

Tax briefing note

Gambling duty

June 2025

What is it?

Gambling duty is made up of:

- Bingo duty – a 10 per cent levy on bingo promotion profits.
- Gaming duty – a progressively structured levy on the gross gaming yield of casinos (stakes received less winnings paid). The rates are 15 per cent up to £2,686,000, then 20 per cent for the subsequent £1,852,000, 30 per cent on the next £3,243,000, 40 per cent on the following £6,845,000 and 50 per cent on the remainder. These thresholds have been frozen since April 2022.
- General betting duty – a tax on ‘net stake receipts’ (gross profits) at 15 per cent on fixed odds bets and totalisator (where a machine calculates the winnings depending on the bets staked) on horse or dog races, 3 per cent on financial spread bets and 10 per cent on other spread bets.
- Lottery duty – a 12 per cent levy on lottery tickets.
- Machine games duty – a net takings levy charged at 5 per cent where the cost to play does not exceed 20p and the maximum prize does not exceed £10, 20 per cent where the cost to play does not exceed £5 and 25 per cent where the cost to play exceeds £5.
- Pool betting duty – a 15 per cent levy on net pool betting receipts.
- Remote gaming duty – a 21 per cent levy on remote gaming profits.

What’s the problem with it?

Gambling duty is needlessly complicated due to attempting to serve multiple tax functions. On one level it serves as a general consumption tax on gambling in lieu of value added tax. But it also penalises larger operations via gaming duty’s progressive structure and it attempts to nanny people into using lower stakes machines via different rates on machine games duty. Meanwhile, a markedly lower rate of general betting duty is charged on financial spread bets in recognition of their use by investors and their equivalence to other financial services products.

What should be done?

If gambling duty cannot be entirely replaced by VAT on sales net of winnings paid out then the various rates and thresholds should be simplified into a single rate that reflects what VAT would be (ie, 20 per cent less an amount equivalent to VAT paid on inputs) or firms’ VAT expenditures should be deductible from it. A reduced rate should be used for financial spread bets to reflect their different circumstances and avoid a tax rise.