

Betting Duty (Amendment) Bill 2013

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A BILL

To

Amend the Betting Duty Ordinance to abolish the duty for bets accepted outside Hong Kong in relation to the conduct of authorized betting on horse races; to charge a duty at a flat rate on the net stake receipts derived from the conduct of authorized betting on horse races held outside Hong Kong; and to provide for related matters.

Enacted by the Legislative Council.

Part 1

Preliminary

1. Short title and commencement

- (1) This Ordinance may be cited as the Betting Duty (Amendment) Ordinance 2013.
 - (2) This Ordinance comes into operation on 1 September 2013.
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Part 2

Amendments to Betting Duty Ordinance

2. Betting Duty Ordinance amended

The Betting Duty Ordinance (Cap. 108) is amended as set out in sections 3 to 17.

3. Section 1A amended (interpretation)

- (1) Section 1A(1), definition of *guarantee period*, paragraphs (a)(i) and (b)(i)—

Repeal

“the day on which the first horse race betting licence comes into force”

Substitute

“1 September 2013”.

- (2) Section 1A(1), definition of *guarantee period*, paragraphs (a)(iii) and (b)(iii)—

Repeal

“first”

Substitute

“specified”.

- (3) Section 1A(1), definition of *guaranteed amount*—

Repeal

“6GG”

Substitute

“6GGA”.

- (4) Section 1A(1), definition of *net stake receipts*, paragraph (a)—

Repeal

“on horse races”

Substitute

“on local horse races”.

- (5) Section 1A(1), definition of *net stake receipts*, paragraph (a)—

Repeal

“6GF”

Substitute

“6GF(1)”.

- (6) Section 1A(1), definition of *net stake receipts*, after paragraph (a)—

Add

“(ab) in relation to the conduct of authorized betting on non-local horse races by a horse race betting conductor, the net stake receipts as calculated under section 6GF(1A);”.

- (7) Section 1A(1)—

- (a) definition of *first horse race betting conductor*;
- (b) definition of *first horse race betting licence*;
- (c) definition of *race meeting*;
- (d) definition of *related person*;
- (e) definition of *relevant cancelled race meeting*;
- (f) definition of *shortfall of race meetings*;
- (g) definition of *specified place*—

Repeal the definitions.

- (8) Section 1A(1)—

Add in alphabetical order

“local horse race (本地賽馬) means a horse race held in Hong Kong;

non-local horse race (境外賽馬) means a horse race held outside Hong Kong;

specified horse race betting conductor (指明賽馬投注舉辦商) means the company that—

- (a) has been issued with a licence under section 6GB that is in force on 1 September 2013; and
- (b) is authorized under that section to conduct betting on horse races, whether by that licence or another licence;”.

(9) Section 1A—

Repeal subsection (2).

4. Section 6GA amended (interpretation of Division 2A)

(1) Section 6GA(1), definition of *horse race betting duty*—

(a) **Repeal**

“6GE”

Substitute

“6GEA”;

(b) Chinese text—

Repeal the semicolon

Substitute a full stop.

(2) Section 6GA(1), English text, definition of *provisional payment*, paragraph (b)—

Repeal the semicolon

Substitute a full stop.

(3) Section 6GA(1)—

(a) definition of *authorized person*;

(b) definition of *non-qualified bets*;

(c) definition of *qualified bets*—

Repeal the definitions.

5. Section 6GC repealed (designation of qualified bets)

Section 6GC—

Repeal the section.

6. Section 6GD amended (horse race betting duty)

(1) Section 6GD(1)—

Repeal

“Subject to subsection (2), a duty”

Substitute

“A duty”.

(2) Section 6GD(1)—

Repeal

“on horse races”

Substitute

“on local horse races”.

(3) Section 6GD—

Repeal subsections (2) and (3).

(4) Before section 6GD(4)—

Add

“(3A) A duty is charged, at the rate specified in Schedule 3, on the net stake receipts that are derived from the conduct of authorized betting on non-local horse races by a horse race betting conductor in respect of each charging period.”.

(5) Section 6GD(4)—

Repeal

“or (2) shall be payable by the horse race betting conductor”

Substitute

“or (3A) is payable by the conductor”.

- (6) Section 6GD—

Repeal subsection (5).

- (7) Section 6GD(6), after “Schedule 1”—

Add

“or 3”.

