

## **BETTING TAX ASSESSMENT BILL 2018**

### **EXPLANATORY MEMORANDUM**

The Betting Tax Assessment Bill 2018 (the Bill) and Betting Tax Bill 2018 introduce a point of consumption betting tax to replace the current wagering taxation system in Western Australia.

The current arrangements in Western Australia comprise:

- wagering tax – imposed on Racing and Wagering Western Australia (Racing and Wagering) as operator of the Western Australian based Totalisator Agency Board (TAB) business;
- racing bets levy – imposed on all betting operators within Australia that offer wagering services in relation to Western Australian racing events; and
- bookmakers' betting levy – imposed on local bookmakers for betting services provided at designated sports events, such as a golf course during a golf tournament.

In addition to the wagering tax, Racing and Wagering is obligated to contribute 25 per cent of its sports wagering revenue to a special purpose account known as the Sports Wagering Account. This money is used to fund community based programs linked to sports throughout Western Australia.

Wagering tax in Western Australia is generally levied on a place of supply basis, which means that only betting operators licenced in Western Australia pay tax to the State.

A point of consumption betting tax was announced as part of the 2017-18 State Budget to simplify the system and ensure Western Australians benefit from the tax revenue associated with Western Australian betting activity. Betting tax will apply to betting operators that are licenced or authorised under a law of a State, Territory or the Commonwealth, or those that are exempt from being licenced or authorised, that accept bets from customers located in Western Australia.

The transition from the current wagering taxation arrangements to the betting tax regime will:

- recognise Western Australia's level of betting activity and raise an amount of revenue corresponding to the harm associated with that betting;
- place the TAB on a level playing field with corporate betting operators that were not previously required to pay wagering tax due to their location;
- repeal the bookmakers' betting levy to ensure local bookmakers are not subject to both the levy and betting tax; and
- relieve Racing and Wagering of its obligation to contribute 25 per cent of its sports wagering revenue to the Sports Wagering Account, ensuring it remains competitive by paying the same level of betting tax as other betting operators.

The racing bets levy will be retained, as it represents a product fee paid by all betting providers within Australia to place bets on Western Australian racing events. Other States collect similar product fees on their racing events.

## **General Operation of the Point of Consumption Betting Tax**

The betting tax regime applies from 1 January 2019 and imposes a flat rate of 15 per cent on a betting operator's taxable betting revenue over \$150,000. The threshold will be \$75,000 for the first six months of the Act's operation.

Once a betting operator's betting revenue exceeds the tax-free threshold during an assessment period, it is required to apply for registration with the Commissioner of State Revenue, lodge monthly returns, and pay betting tax. Flexible administration provisions are included that allow the Commissioner to alter a betting operator's return cycle and cancel its registration, having regard to each operator's circumstances.

The Bill and Betting Tax Bill 2018 will be taxation Acts for the purposes of the *Taxation Administration Act 2003*, which contains administrative and enforcement powers that support the assessment, payment and recovery of tax in a consistent manner across all State taxation legislation.

In recognition of the evolving nature of the betting industry, the Bill does not attempt to define what constitutes a bet. The Bill relies on the wide ordinary meaning of a bet to bring all betting activity into the tax base (including wagers, lay-off bets and bets placed with non-cash consideration). Bets associated with games and lotteries conducted within Australia are excluded from the definition of bet, as these are subject to separate tax regimes.

The betting tax regime is intended to apply to all bets involving the use of free credits and other forms of non-cash consideration. The concept of a free component as well as several deeming provisions are included to ensure that cash bets and bets placed with other forms of consideration are treated appropriately.

### ***Calculating betting revenue***

For each return period, betting operators will report their taxable betting revenue. As a general principle, taxable betting revenue is calculated by taking the betting revenue earned from Western Australian betting activity for a return period and subtracting the eligible payments relating to Western Australian betting activity for the same period.

In calculating the betting revenue of a betting operator, the Bill recognises the distinct revenue generation models that industry uses to create its betting revenue. The Bill requires that betting revenue earned through each model be separately calculated and then added together to form the betting operator's betting revenue for the return period.

The Bill includes the concept of an eligible payment for the purpose of recognising moneys paid by a betting operator to its customers to give effect to the customer's legal entitlements. Similar to calculating betting revenue, eligible payments associated with each revenue generation model will be calculated separately and then added together to form an amount to be deducted from betting revenue for the return period.

### ***Revenue generation models and discretionary payments***

For pooled betting arrangements, the Bill recognises that a betting operator's betting revenue will consist of a fee or commission taken from a pool. The fee or commission is to be calculated using the formula provided and reported in the same return period that payments commence being made to the winning customers from the pool.

This formula recognises that some betting operators may not immediately receive the amount of commission from each pool that reflects their entitlement. The formula seeks to factor into its betting revenue for the relevant return period the value of each betting operator's entitlement to the Western Australian-related commission earned from a pool. This ensures that any delay in receiving the commission does not prevent the commission being included in the betting revenue for the correct period.

A betting operator that issues a guarantee that a pool's value will exceed a certain amount may be required to contribute shortfall or supplementary payments into the pool. These contributions are recognised as eligible payments, but do not include any amounts paid by a customer to a betting operator for a pooled bet which the operator subsequently places into the pool.

For betting exchanges, the Bill recognises that the betting operator offers a matchmaking service for a bet placed by two customers. The betting revenue is usually a fee or commission the operator takes from the customer's winnings. The Bill does not include any eligible payments for this activity because a betting exchange facility does not accept any bets, take on any risk, or pay any winnings from its own funds to its customers.

The betting revenue for all other Western Australian bets will be calculated through a residual provision that recognises the value of the bet as the revenue. It also provides an eligible payment for any amounts a betting operator pays to its customers. Supplementary provisions ensure any other amounts the betting operator is entitled to receive or retain in relation to a bet are recognised as betting revenue.

The Bill excludes particular payments that fall within the description of an eligible payment from being recognised as an eligible payment. These payments are excluded as they are typically not attributable to fulfilling a customer's legal entitlement arising from a bet and include money back promotions and payments for general business expenses. These excluded payments could also be classified as a marketing cost arising from promotional activity. Where it is identified that a payment falls within the description of an eligible payment and an excluded payment, the payment cannot be deducted from the betting operator's betting revenue.

### ***Reconciling and reporting betting revenue***

Once a betting operator has calculated its taxable betting revenue, it can calculate its betting tax liability for the return period. The formula provided in the Bill calculates a betting tax liability for the assessment year to date and subtracts any tax payable during the assessment period to arrive at the remaining tax payable for the assessment year to date. This amount represents the betting operator's betting tax liability for the relevant return period.

Where the betting operator calculates a negative amount, a nil return will be submitted and the betting operator will remain in credit. The Commissioner is not required to provide a refund during the assessment year where the betting operator is in credit. If the betting operator remains in credit at the end of the assessment year, the Commissioner will reassess the operator's returns and refund the credit.

### ***Determining a customer's location***

An obligation is placed on each betting operator to take reasonable steps prior to accepting a bet to identify the location of the person making the bet. This is important to maintain the integrity of the point of consumption model.

In recognition of possible practical difficulties associated with this requirement, a betting operator may deem the location of its customers in certain circumstances. Where a betting operator can show the Commissioner it has taken reasonable steps to locate the person making the bet but is unable to do so, the operator may deem the customer's residential address at the time of placing the bet as their location.

