

Bills Committee on Betting Duty (Amendment) Bill 2013
Meeting on 27 May 2013

Background

In both 2009 and 2012, PricewaterhouseCoopers Ltd. was commissioned by the Hong Kong Jockey Club to conduct a jurisdictional review of horse race betting duty, with a primary focus on inbound commingling.

Key Findings & Conclusion

With the exception of Hong Kong, the major racing jurisdictions allow two-way commingling and do not impose taxation on commingled bets from overseas (inbound commingling bets)

- In most major racing jurisdictions including Australia, New Zealand, Singapore, the United Kingdom and the United States, betting duties are levied where bets are placed.
- Hong Kong is the exception among the major racing jurisdictions that levies betting duty on inbound commingling bets. This creates a double taxation problem.
- Hong Kong levies betting duty on the bets commingled with its pools at about 40% of gross margin (i.e. betting turnover minus dividends and rebates paid to bettors) even after discount. This makes Hong Kong unattractive to other jurisdictions which find it cost prohibitive to commingle their pools with those of Hong Kong.
- In light of the internationalisation of horse racing and betting pools, a competitive betting duty regime harmonising with the international norm is the premise for Hong Kong to establish fair and successful commingling deals with betting conductors in other major racing jurisdictions in the long run.

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