

# Betting Tax and Other Legislation Amendment Bill 2022

## Explanatory Notes

### FOR

## Amendments to be moved during consideration in detail by the Honourable Cameron Dick MP, Treasurer and Minister for Trade and Investment

### Short title

The short title of the Bill is the Betting Tax and Other Legislation Amendment Bill 2022 (the Bill).

### Policy objectives and the reasons for them

The policy objectives of the amendments to be moved during consideration in detail to the Bill are to:

- amend the *Betting Tax Act 2018* (Betting Tax Act) to ensure that betting operators are not entitled to an additional deduction for totalisator bets, which is not available for other types of bets. The amendment ensures equitable treatment of totalisator bets and other types of bets in relation to free bets; and
- amend the *Revenue Legislation Amendment Act 2022* (Revenue Legislation Amendment Act) to give effect to the Government's decision not to proceed at this time with the changes to Queensland's land tax framework to enable the value of interstate landholdings to be accounted for when assessing land tax payable in Queensland (interstate land tax reform).

### Achievement of policy objectives

#### *Amendments relating to betting tax*

The Bill amends the Betting Tax Act to, among other things, incorporate free bets into the calculation of betting tax from 1 December 2022. The Bill currently seeks to achieve this by omitting an express exclusion of free bets from the calculation of total wagering revenue for

general bets (free bet exclusion). The Bill also clarifies that the amount of a bet that is a free bet includes the monetary value of the free component of the bet.

The Betting Tax Act allows payments made by a betting operator into a totalisator pool on account of free bets placed with the operator in the pool to be deducted as an eligible payment (free bet deduction), for the purposes of calculating the taxable wagering revenue of the operator. The Bill currently does not omit the free bet deduction.

It has been identified that retention of the free bet deduction would entitle totalisator betting operators to an additional deduction, which is not available for other types of bets. This is because dividend payments to customers who place totalisator bets using a free component are already taken into account in determining the betting operator's revenue from a totalisator pool.

The amendments to be moved during consideration in detail achieves the policy objective by omitting the free bet deduction from 1 December 2022. The amendments also make minor consequential amendments as a result of omitting the free bet deduction, and insert appropriate transitional provisions.

### ***Amendments to the Revenue Legislation Amendment Act***

The Revenue Legislation Amendment Act, amongst other things, amended the *Land Tax Act 2010* (Land Tax Act) to implement the interstate land tax reform. The reform was originally announced as part of the 2021-22 Budget Update – Mid-Year Fiscal and Economic Review.

Under the Revenue Legislation Amendment Act, the amendments to implement the interstate land tax reform commence on 1 January 2023 to enable implementation from the 2023-24 financial year (for land tax liabilities arising on 30 June 2023).

In response to concerns raised by the public, industry and other jurisdictions, the Government decided that the interstate land tax reform will not commence as originally announced.

To give effect to this decision, the amendments to be moved during consideration in detail will amend the Revenue Legislation Amendment Act to repeal the amendments to implement the interstate land tax reform before they commence.

## **Alternative ways of achieving policy objectives**

### ***Amendments relating to betting tax***

Removal of the free bet deduction can only be achieved by legislative amendment.

### ***Amendments to the Revenue Legislation Amendment Act***

In accordance with the commencement provision of the Revenue Legislation Amendment Act, amendments to implement the interstate land tax reform will automatically commence on 1 January 2023. Therefore, legislative amendment is the only way to give effect to the Government's decision not to proceed with the interstate land tax reform at this time.

## **Estimated cost for government implementation**

Implementation costs are expected to be met from within approved budget allocations.

## **Consistency with fundamental legislative principles**

The amendments are considered to be consistent with fundamental legislative principles.

## **Consultation**

For the amendments relating to betting tax, the need for the amendments was identified as part of the Education, Employment and Training Committee's consideration of the Bill.

In relation to the Revenue Legislation Amendment Act amendments, consultation was not considered necessary. The amendments are being made in direct response to concerns raised by the public, industry and other jurisdictions and will ensure that the current land tax arrangements continue to apply.

## **Consistency with legislation of other jurisdictions**

The amendments are specific to the State of Queensland and is not otherwise uniform with or complementary to legislation of the Commonwealth or another state or territory.

## Notes on provisions

*Amendment 1* inserts new clause 4A into the Bill, which amends section 25 of the *Betting Tax Act 2018* (Betting Tax Act). Section 25(3) will be omitted as it refers to section 26(2)(a), which will be omitted.

*Amendment 2* inserts new clause 4B into the Bill, which amends section 26 of the Betting Tax Act. Section 26(2) will be omitted and replaced with a new section 26(2), which reflects the current section 26(2)(b). The effect of this amendment is to remove the deduction relating to free bets under the current section 26(2)(a).

*Amendment 3* amends clause 10 of the Bill, which inserts transitional provisions into the Betting Tax Act. A new transitional provision, section 69A, will be inserted into the Betting Tax Act to ensure that the amendments made by the Bill to part 2, division 2, subdivision 2 of the Betting Tax Act only apply from 1 December 2022.

*Amendment 4* inserts new part 6 into the Bill which amends the *Revenue Legislation Amendment Act 2022* (Revenue Legislation Amendment Act).

New clause 78 provides that new part 6 amends the Revenue Legislation Amendment Act.

New clause 79 amends the long title of the Revenue Legislation Amendment Act to omit the reference to the *Land Tax Act 2010* (Land Tax Act).

New clause 80 amends section 2 of the Revenue Legislation Amendment Act which provides for the commencement of amendments made by that Act. Section 2(3)(b) provides that the part 6 amendments to the Land Tax Act, to implement the interstate land tax reform, commence on 1 January 2023. Section 2 is amended to omit subsection (3)(b).

New clause 81 omits part 6 of the Revenue Legislation Amendment Act which contains the amendments to the Land Tax Act to implement the interstate land tax reform.

*Amendment 5* amends the long title of the Bill to reflect the fact that the Bill also amends the Revenue Legislation Amendment Act.