### ***Supporting provisions***

The Bill includes a general anti-avoidance provision, which is a feature of all contemporary taxation legislation. This provision allows the Commissioner to disregard certain arrangements entered into by a betting operator and/or make a number of decisions such as including payments made to others as betting revenue of the betting operator, disregarding eligible payments claimed, or altering the recorded location of an operator's customer.

Each betting operator is required to keep records necessary for the Commissioner to determine the operator's betting tax liability. New information sharing powers in the *Taxation Administration Act 2003* and the *Betting Control Act 1954* will assist the department administering each Act with its information gathering or compliance activities.

To recognise the innovative and evolving nature of the betting industry, several prescription powers are contained in the Bill. This includes the ability to exclude bets on other games that inadvertently fall within the tax base and include additional eligible payment types that are appropriate to deduct from betting revenue.

Several transitional provisions are included in the Bill to ensure that betting activity occurring prior to 1 January 2019 is not subject to the betting tax.

### **Consequential Amendments**

Amendments will be made to the *Betting Control Act 1954*, *Racing and Wagering Western Australia Act 2003*, *Gaming and Wagering Commission Act 1987*, and *Racing Penalties (Appeals) Act 1990* to repeal the wagering tax regime, bookmakers' betting levy, and Racing and Wagering's obligation to contribute 25 per cent of its sports wagering revenue to the Sports Wagering Account.

These amendments will occur in two stages to ensure any outstanding liabilities arising prior to 1 January 2019 are satisfied, prior to the repeal of those obligations. The first stage will commence on 1 January 2019, with the second stage commencing at a later point in time once a proclamation date is fixed.

## Part 1 – Preliminary matters

### **Clause 1: Short title**

This clause provides that the Act is to be cited as the *Betting Tax Assessment Act 2018*.

### **Clause 2: Commencement**

This clause provides the commencement dates for the Act.

Paragraph (a) provides that Part 1 of the Act comes into operation on the day the Act receives the Royal Assent.

Paragraph (b) provides that Part 7 and Part 8 Division 2 of the Act come into effect on a day fixed by proclamation. This is to allow for any outstanding obligations and administrative requirements under the associated Acts to be satisfied before they and the relevant provisions are repealed.

Part 7 repeals the *Bookmakers Betting Levy Act 1954* and the *Racing and Wagering Western Australia Tax Act 2003*. Part 8 Division 2 repeals associated administrative provisions in the *Betting Control Act 1954* and the *Racing and Wagering Western Australia Act 2003*, and amends related references in the *Gaming and Wagering Commission Act 1987* and the *Racing Penalties (Appeals) Act 1990*.

While the repeal of the Bookmakers Betting Levy Act and the Racing and Wagering Western Australia Tax Act take effect from a date to be proclaimed, the amendments to the Betting Control Act and the Racing and Wagering Western Australia Act in Clauses 34 and 38 of the Bill provide that the associated levy and tax will cease to apply to taxing events on or after 1 January 2019.

Paragraph (c) provides that the rest of the Act comes into operation on 1 January 2019.

### **Clause 3: Relationship with other Acts**

This clause provides that this Act is read with the *Betting Tax Act 2018* and the *Taxation Administration Act 2003* as if they constitute a single Act. It also provides that a term in this Act has the same meaning as the same term in the Taxation Administration Act, unless the contrary intention appears in this Act.

This clause ensures the administrative and enforcement provisions in the Taxation Administration Act apply consistently across State taxation legislation.

### **Clause 4: Terms used**

This clause defines various terms used in this Bill.

**Assessment period** means each financial year beginning on or after 1 July 2019. Transitional provisions in Clause 27(1) of the Bill provide that, for the first six months of the Act's operation, the assessment period is 1 January 2019 to 30 June 2019.

**Bet** is not defined and relies on its ordinary meaning to include any wager, free bet or lay-off bet. Bets associated with games and lotteries conducted within Australia are specifically excluded. These exclusions, including for interstate games (see definition below), recognise that these games and lotteries are not subject to wagering tax under the current scheme.

**Betting exchange** is defined to include facilities that enable a person to place or accept a bet with another person through a betting exchange operator or place a bet with the betting operator if an opposing bet is placed. It does not include a facility that enables a bet to be placed only with a betting operator.

**Betting exchange bet** is a bet facilitated through a betting exchange.

**Betting operations** has the meaning given in Clause (5).

**Betting operator** is defined to include anyone authorised under a license within Australia to conduct betting operations or anyone exempt from holding such a licence. Persons exempt from authorisation requirements include offshore betting operators authorised to offer betting products and services to Western Australians.

**Betting revenue** has the meaning given in subclause 7(2).

**Betting tax** means the tax imposed under the *Betting Tax Act 2018*.

**Betting tax rate** means the rate of betting tax imposed under the Betting Tax Act.

**Eligible payments** has the meaning in subclause 7(3).

**Free component** means a non-cash amount provided by the betting operator to be used by a person placing a bet or as consideration for all or part of a bet. It is generally provided in the form of credits or points.

Where non-cash consideration used by a customer to place a bet is capable of being traded for cash without the customer being required to satisfy certain conditions set by the betting operator, that consideration will not constitute a free component.

**General bet** is a bet other than a betting exchange bet or a pooled bet.

**Interstate game** is defined to include a lottery or raffle, or promotional games or lotteries, conducted by a person licensed or otherwise authorised under another State or the Commonwealth. This definition provides for the prescription of other games or lotteries to be excluded from the tax base in the future where required.

**Lay-off bet** is a bet placed by a betting operator with another betting operator for the purpose of reducing the first betting operator's liability to pay out bets previously accepted from customers on the same event. A bet placed by a betting operator with another betting operator for a recreational purpose is not a lay-off bet.

**Pool** means a pool of pooled bets.

**Pooled bet** is a bet placed in a pool from which the betting operator's fee or commission is taken and from which the remainder is paid as dividends, prizes or winnings.

**Prescribed** means prescribed by regulations under this Act.

**Registered** means registered under subclauses 20(1) or (2).

**Return** means a return lodged under Part 4.

**Return period** in relation to a betting operator means a month or the period in which they are required to lodge a return if exempt from lodging monthly returns.

**Taxable betting revenue** has the meaning given in subclause 7(1).

**Threshold amount** is \$150,000. Transitional provisions in Clause 27 of the Bill provide that, for the first six months of the Act's operation, the threshold amount is \$75,000.

## **Clause 5: Betting operations**

This Clause provides that betting operations are conducted by a person who receives, pays, negotiates or settles bets by any means. This includes a person who operates a betting exchange.

The operation of a betting exchange is specifically included in recognition that a betting exchange operator's activities may simply consist of providing a platform which allows its customers to complete the specified activities.

## **Part 2 – Taxable betting revenue**

### **Clause 6 References to Western Australian bets**

This clause defines a Western Australian bet, which is relevant for the purpose of determining taxable betting revenue under Clause 7.

Subclause (1) provides a bet is a Western Australian bet when, at time of placing the bet, it is placed by an individual located in Western Australia or a body corporate whose principal place of business is in Western Australia.

Subclause (2) provides that if a betting operator is unable to identify the location of an individual placing a bet, the individual is taken to be located at their residential address.

