

GAMING DUTIES AMENDMENT BILL

EXPLANATORY NOTE

THE function of this Bill is to change the rate and method of calculation of gaming duties on betting on races and sporting events.

It amends the Gaming Duties Act 1971.

The amendments change the method of calculating totalisator duty on races or sporting events from 5.5 percent of the total amount of betting to 20 percent of the betting profits. In general terms, betting profits equal the total amount bet less dividends paid. The different methods used to calculate the duty are necessary because of the differences between totalisator race betting on the one hand and fixed-odds race betting and all sports betting on the other. The changes will apply with respect to races or combinations of races or sporting events or combinations of sporting events held on or after 1 January 1996.

Clause 3 amends section 3 of the Gaming Duties Act 1971 to add the definitions of the terms "betting profits" and "sporting event", which terms are to be used in the calculation of the totalisator duty. A sporting event is an event in respect of which sports betting has been accepted under *Part VB* of the Racing Act 1971. That Part, which is set out in the Racing Amendment Bill at present before the House of Representatives, has yet to be enacted.

Clause 4 repeals section 4 of the Gaming Duties Act 1971, and substitutes a new section. The section sets out the methods to be used to calculate the totalisator duty.

Subsection (1) imposes totalisator duty in respect of the total amount bet (gross investments or special investments) at the rate of 20 percent of the betting profits.

Subsection (2) deals with the calculation of totalisator duty payable by racing clubs on betting profits in respect of gross investments on a race or combination of races. The betting profits are the aggregate of the deductions set out in subsection (1) or subsection (2) of section 42 (standard on and off-course betting) or section 61G (1) (inter-track betting) of the Racing Act 1971.

Subsection (3) deals with the calculation of totalisator duty payable by the Totalisator Agency Board on the betting profits in respect of special investments on a race or combination of races. *Subsection (3) (a)* deals with special betting to which Part V of the Racing Act 1971 applies, the betting profits being the aggregate of the deductions set out in section 97 (1) of the Racing Act 1971. *Subsection (3) (b)* deals with fixed-odds betting to which *Part VA* of the Racing Act

1971 applies, the betting profits being the amount obtained by deducting the dividends paid from special investments.

Subsection (4) deals with the calculation of totalisator duty payable by the Totalisator Agency Board on the betting profits in respect of special investments on a sporting event or combination of sporting events. The betting profits are the amount obtained by deducting the dividends paid from the special investments.

Subsection (5) re-enacts the existing subsection (3). The term "racing club" is substituted for the term "totalisator club".

Clause 5 amends section 5 of the Act to require the Totalisator Agency Board to pay the totalisator duty on sporting events in the same manner as totalisator duty on races.

Hon. Wyatt Creech

GAMING DUTIES AMENDMENT

ANALYSIS

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1. Short Title	4. Totalisator duty
2. Application date	5. Return to be furnished to Commissioner

A BILL INTITULED

An Act to amend the Gaming Duties Act 1971

BE IT ENACTED by the Parliament of New Zealand as follows:

5 **1. Short Title**—This Act may be cited as the Gaming Duties Amendment Act 1995, and shall be read together with and deemed part of the Gaming Duties Act 1971* (hereinafter referred to as the principal Act).

10 **2. Application date**—(1) This Act applies to gross investments and special investments in respect of a race or combination of races held on or after the 1st day of January 1996.

15 (2) Notwithstanding **subsection (1)** of this section, this Act does not apply to gross investments or special investments in respect of a combination of races if any race in the combination is held before the 1st day of January 1996.

(3) This Act applies to special investments in respect of a sporting event or combination of sporting events held on or after the 1st day of January 1996.

20 (4) Notwithstanding **subsection (3)** of this section, this Act does not apply to special investments in respect of a combination of sporting events if any sporting event in the combination is held before the 1st day of January 1996.

*R.S. Vol. 33, p. 137

3. Interpretation—(1) Section 3 of the principal Act is hereby amended by inserting, before the definition of the term “Commissioner”, the following definition:

“‘Betting profits’ means the betting profits that are calculated in accordance with **section 4** of this Act in respect of a racing club or the Totalisator Agency Board, as the case may be.”. 5

(2) Section 3 of the principal Act is hereby amended by inserting, after the definition of the term “special investments”, the following definition: 10

“‘Sporting event’ means a sporting event in respect of which sports betting has been accepted under **Part Vb** of the Racing Act 1971.”.

4. Totalisator duty—(1) The principal Act is hereby amended by repealing section 4, and substituting the following section: 15

“4. (1) There shall be paid to the Crown a duty (in this Act referred to as totalisator duty) in respect of gross investments and special investments at the rate of 20 percent of betting profits. 20

“(2) The betting profits in respect of gross investments on a race or combination of races on which a racing club shall pay totalisator duty are an amount (not being less than zero) that is the aggregate of the deductions set out in subsection (1) or subsection (2) of section 42 or section 61c (1) of the Racing Act 1971, as the case may be. 25

“(3) The betting profits in respect of special investments on a race or combination of races on which the Totalisator Agency Board shall pay totalisator duty are—

“(a) If the special investments are special betting to which Part V of the Racing Act 1971 applies, an amount (not being less than zero) that is the aggregate of the deductions set out in section 97 (1) of the Racing Act 1971; or 30

“(b) If the special investments are fixed-odds race betting to which **Part Va** of the Racing Act 1971 applies, an amount (not being less than zero) that is obtained when the dividends payable under the Racing Act 1971 are deducted from the special investments. 35

“(4) The betting profits in respect of special investments on a sporting event or combination of sporting events on which the Totalisator Agency Board shall pay totalisator duty, are an amount (not being less than zero) that is obtained when the dividends payable under the Racing Act 1971 are deducted from the special investments. 40 45

5 “(5) For the purposes of this section, every reference to a racing club shall be read as including a reference to the Totalisator Agency Board where, in relation to intertrack betting, that Board is regarded as a destination club within the meaning of the Racing Act 1971; and the provisions of sections 5 (1) and 6 (1) of this Act shall apply accordingly.”

(2) The following enactments are hereby consequentially repealed:

- 10 (a) Section 8 (2) of the Finance Act 1977:
(b) Section 2 (1) of the Gaming Duties Amendment Act 1986:
(c) Section 21 (2) of the Racing Amendment Act 1986.

5. Return to be furnished to Commissioner—(1) Section 5 (2) of the principal Act is hereby amended by omitting the words “first race”, and substituting the words “last race”.

(2) Section 5 of the principal Act is hereby further amended by adding the following subsection:

20 “(3) The Totalisator Agency Board shall, within 7 days after the date on which a sporting event was held on which special investments were received or, in the case of special investments received on a double or other combination of sporting events, within 7 days after the date on which the last sporting event of the double or other combination of sporting events was held, deliver to the Commissioner a statement, in the prescribed form, of the totalisator duty payable by the Board in respect of those special investments.”