liable to gross profit tax. Shall that be the case in Ireland?

2. Who will set the rate of commission? Some betting exchanges also charge a Premium Charge on top of their commission, this charge is paid by clients who win most of the time, this fee can range up to 50%. Shall this fee be subject to gross profit tax.

3.As Betting Exchange operators are offering a service and charging a commission fee should this fee be subject to service rate VAT.

4.What is the income tax liability of exchange layers.Here is a n example of return to exchequer from 100,000e earned by three different types of layers.

A.Self-employed layer(on course bookmaker or non-corporate high street bookmaker.

B.Corporate(Ladbrokes,Paddy Power ,etc)

C.Betting Exchange layer.

Layer A will pay income tax @40%.Government will receive 40 thousand euro.Layer B will pay corporation tax @12.5%.Government will receive 12.5 thousand euro.Layer C will pay no income tax,he will pay 5 thousand euro in commission to exchange operator who in turn will pay 15% of this fee as gross profit tax.The Government will receive 750 euro.Please find enclosed graph of same.

One other point Layers A and B also have to pay turnover tax,and in the example would come to another 10 thousand euro.Layer C does not pay this.

5.By not imposing proper Tax Laws on exchange layers,the government is giving a commercial advantage to these people.Could this be construed as state aid to tax dodgers.

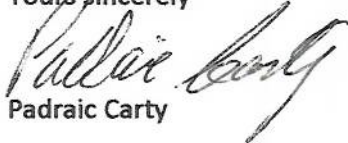
New Act with regard to regulatory framework.Over the Christmas period,at Leopardstown racecourse bets placed with a betting exchange were not honoured.Irish residents placed bets in good faith with this exchange(who refuses to pay turnover tax contribution to Irish Exchequer but is still allowed operate here)and were later told their bets were voided due to technological problems.We still do not know what were the technological problems.This race was a high profile event at Ireland's premier Christmas Festival.As the exchange is licenced in Malta all complaints have to go to Malta.It cannot be right for Irish citizens to be treated this way.A company who operates in Ireland should be accountable in Ireland,is there provision in the new act for such accountability.

Corruption/Fraud;Betting exchanges have afforded people the opportunity to gain financially from events not being decided on merit.In the new act is there proper measure to deal with this.Presently at Irish racemeetings un-licenced people are renting boxes in order to lay horses in-running.They are taking advantage of the time delay in the picture feed,is it right for people to back a horse in good faith when actually he has fallen.Will this be addressed in new act.

Finally with regards the UK the present betting laws were just updated when the betting exchanges were launched so a lot of the above points have only come to light since.If the British government had to revisit the situation I am sure the law would be different.Maybe you should ask them.As I said before this is your chance to set the BETTING RULES for the world.

Thank you for your time

Yours sincerely

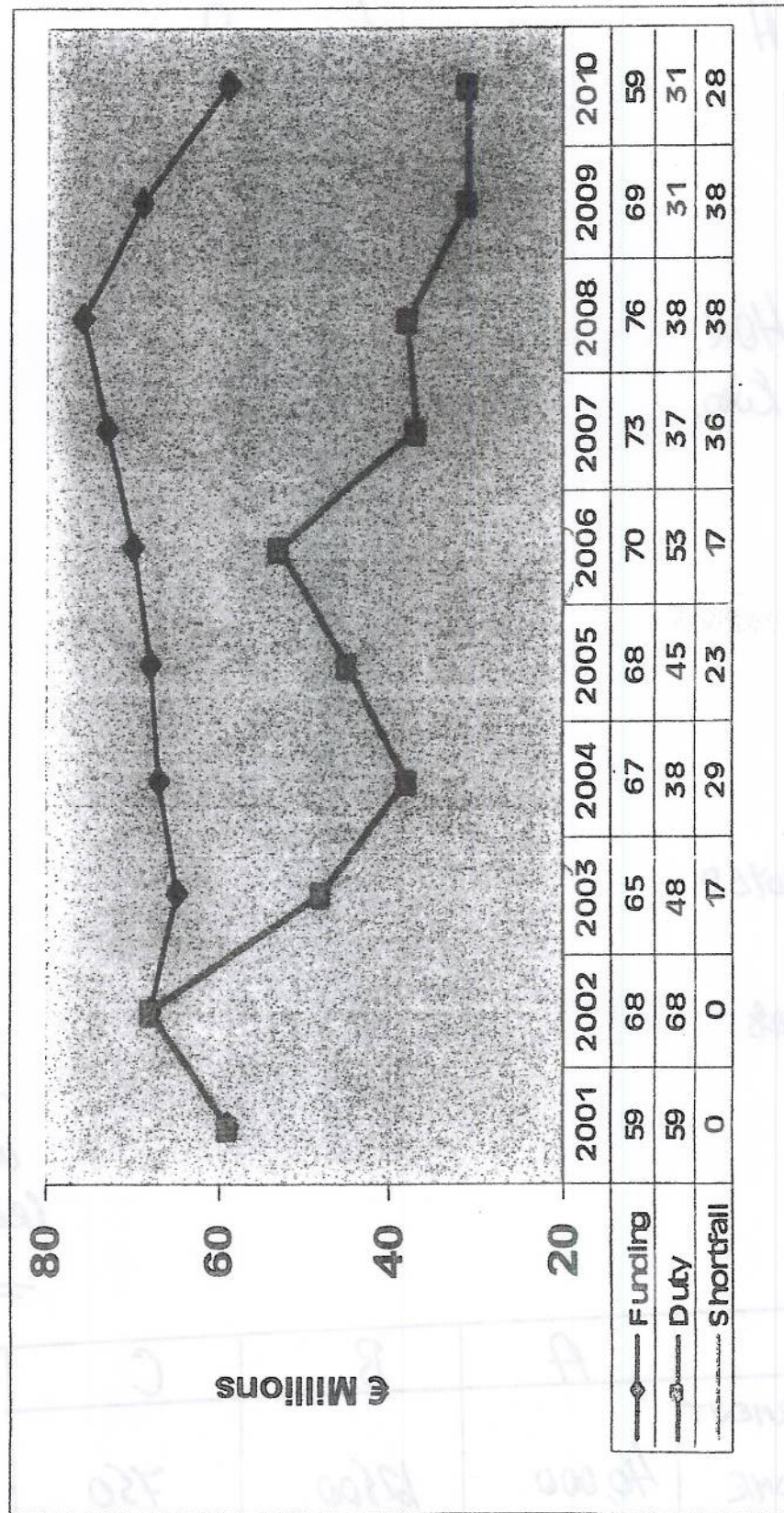


Padraic Carty



HORSE RACING
IRELAND

HORSE AND GREYHOUND RACING FUND 2001 - 2010



17 29

TAX INCOME TO EXCHEQUER UNDER PROPOSED NEW BETTING LAWS.

EXAMPLE: £100,000 GROSS GAYER INCOME

LAYER A



HOK.
£40,000.

LAYER B



12,500.
£100.

LAYER C.



750.

SELF-EMPLOYED
LAYER.
TAX RATE 40%.

CORPORATE
LAYER.
TAX RATE 12.5%.
£12,500.

EXCHANGE
LAYER
LAYER PAYS £5000
TO EXCHANGE OPERATOR.
WHO PAYS 15% GROSS
PROFIT ON THIS
= £750.

	A	B	C
GOVERNMENT INCOME	40,000	12,500	750.