This provision should only be applied if the betting operator has taken all reasonable steps to identify the location of the individual at the time the bet is placed.

Subclause (3) provides a lay-off bet is a Western Australian bet if the betting operator placing the lay-off bet is located in Western Australia, regardless of the location in which the related liability was incurred. That is, it does not matter if the person that placed the originating bet was located in another jurisdiction.

### **Clause 7 Taxable betting revenue**

This clause defines betting revenue and eligible payments for the purpose of calculating betting tax.

Subclause (1) provides that the taxable betting revenue for a return period is the betting operator's betting revenue for the period less the operator's eligible payments for the period.

Subclause (2) provides betting revenue in relation to Western Australian bets for a return period constitutes the total amounts calculated in relation to Western Australian betting exchange bets, Western Australian pooled bets, Western Australian general bets, any amounts the betting operator became entitled to retain as unclaimed winnings or receive as consideration for or in relation to Western Australian bets placed with the betting operator, and any other prescribed amount.

Consideration may include amounts payable by a customer to a betting operator in satisfaction of a bet (for example, liabilities arising from spread betting) and amounts payable for products or services connected with a bet (for example, an optional fee paid to alter a customer's stake half-way through a horse race).

Subclause (3) sets out that the eligible payments are the amounts determined under subclause 10(3) in relation to Western Australian pooled bets, the amount determined under subclause 11(2) in relation to Western Australian general bets, and any other prescribed amount.

## **Clause 8 Particular payments excluded in working out eligible payments**

This clause excludes certain payment types from the determination of eligible payments.

Subclause (1) lists excluded payments.

Paragraph (a) excludes any non-cash reward, such as components used to make free bets as well as points and credits which can be exchanged for prizes.

Paragraph (b) excludes the payment of an amount to a person other than the person who placed the bet. This ensures payments made in satisfaction of general business expenses of the betting operator are not deductible.

Paragraph (c) excludes the payment of an amount to a customer that the betting operator placed at their discretion or that is more than the amount to which the customer is legally entitled to receive under the terms of the bet.

Examples of such payments include:

- amounts paid pursuant to money-back promotions;
- justice payouts and refunds where something extraordinary happens during an event and the operator opts to pay amounts to customers although not legally obligated to do so; and
- protest payouts where winnings are paid to a customer even though a challenged outcome is upheld.

Paragraph (d) excludes payments made to customers where they are paid as part of an arrangement set up for the primary purpose of attracting customers, encouraging customers to place bets, or promoting other betting products or services.

This would include an inducement in the form of a promotional tipping competition which requires a nominal bet to enter for a chance at winning a large jackpot.

Subclause (2) provides a payment made under subclause 8(1)(a) is an eligible payment if the free component used to place a bet is refunded to the person who placed that bet and the refund is made under the terms of the bet rather than at the discretion of the betting operator.

This may occur where a free component is used to place a bet on a horse which is later scratched from the race and the free component is refunded to the customer, but not if the refund is provided as part of a discretionary promotion such as a money back promotion.

Subclause (3) provides a payment made under subclause 8(1)(b) is an eligible payment if it is made to a third party at the direction of the person who placed the bet.

Subclause (4) excludes payments made by a betting operator into a pool in lieu of free components used to place a bet. This ensures free components are correctly factored into a betting operator's taxable betting revenue.

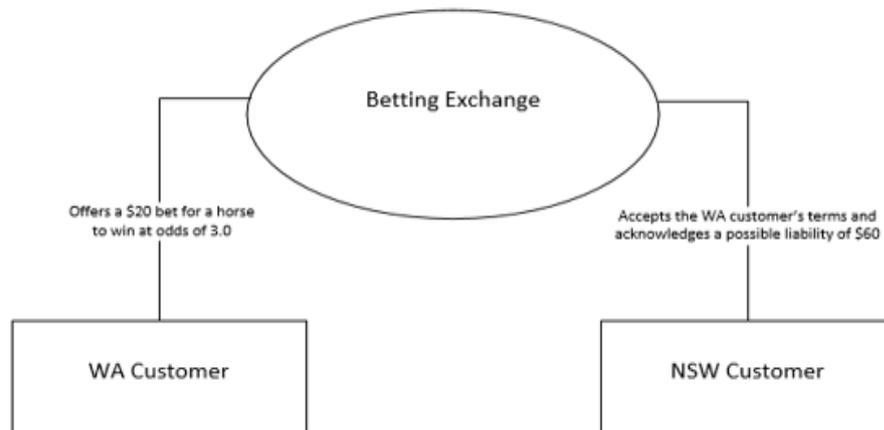
**Clause 9 Betting revenue: Western Australian betting exchange bets**

This clause provides that the betting revenue of a betting operator for a return period includes the total amount of all fees and commissions received by the betting operator in relation to Western Australian betting exchange bets placed with that operator during that period.

Fees and commissions taken from winnings only constitute betting revenue where those winnings are returned to a person that placed the successful Western Australian bet.

### Example 1

This example demonstrates when betting revenue earned from WA betting exchange bets is reported for a return period.



The betting exchange's commission is 10 per cent of the winnings payable to the successful customer.

If the WA customer's bet is successful, the betting exchange will facilitate the payment of \$54 to that customer and retain a \$6 commission. This commission is to be reported as betting revenue received in relation to a WA betting exchange bet.

If the NSW customer's bet is successful, the betting exchange will facilitate the payment of \$18 to that customer and retain a \$2 commission. While in one sense the right and obligation to take a commission and forward monies to the NSW customer arose 'in relation to' a WA betting exchange bet, it is not betting revenue.

## **Clause 10 Betting revenue and eligible payments: Western Australian pooled bets**

This clause provides calculations for the purpose of determining the betting revenue and eligible payments of a betting operator for a period in relation to Western Australian pooled bets received by that operator during that period.

Subclause (1) provides that the betting revenue is the total of all revenue received from pools during the return period.

Subclause (2) provides a formula to calculate the betting revenue for an individual betting operator participating in a pool scheme.

The formula requires the total amount of pooled moneys paid or payable out of the pool to be divided by the total amount of pooled bets placed in the pool, net of refunds. The resulting figure, when subtracted from one, will arrive at a decimal representing the percentage of the pool that was taken as a commission.

This decimal is multiplied by the value of Western Australian pooled bets, net of refunds, with the resulting figure representing the value of Western Australian-related commission the betting operator is entitled to receive from the pool.

Although this figure may not represent the betting operator's immediate cash position from participating in the pool, it represents the betting operator's entitlement to commission arising from Western Australian pooled bets which is required to be reported as betting revenue in the operator's return.

