



New South Wales

Betting Tax Legislation Amendment Bill 2015

Explanatory note

This explanatory note relates to this Bill as introduced into Parliament.

Overview of Bill

The object of this Bill is to amend the *Betting Tax Act 2001* (*the Betting Tax Act*) and the *Totalizator Act 1997* (*the Totalizator Act*) as follows:

- (a) to provide for the staged reduction of the following rates of tax payable by a totalizator licensee:
 - (i) the rate of tax payable on the commission deducted under the Totalizator Act in connection with totalizator betting,
 - (ii) the rate of tax payable on roundings arising in connection with totalizator betting,
 - (iii) the rate of tax payable on net earnings in connection with certain betting activities conducted otherwise than by means of a totalizator,
 - (b) to provide for the quarterly payment of a **tax reduction amount** as a consequence of the reduction:
 - (i) to Racing New South Wales and Harness Racing New South Wales, and
 - (ii) to a **Tax Reduction Trust Fund** from which payments may be made to Greyhound Racing New South Wales at the direction of the Minister for Racing,
 - (c) to provide for the establishment, management and control of the Tax Reduction Trust Fund.
- The Bill makes a consequential amendment to the *Totalizator Regulation 2012* to prescribe the rates at which the tax reduction amount is to be apportioned to each racing controlling body.

Outline of provisions

Clause 1 sets out the name (also called the short title) of the proposed Act.

Clause 2 provides that the proposed Act is taken to have commenced on 1 July 2015.

Schedule 1 Amendment of Betting Tax Act 2001 No 43

Schedule 1 provides for the staged reduction, over a 5-year period, of the rates of betting tax payable by a totalizator licensee under the Betting Tax Act.

Schedule 1 [1] and [2] provide for the reduction of the rate of betting tax payable by the licensee on commissions deducted under the Totalizator Act in connection with totalizator betting.

Schedule 1 [3] and [4] provide for the reduction of the rate of betting tax payable by the licensee on roundings arising in connection with totalizator betting.

Schedule 1 [5] and [6] provide for the reduction of the rate of betting tax payable by the licensee in connection with betting activities (other than computer simulated racing event betting activities) that the licensee is approved under the Totalizator Act to conduct otherwise than by means of a totalizator. **Schedule 1 [7]** makes a consequential amendment.

Schedule 2 Amendment of Totalizator Act 1997 No 45

Schedule 2 [2] inserts the following proposed provisions:

Proposed section 70 provides for the payment of a quarterly tax reduction amount, apportioned at the rates prescribed by the *Totalizator Regulation 2012*. The amount is to be paid by TAB Limited to Racing New South Wales and Harness Racing New South Wales, and to the Tax Reduction Trust Fund on behalf of Greyhound Racing New South Wales. The tax reduction amount is the difference between the total amount of tax payable under the Betting Tax Act, as amended by Schedule 1, and the total amount of tax that would have been payable under that Act had it not been amended by Schedule 1.

The operation of the Racing Distribution Agreement (between the Totalizator Agency Board, NSW Racing Pty Limited, the NSW Thoroughbred Racing Board, Harness Racing New South Wales and the Greyhound Racing Authority (NSW)) is modified as a consequence of the proposed section and the amendments made by Schedule 1.

Proposed section 70A establishes the Tax Reduction Trust Fund and provides for the payments that may be made to and from the Fund. The tax reduction amount in respect of Greyhound Racing New South Wales is required to be paid into the Fund, and is to be paid from the Fund to Greyhound Racing New South Wales at the direction of the Minister for Racing. **Schedule 2 [1]** makes a consequential amendment.

Proposed section 70B provides for the management and control of the Tax Reduction Trust Fund and the functions of the Secretary of the Department of Justice as trustee of the Fund.

Schedule 2 [3] makes amendments of a savings and transitional nature.

Schedule 3 Amendment of Totalizator Regulation 2012

Schedule 3 amends the *Totalizator Regulation 2012* to prescribe the rates at which the tax reduction amount is to be apportioned to each racing controlling body.