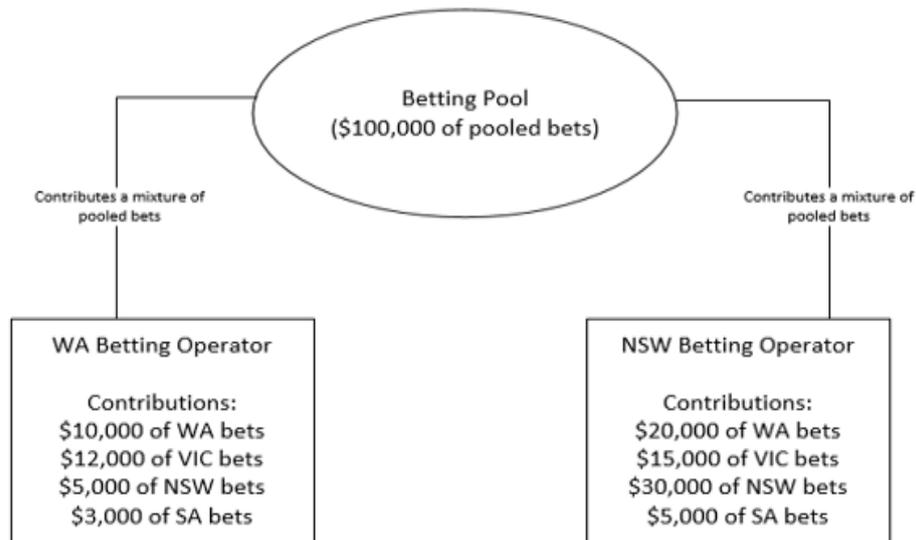
Subclause (3) provides eligible payments are the total of all amounts paid by the betting operator into a pool during a return period as well as any amounts paid to customers as dividends, prizes or winnings that exceed the amounts calculated to be paid out of the pool to the customer in satisfaction of the terms of the bet.

The amounts paid into the pool must not include any amounts received from customers for a pooled bet.

The excess amounts are intended to cater for any boosted odds and/or payouts which are inherent in the terms of a bet.

### Example 2

This example demonstrates how betting revenue from pooled betting arrangements is to be calculated for a return period.



A 10 per cent commission (\$10,000) is taken from the pool by the betting operators leaving a pool of \$90,000. No refunds have been provided. To calculate the WA pooled betting revenue to be reported by the WA betting operator, the formula would apply as follows:

$$\begin{aligned}\text{WA Betting Revenue} &= (1 - 90,000/100,000) \times 10,000 \\ &= (1 - 0.9) \times 10,000 \\ &= 0.1 \times 10,000 \\ &= \$1,000\end{aligned}$$

To calculate the WA pooled betting revenue to be reported by the NSW betting operator, the formula would apply as follows:

$$\begin{aligned}\text{WA Betting Revenue} &= (1 - 90,000/100,000) \times 20,000 \\ &= (1 - 0.9) \times 20,000 \\ &= 0.1 \times 20,000 \\ &= \$2,000\end{aligned}$$

## **Clause 11 Betting revenue and eligible payments: Western Australian general bets**

This clause provides the betting revenue and eligible payments connected to Western Australian general bets.

Subclause (1) provides that the betting revenue of a betting operator for a period in relation to Western Australian general bets is the total amount of bets placed with that operator during that period.

Subclause (2) provides that the eligible payments of a betting operator for a period in relation to Western Australian general bets are the total of all amounts paid by that operator during that period.

## **Clause 12 Amount of bets generally**

This clause clarifies what constitutes the value of a bet in particular circumstances.

Subclause 1 provides that where the consideration for a bet involves non-cash consideration, the amount of the bet includes the monetary value of that consideration at the time the bet was placed. A free component will commonly have a monetary value ascribed to it. In this circumstance, the face value of the free component is to be included in determining the value of the bet.

Subclause 2 provides that where the amount of a bet is expressed in a foreign currency, the value of the bet is determined according to the buy rate of exchange reported by the Reserve Bank of Australia on the day the bet is placed or the last earlier day on which the rate was obtainable.

## **Clause 13 Free components**

This clause details how the free component of a bet is to be treated for the purpose of calculating betting revenue.

Subclause (1) provides that if an amount paid by a betting operator includes a free component, the amount includes the amount of the free component. This is to recognise that the payment may include a non-cash component.

This would most commonly occur where a betting operator is refunding a bet that was placed using a free component.

Subclause (2) provides that the amount of a Western Australian bet includes the face value of any free component used.

Subclause (3) provides that any consideration paid for, or in relation to, a bet includes the face value of any free component used.

For example, if a customer places a bet with a betting operator and subsequently pays a \$5 fee using a free component to take advantage of an option to alter their stake mid-event, the free component is taken to be consideration.

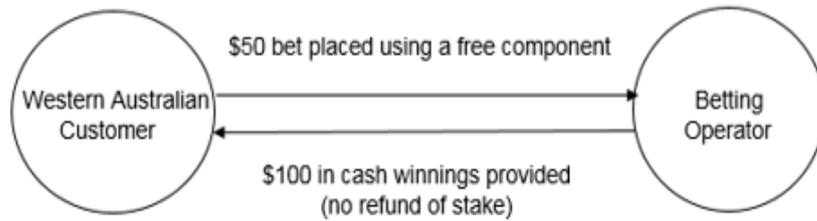
Subclause (4) provides that where a free component is used to place a bet or as consideration for, or in relation to, a bet, the free component is taken to be an amount received by the betting operator.

Subclause (5) provides that the calculation of a fee or commission received arising from a betting exchange bet includes any free component as if that component is cash. This ensures a free component is included in the calculation of betting revenue.

Subclause (6) provides that the value of a free component used to place a pooled bet is taken to be an amount placed into the pool. This ensures a free component is included in the calculation of betting revenue.

### Example 3

This example demonstrates how free components factor into the calculation of a betting operator's betting revenue for a return period.



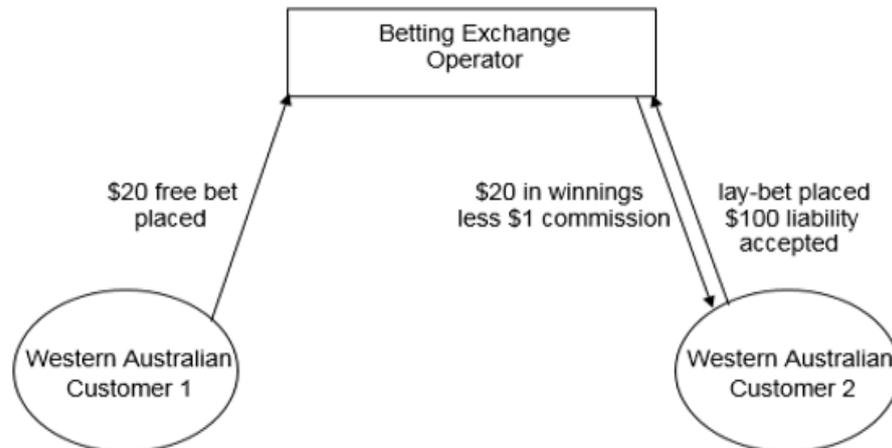
A customer receives a \$50 credit through the opening of an online betting account with a betting operator. This is considered the grant of a non-cash reward and should not be recognised as an eligible payment.

A \$50 bet is then placed using the free component on the customer's sports team to win at odds of 3.0. Should the customer's free bet be unsuccessful, the betting operator will have received a \$50 bet with no payout. Notwithstanding the bet was placed with a free component, the betting operator will be taken to have received \$50 of betting revenue for the relevant return period.

If the customer's free bet is successful, the customer will be paid \$100 in cash winnings. Only the actual cash paid to the customer is to be recognised as an eligible payment. Successful bets placed using a free component may or may not return the value of the stake. If a cash stake is returned to the customer along with the additional winnings, this will also be recognised as an eligible payment. In this example, \$50 of betting revenue along with a \$100 eligible payment should be included to calculate the betting operator's taxable betting revenue for the return period.

#### Example 4

This example demonstrates how free components should factor into the calculation of a betting exchange operator's betting revenue.



Customer 1 receives a \$20 free bet credit through the opening of an online betting account with a betting exchange platform. Customer 1 uses the free component to place a \$20 bet for a race horse to win at odds of 5.0.

Customer 2 sees Customer 1's bet on the betting exchange platform and believes the odds are reasonable. For a chance to win Customer 1's stake, Customer 2 accepts full liability to pay out Customer 1 (if its bet is successful) by placing a lay-bet. The bet and lay-bet become 'matched'.

The betting exchange operator commonly takes a 5 per cent commission on the winnings received from any customer through the use of its platform.

If Customer 1's free bet is unsuccessful, the betting exchange will facilitate the payment of \$19 to Customer 2 and retain a \$1 commission. Even though Customer 1's bet was placed using a free component, the betting operator will be required to increase its betting revenue by one dollar. This would have been the commission ordinarily received if Customer 1's bet was placed using cash.

#### **Clause 14 Betting operator to identify location of individual or principal place of business**

This clause places a responsibility on the betting operator to identify their customer's location prior to accepting a bet, and to prove the effort they made to do so. Compliance with this obligation is important to maintain the integrity of the betting tax scheme as a point of consumption tax.

Subclause (1) requires a betting operator to take reasonable steps to identify the location of a customer that is an individual prior to accepting their bet.

Failure to comply with this requirement is an offence for which a penalty of up to \$20,000 may be imposed.

Subclause (2) requires a betting operator to take reasonable steps to identify the principal place of business of a customer that is a body corporate prior to accepting its bet.

Failure to comply with this requirement is an offence for which a penalty of up to \$20,000 may be imposed.

### **Part 3 – Liability and assessment**

#### **Clause 15 Betting tax payable on taxable betting revenue**

This clause provides that betting tax is payable by a betting operator on its taxable betting revenue in accordance with this Act, the *Betting Tax Act 2018* and the Taxation Administration Act.

#### **Clause 16 Time for payment of betting tax**

This clause specifies betting tax is to be paid by the last date for lodging the return to which the payment relates. For betting operators lodging monthly returns, this would generally be 28 days after the end of the month.

#### **Clause 17 Betting operator liable to pay betting tax**

This clause sets out the liable party and provides the method of calculation of betting tax for a return period.

Subclause (1) defines a previous return period in relation to another return period as a return period before the other return period within the same assessment period. This definition is required to apply the formula contained within this clause.

Subclause (2) provides a betting operator is liable to pay betting tax in a return period if their taxable betting revenue for that period and any previous return period in the assessment year exceeds the threshold amount, and the amount calculated using the formula in subclause (3) is more than zero.

The ordinary meaning of ‘any’ includes ‘every’ which means it includes all previous returns in an assessment period.

Subclause (3) provides the formula for calculating the amount of betting tax for a return period.

Tax is determined by applying the tax rate to the total taxable betting revenue of the betting operator for the current and previous return periods in the assessment period less the threshold amount. This amount is reduced by the sum of the tax paid or payable in previous return periods.

The formula has the effect of reconciling the tax payable for the assessment year by taking into account previous return periods, which may include losses.

Subclause (4) provides a betting operator is not entitled to a refund of any overpayment of betting tax made in a return period. This is to enable any liabilities to be met in future return periods in the assessment period. Any overpayments for the assessment period will be refunded or rebated during the annual reconciliation provided for under Clause 18.

**Example 5**

This example demonstrates how a betting operator's betting tax liability is to be calculated for each return period, taking into account the deduction of the \$150,000 threshold amount from the taxable betting revenue year to date when the betting tax payable for each return period is calculated. Tax at 15 per cent is then applied to that amount.

	Taxable Betting Revenue for Current Return Period (\$)	Taxable Betting Revenue for Assessment Year to Date (\$)	Betting Tax Payable for Assessment Year to Date (\$)	Betting Tax Payable for Current Return Period (\$)
July	300,000	300,000	22,500	22,500
August	150,000	450,000	45,000	22,500
September	- 60,000	390,000	36,000	0
October	30,000	420,000	40,500	0
November	20,000	440,000	43,500	0
December	200,000	640,000	73,500	28,500

During July and August, the betting operator earned a profit from its betting operations and it returned and paid betting tax accordingly.

During September, the betting operator made a loss and submitted a nil return. Although this has the effect of decreasing the taxable betting revenue and betting tax payable for the assessment year to date, a refund will not be provided unless an overpayment is identified at annual reconciliation.

During October and November, the betting operator earned a profit. As each return is reconciled according to a year-to-date liability taking into account taxable betting revenue and tax already paid, the profit is factored into the calculation resulting in nil returns being lodged for the October and November return periods.

During December, the betting operator earned a profit such that the amount of betting tax payable for the current return period based on the reconciled amounts for all return periods in the assessment year exceeds the betting tax already paid for return periods during the assessment year. The current return period liability is calculated as the excess from what has already been paid year to date to what is required to be paid for the current return period.

## **Clause 18 Annual reconciliation**

This clause provides for the annual reconciliation of a betting operator's liability. Because the tax payable by a betting operator is generally returned monthly based on a threshold amount, the reconciliation will account for fluctuations during the assessment period.

Subclause (1) provides a betting operator is entitled to a refund or rebate if the annual liability is less than the aggregated amounts paid during the return periods.

This could occur where a betting operator sustains betting losses in the final few return periods of the assessment period.

Subclause (2) sets out the basis for determining the liability of a betting operator for an assessment period.

Paragraph (a) provides that if the taxable betting revenue exceeds the threshold amount, the liability is to be worked out in accordance with the formula in subclause (3).

Paragraph (b) provides that if the taxable betting revenue is less than or equal to the threshold amount, no tax is payable.

Subclause (3) provides a formula for determining the betting tax liability where taxable betting revenue exceeds the threshold amount.

Subclause (4) requires the Commissioner to make a reassessment of a betting operator's liability following the annual reconciliation subject to the time limits specified in section 17 of the Taxation Administration Act.

**Example 6**

This example demonstrates a betting operator's entitlement to a betting tax refund.

	Taxable Betting Revenue for Current Return Period (\$)	Taxable Betting Revenue for Assessment Year to Date (\$)	Betting Tax Payable for Assessment Year to Date (\$)	Betting Tax Payable for Current Return Period (\$)
January	200,000	200,000	7,500	7,500
February	100,000	300,000	22,500	15,000
March	50,000	350,000	30,000	7,500
April	120,000	470,000	48,000	18,000
May	-20,000	450,000	45,000	0
June	-50,000	400,000	37,500	0

During January, February, March and April, the betting operator earned a profit from its betting operations and returned and paid betting tax accordingly.

During May, the betting operator made a loss and submitted a nil return. Although this has decreased the betting operator's taxable betting revenue and betting tax payable for the assessment year to date, no refund applies until the annual reconciliation.

During June, the betting operator made a loss from its betting operations and submitted a nil return. The betting operator has paid \$48,000 of betting tax throughout the year. The betting operator's betting tax liability for the assessment period is calculated as follows:

$$(400,000 - 150,000) \times 0.15 = \$37,500$$

As the amount of betting tax paid during the assessment year exceeds the amount of betting tax the betting operator is liable to pay for the, the betting operator is entitled to a refund of \$10,500.

## Part 4 – Registration and returns

### **Clause 19 Application for registration**

This clause sets out the registration requirements for betting operators. Subclause (1) provides that a betting operator must apply for registration where its taxable betting revenue for an assessment period exceeds the threshold amount.

Failure to comply with this requirement is an offence for which a penalty of up to \$20,000 may be imposed.

Subclause (2) requires that the application for registration must be in an approved form and lodged with the Commissioner within seven days after the end of the month in which the threshold amount was exceeded.

## **Clause 20 Registration**

This clause provides for registration of betting operators.

Subclause (1) provides that, where an application is made under Clause 19, the Commissioner must register the betting operator if it appears the betting operator is, or is likely to become, liable for betting tax.

Subclause (2) allows the Commissioner to register a betting operator without application for registration. The Commissioner can only exercise this power if she considers the betting operator is, or is likely to become, liable to pay betting tax.

Subclause (3) provides that the Commissioner must notify the betting operator of their registration. Section 9 of the *Electronic Transactions Act 2011* provides that an obligation to give information in writing is met where the information is provided by electronic communication.

## **Clause 21 Cancellation of registration**

This clause sets out the circumstances when the Commissioner can cancel a betting operator's registration.

Subclause (1) provides the Commissioner must cancel a registration where they cease to be a betting operator, have lodged all required returns, and have paid all liable betting tax.

Subclause (2) provides the Commissioner may cancel a registration during an assessment period where the Commissioner is satisfied a betting operator will not exceed the threshold amount for the assessment period, and the betting operator has lodged all required returns and paid all liable betting tax.

The registration can be cancelled on the Commissioner's initiative or by application.

Regardless of a registration being cancelled, a betting operator must register again if their taxable betting revenue exceeds the threshold amount in a future assessment period.

Subclause (3) provides for a notice of cancellation being given that states the day on which the registration was cancelled.

## **Clause 22 Returns**

Subclause (1) provides that a betting operator who is or required to be registered, must lodge a return each month specifying the taxable betting revenue of the operator for the month.

Failure to comply with this requirement is an offence for which a penalty of up to \$5,000 may be imposed.

Subclause (2) requires that a monthly return must be in an approved form and be lodged within 28 days after the end of the month, or within such further period allowed by the Commissioner.

## **Clause 23 Exemption from lodging monthly returns**

This clause provides for a variation to the requirement for betting operators to lodge monthly returns. The provisions allow the Commissioner the flexibility to approve alternative return frequencies, such as quarterly or annually, to reduce compliance costs for small betting operators.

Subclause (1) provides the Commissioner may, on the Commissioner's own initiative or on application by a betting operator, exempt the betting operator from lodging monthly returns.

Subclause (2) prescribes the contents of a notice as including details of the betting operator's alternative return period as well as a condition that taxable betting revenue is reported for each return period, and any other conditions the Commissioner chooses to include.

Subclause (3) provides the exemption continues in force until it is revoked.

Subsection (4) allows the Commissioner to amend or revoke an exemption at any time by giving the betting operator notice of the amendment or revocation.

For example, if the Commissioner has approved an alternative return period based on the betting tax operator's liability not exceeding a specified threshold and that threshold is exceeded, the Commissioner may revoke the exemption. Such a revocation will result in the betting operator having to lodge monthly returns as provided for under Clause 22.

Subclause (5) makes it clear that an exemption from lodging monthly returns does not exempt a betting operator from the payment of tax, even though it may postpone the date for payment.

Subclause (6) provides that a betting operator must lodge returns in accordance with notice at subclause (2) if an alternative return period is approved.

Failure to comply with this requirement is an offence for which a penalty of up to \$5,000 may be imposed.

## **Part 5 – Miscellaneous**

### **Clause 24 Arrangements for avoidance may be disregarded**

Clause 24 inserts a general anti-avoidance provision, which is a feature of contemporary taxation legislation, to allow the Commissioner to disregard tax reducing arrangements or arrangements to postpone a tax liability.

Subclause (1) gives effect to this section.

Subclause (2) provides the Commissioner may decide to disregard an avoidance arrangement and/or may decide one or more of the matters set out in subclause (3).

Subclause (3) sets out the matters the Commissioner may consider as part of an arrangement to reduce or postpone a liability.

Subclause (4) provides the Commissioner must serve a notice on a betting operator or other relevant party providing the reasons for a decision made under subclause (3).

## **Clause 25 Keeping records**

This clause sets out a betting operator's obligations to keep records.

Subclause (1) requires a betting operator to keep any records that are prescribed in the regulations for the purposes of the section and any other records necessary for the Commissioner to determine the betting operator's liability to pay betting tax.

Failure to comply with the requirements of this subclause is an offence for which a penalty of up to \$5,000 may be imposed.

Subclause (2) places an obligation on the betting operator to retain the records for at least five years, or any greater period prescribed in the regulations, after the bet to which the records relate is placed. This requirement is despite section 87 of the Taxation Administration Act, which sets out how long records are to be kept.

Failure to comply with the requirements of this subclause is an offence for which a penalty of up to \$20,000 may be imposed.

Subclause (3) provides that a betting operator may keep records in another State. This is despite section 89(1) of the Taxation Administration Act which requires records to be kept in Western Australia unless a taxation Act allows otherwise.

This reflects that most betting operators are located in another State. Under the Taxation Administration Act, a State includes the Northern Territory and the Australian Capital Territory.

Subclause (4) requires a betting operator to keep their records in Australia.

Failure to comply with this requirement is an offence for which a penalty of up to \$20,000 may be imposed.

Subclause (5) provides the Commissioner may recover, as a debt due, any costs reasonably incurred to obtain records that are kept out of Australia in contravention of subclause (4).

## **Clause 26 Regulations**

This clause provides for the making of regulations.

Subclause (1) provides for the Governor to make regulations that are required, permitted, necessary, or convenient for the purposes of the Act.

Subclause (2) provides that regulations may be prescribed with retrospective effect provided the regulations will not adversely affect the liability a betting operator.

This will enable the Government to respond in a timely manner to matters favourable to betting operators. For example, it might be considered appropriate to allow a certain deduction from the calculation from betting revenue or a new game from being a bet for betting tax purposes.

## **Part 6 – Transitional provisions**

### **Clause 27 First assessment period and threshold amount**

This clause alters the definitions of ‘assessment period’ and ‘threshold amount’ in Clause 4 to provide for the first six months of operation of the Act.

Subclause (1) specifies the first assessment period as 1 January 2019 to 30 June 2019.

Subclause (2) specifies the tax-free threshold as \$75,000 for the first assessment period.

### **Clause 28 Betting revenue relating to bets placed before 1 January 2019**

This clause excludes from the calculation of betting revenue under Clauses 7(2)(d) or (f) the amount of any unclaimed winnings a betting operator becomes entitled to receive on or after 1 January 2019 in relation to a bet placed before that date. This recognises the treatment of unclaimed winnings under the previous wagering tax regime.

### **Clause 29 Eligible payments relating to bets placed before 1 January**

This clause excludes from the calculation under Clause 7, any eligible payments made by a betting operator on or after 1 January 2019 that relate to a bet placed prior to that date. This ensures payments made in relation to bets placed before the commencement date of the Act are not deducted from betting revenue.

## **Part 7 – Repeals**

### **Clause 30 *Bookmakers Betting Levy Act 1954* repealed**

The Bookmakers Betting Levy Act imposes a levy on money paid or promised as consideration for sports bets made by or on behalf of bookmakers.

This clause repeals the Act, which under Part 1 of the Bill, will take effect from a date to be proclaimed.

The amendments to the Betting Control Act in Clause 34 of the Bill provide the levy will cease to apply to racing meetings and wagers placed on or after 1 January 2019.

**Clause 31 *Racing and Wagering Western Australia Tax Act 2003 repealed***

The Racing and Wagering Western Australia Tax Act imposes wagering tax on money paid in respect of wagers made through or with Racing and Wagering Western Australia.

This clause repeals the Act, which under Part 1 of the Bill, will take effect from a date to be proclaimed.

The amendments to the Racing and Wagering Western Australia Act in Clause 38 of the Bill provide wagering tax will cease to apply to wagers placed on or after 1 January 2019.

**Part 8 – Other Acts amended**

This Part amends a number of Acts to give effect to the cessation of wagering tax, the bookmaker's betting levy, Racing and Wagering Western Australia's obligation to contribute 25 per cent of its sports wagering revenue to the Sports Wagering Account and the introduction of betting tax under this Bill and the Betting Tax Bill 2018. The amendments in Division 1 will take effect from 1 January 2019. The amendments in Division 2 will take effect from a date to be proclaimed to allow the continued administration of the provisions for obligations and liabilities incurred prior to this date.

**Division 1 – Amendments commencing on 1 January 2019**

**Subdivision 1 – *Betting Control Act 1954* amended**

The Betting Control Act authorises, regulates and controls betting and bookmaking on horse and greyhound racing, and sporting events. It also authorises, regulates and controls the operation of totalisators and bookmakers, and sets out the procedures for the assessment and payment of the betting levies.

**Clause 32 Act amended**

This clause provides that this subdivision amends the Betting Control Act.

**Clause 33 Section 27E amended**

This clause amends the confidentiality provisions under section 27E of the Betting Control Act to include the Commissioner of State Revenue as a person able to access information for the purpose of performing functions under this Bill.

Clause 44 provides corresponding amendments to the confidentiality provisions in the Taxation Administration Act to allow for reciprocating arrangements.

These arrangements will assist in identifying betting operators and facilitate regulatory and revenue compliance activities.

**Clause 34 Part 6 inserted**

This clause inserts Part 6 into the Betting Control Act to provide transitional arrangements regarding the bookmakers' betting levy.

**Part 6 – Transitional provisions for *Betting Tax Assessment Act 2018***

New section 34 ensures bets placed on or after 1 January 2019 are not subject to the bookmakers' betting levy under the Betting Control Act.

New section 35 ensures race meetings conducted and bets placed on or after 1 January 2019 are not subject to the bookmakers' betting levy.

Any obligations arising from bets placed or race meetings conducted prior to 1 January 2019 will continue until they are met.

**Subdivision 2 – *Racing and Wagering Western Australia Act 2003* amended**

The Racing and Wagering Western Australia Act establishes Racing and Wagering Western Australia as the single controlling authority for thoroughbred, harness and greyhound racing in Western Australia. The Act also provides Racing and Wagering Western Australia is responsible for off-course wagering activities.

**Clause 35 Act amended**

This clause provides that this subdivision amends the Racing and Wagering Western Australia Act.

**Clause 36 Section 102 amended**

This clause amends section 102 of the Racing and Wagering Western Australia Act to include a reference to winnings 'payable' in relation to reportable gross revenue earned through off-course racing wagers.

Without this amendment, Racing and Wagering Western Australia is obligated to report the gross revenue earned through off-course racing wagers by taking moneys received in respect of those wagers and subtracting all amounts of money paid as winnings in the month they are paid.

The amendments allow Racing and Wagering Western Australia to claim in its final wagering tax return the winnings it expects to pay for off-course racing wagers.

**Clause 37 Section 106 amended**

Section 106 requires Racing and Wagering Western Australia to pay the balance of its funds to racing clubs after accounting for certain expenses. The amendment provides betting tax is an expense for this purpose.

**Clause 38 Part 9 inserted**

This clause inserts Part 9 into the Racing and Wagering Western Australia Act to provide transitional arrangements regarding wagering tax.

**Part 9 – Transitional provisions for *Betting Tax Assessment Act 2018***

New section 123 ensures wagers placed on or after 1 January 2019 are not subject to wagering tax under the Racing and Wagering Western Australia Tax Act.

New section 124 removes the obligation of Racing and Wagering Western Australia to pay a percentage of moneys received through totalisator and fixed odds wagering into the Sports Wagering Account in relation to wagers made on or after 1 January 2019.

**Subdivision 3 – *Racing and Wagering Western Australia Tax Act 2003* amended**

**Clause 39 Act amended**

This clause provides that this subdivision amends the Racing and Wagering Western Australia Tax Act.

**Clause 40 Section 3 amended**

This clause amends the definition of 'gross revenue' to include a reference to winnings payable. The term 'paid' implies winnings have been passed to the customer before being deducted from moneys received. Including the term 'payable' will allow Racing and Wagering Western Australia to claim in its final wagering tax return the winnings it expects to pay in respect of off-course racing wagers placed before 1 January 2019.

**Subdivision 4 – *Taxation Administration Act 2003* amended**

The Taxation Administration Act provides for the administration and enforcement of legislation dealing with State taxation.

**Clause 41 Act amended**

This clause provides that this subdivision amends the Taxation Administration Act.

**Clause 42 Section 3 amended**

This clause amends the list of Acts governed by the Taxation Administration Act to include the Betting Tax Act and the Betting Tax Assessment Act. The will provide consistent administration with other State taxation Acts.

**Clause 43 Section 17 amended**

This clause amends section 17(3) to provide that the Commissioner of State Revenue may make a reassessment of a betting tax liability for up to five financial years preceding the financial year in which the reassessment is made. This is consistent with payroll tax, which is an annualised tax paid by periodical returns.

**Clause 44 Section 114 amended**

This clause amends the confidentiality provisions under section 114 of the Taxation Administration Act to include an officer within any State government department assisting in the administration of the Betting Control Act, the Gaming and Wagering Commission Act, or the Racing and Wagering Western Australia Act, as a person able to access information obtained by the Commissioner under a taxation Act.

Clause 33 provides corresponding amendments to the confidentiality provisions in the Betting Control Act to allow for reciprocating arrangements.

These arrangements will assist in identifying betting operators and facilitate regulatory and revenue compliance activities.

**Division 2 – Amendments to commence on proclamation**

**Subdivision 1 – *Betting Control Act 1954* amended**

**Clause 45 Act amended**

This clause provides that this subdivision amends the Betting Control Act.

**Clause 46 Long title amended**

This clause inserts a reference to the racing bets levy and removes the broad term 'levy' from the long title. This reflects the cessation of the bookmakers' betting levy and the continuation of the racing bets levy.

**Clause 47 Section 4 amended**

This clause amends the definition of 'fixed odds bet' by expressly linking it to the term 'fixed odds wager' contained within the Racing and Wagering Western Australia Act. The amendment has no substantive effect.

**Clause 48 Section 11E amended**

This clause deletes a reference in subsection (4)(a) to the bookmakers' betting levy as an expense that should be satisfied prior to returning an amount lodged as a security to a bookmaker.

**Clause 49 Section 12 amended**

This clause removes lodgement and payment obligations placed on the committee or other authority controlling a racecourse regarding the bookmakers' betting levy.

**Clause 50 Section 13 amended**

Due to the deletion of section 14 by Clause 52 and the deletion of section 13(2) by this clause (subclause 2), new section 13(1A) is inserted which effectively replicates the definitions of 'total turnover' and 'turnover'. No substantial changes have been made to the definitions.

The deleted definition of 'on-course turnover' in sections 13(2) and 14 have not been replicated as it specifically relates to the calculation of the bookmakers' betting levy.

**Clause 51 Section 14A amended**

Section 18B(2) to (6) relates to the assessment of the bookmakers' annual licence fee and bookmakers' betting levy. Section 14A(3) applies those references as if they were a reference for the purposes of the racing bets levy.

This clause substitutes references to the bookmaker's betting levy in section 14(A)(3) with the annual licence fee to ensure the ongoing operation of the racing bets levy.

**Clause 52 Section 14B to 16 deleted**

This clause deletes sections 14B to 16 which relate to the calculation, reporting and payment of the bookmakers' betting levy.

**Clause 53 Section 17 amended**

Section 17 exempts racing clubs and bookmakers from paying an annual licence fee or the bookmakers' betting levy in relation to bets placed with a person who is not entitled to receive or retain the consideration for the bet.

This clause deletes references to the bookmakers' betting levy, which will no longer apply.

**Clause 54 Section 17A amended**

Section 17A specifies the conditions relating to the annual licence fee for operating on-course totalisators.

Subclause (1) inserts new section (1A) which references the definitions of 'turnover' and 'total turnover' in section 13(1A).

Subclause (2) deletes subsection (2) which linked the definitions of 'turnover' and 'total turnover' to the definitions in section 14. Section 14 is to be repealed under Clause 52.

**Clause 55 Sections 18 and 18A deleted**

This clause deletes sections 18 and 18A which relate to the calculation, reporting and payment of the bookmakers' betting levy.

**Clause 56 Section 18B amended**

Section 18B relates to the Gaming and Wagering Commission's assessment of the bookmakers' annual licence fee and bookmakers' betting levy. This clause deletes references to the levy and related redundant terms.

**Clause 57 Section 19 deleted**

This clause deletes section 19 which provides for the recovery of unpaid bookmakers' betting levy.

**Clause 58 Section 33 amended**

Section 33 provides for the making of regulations.

This clause amends subsection (1)(b)(xv) to delete reference to the assessment, payment and recovery of bookmakers' betting tax or the bookmakers' betting levy.

**Clause 59 Part 6 deleted**

Part 6 of the Betting Control Act has been inserted into this Bill to provide transitional provisions in relation to the bookmakers' betting levy. This clause will delete this Part on a date to be proclaimed in accordance with Clause 2(b).

***Subdivision 2 – Gaming and Wagering Commission Act 1987* amended**

The Gaming and Wagering Commission Act consolidates the law relating to minor gaming in Western Australia and provides the opportunity for clubs and charities to raise funds through lotteries, bingo, two-up and gaming events. It also provides the Gaming and Wagering Commission with the authority to supervise Racing and Wagering Western Australia's off-course wagering activities.

**Clause 60 Act amended**

This clause provides that this subdivision amends the Gaming and Wagering Commission Act.

**Clause 61 Section 7 amended**

This clause amends section 7 to exclude from the duties of the Gaming and Wagering Commission the administration of the bookmakers' betting levy.

**Clause 62 Section 9 amended**

This clause amends section 9 which provides moneys received by the Gaming and Wagering Commission are to be credited to the Gaming and Wagering Commission Account. This amendment removes an exception to this requirement which relates to funds received from the bookmakers' betting levy, which will no longer apply.

**Clause 63 Section 110A amended**

This clause amends section 110A to delete a reference to:

- Racing and Wagering Western Australia's obligation to pay 25 per cent of its sports wagering revenue into the Sports Wagering Account after accounting for expenses; and
- bookmakers' betting levy payments being paid into the Sports Wagering Account.

**Subdivision 3 – *Racing and Wagering Western Australia Act 2003* amended**

**Clause 64 Act amended**

This clause provides that this subdivision amends the Racing and Wagering Western Australia Act.

**Clause 65 Section 68 amended**

Section 68 provides the matters that must be included within Racing and Wagering Western Australia's strategic development plan. This clause removes a reference to section 105 which is no longer applicable (see Clause 68).

**Clause 66 Section 77 amended**

Section 77 provides the matters that must be included within Racing and Wagering Western Australia's statement of corporate intent. This clause removes a reference to section 105 which is no longer applicable (see Clause 68).

**Clause 67 Section 102 deleted**

This clause deletes section 102 to remove Racing and Wagering Western Australia's obligation to lodge returns and pay wagering tax, as that tax ceases to apply from 1 January 2019. Transitional provisions ensure obligations for the period prior to this date continue to apply.

**Clause 68 Section 105 deleted**

This clause deletes section 105 which relates to the allocation of funds prior to 1 August 2006 and is therefore redundant.

**Clause 69 Section 106 amended**

Section 106 requires Racing and Wagering Western Australia to pay the balance of its funds to racing clubs after accounting for certain expenses. This clause deletes references to the wagering tax and contributions from sports wagering revenue to the Sports Wagering Account, which will cease to apply to wagers placed from 1 January 2019.

**Clause 70 Section 107 deleted**

This clause deletes section 107 which requires Racing and Wagering Western Australia to pay a percentage of moneys received from fixed odds and totalisator wagering to the Sports Wagering Account. This obligation will cease to apply from 1 January 2019.

**Clause 71 Section 114 deleted**

This clause deletes section 114, which provides the Commissioner of State Revenue with access to and authority to inspect totalisators, totalisator agencies and other premises of Racing and Wagering Western Australia. The provisions are relevant to the collection and administration of wagering tax, which will cease to apply from 1 January 2019.

**Clause 72 Part 9 deleted**

This clause deletes Part 9 which has been inserted by this Bill and consists of transitional provisions pending the amendments which are to commence on a proclamation date. Once the proclamation date is set and passed, Part 9 will no longer be required.

***Subdivision 4 – Racing Penalties (Appeals) Act 1990* amended**

The Racing Penalties Appeal Act authorises the Racing Penalties Appeal Tribunal of Western Australia to conduct appeals against penalties imposed in disciplinary proceedings arising from, or in relation to, the conduct of or activities related to, greyhound racing, horse racing and harness racing.

**Clause 73 Act amended**

This clause provides that this subdivision amends the *Racing Penalties (Appeals) Act 1990*.

**Clause 74 Section 24 amended**

This clause removes references in section 24(4)(a) to section 105 of the Racing and Wagering Western Australia Act, which is to be repealed under Clause 68 and is therefore no longer applicable.