- (8) Section 6GD—

Repeal subsections (7) and (8).

7. Section 6GE repealed (further horse race betting duty)

Section 6GE—

Repeal the section.

8. Section 6GEA added

Before section 6GF—

Add

“6GEA. Further horse race betting duty for non-local horse races

- (1) This section applies if—

- (a) the guaranteed amount for a wholly relevant charging period exceeds the horse race betting duty charged under section 6GD(3A) on the net stake receipts that are derived from the conduct of authorized betting on non-local horse races by the specified horse race betting conductor in respect of that charging period; or

- (b) the guaranteed amount for a partially relevant charging period exceeds the relevant portion of the horse race betting duty charged under section 6GD(3A) on the net stake receipts that are derived from the conduct of authorized betting on non-local horse races by the specified horse race betting conductor in respect of that charging period.
- (2) A further duty, in addition to the duty charged under section 6GD(3A), is charged on the net stake receipts.
- (3) The further duty is equal to the difference between—
 - (a) the guaranteed amount; and
 - (b) the duty charged in respect of the wholly relevant charging period, or the relevant portion of the duty charged in respect of the partially relevant charging period.
- (4) The further duty is payable by the conductor.
- (5) In this section—

relevant portion (有關份額) means, in relation to the duty charged under section 6GD(3A), such portion of that duty that bears the same ratio to that duty as the number of relevant days in the partially relevant charging period bears to the number of days (excluding 29 February) in that charging period.”.

9. Section 6GF amended (calculation of net stake receipts)

- (1) Section 6GF(1)—

Repeal

“on horse races” (wherever appearing)

Substitute

“on local horse races”.

- (2) Section 6GF(1)—

Repeal

“payable by the conductor”

Substitute

“payable on local horse races by the conductor”.

(3) After section 6GF(1)—

Add

“(1A) The net stake receipts that are derived from the conduct of authorized betting on non-local horse races by a horse race betting conductor in respect of a charging period are calculated by using the following mathematical formula—

$$L - M - N$$

where—

L represents the total amount of bets that—

(a) are accepted in relation to the conduct of authorized betting on non-local horse races by the conductor; and

(b) are relevant to that charging period;

M represents the total amount of dividends and of rebates on bets that have, within that charging period, become payable on non-local horse races by the conductor;

N represents the aggregate of the extra amount payable by the conductor for each bet type in a non-local horse race on which authorized betting is conducted by the conductor within that charging period.

(1B) In this section—

extra amount (額外款額), in relation to a bet type in a non-local horse race, means the portion of the specified amount for the bet type payable by the horse race betting conductor that exceeds 1.5% of the total amount of bets of that type that—

- (a) are accepted in relation to the conduct of authorized betting on the race by the conductor; and
- (b) are relevant to the charging period;

specified amount (指明款額), in relation to a bet type in a non-local horse race, means the aggregate of—

- (a) the amount payable to the specified payee for the right to use in Hong Kong, in relation to the conduct of authorized betting of that type on the race by the horse race betting conductor, either or both of the following—
 - (i) sounds or visual images (whether animated or not) relating to the race, or both;
 - (ii) any information relating to the race, other than in the form of sounds or visual images (whether animated or not); and
- (b) the amount payable to the specified payee for the right to conduct in Hong Kong betting of that type on the race;

specified payee (指明受款人), in relation to a right, means the person who owns or manages the right under the law that governs the right.”.

10. Section 6GG repealed (calculation of guaranteed amount)

Section 6GG—

Repeal the section.

11. Section 6GGA added

Before section 6GH—

Add

“6GGA. Guaranteed amount for non-local horse races

The guaranteed amount for a wholly or partially relevant charging period is calculated by using the following mathematical formula—

$$\$175,000,000 \times \frac{\text{number of relevant days in that charging period}}{365} .”.$$

12. Section 6GI amended (provisional payments)

(1) Section 6GI(1)(a)(i)—

Repeal

“or (2)(b)(iii)”.

(2) Section 6GI(1)(a)(ii)—

Repeal

“6GD(2)(b)(i), and that charged under section 6GD(2)(b)(ii)”

Substitute

“6GD(3A)”.

(3) Section 6GI(2)—

Repeal

“or (2)(b)(iii)”.

(4) Section 6GI(2)—

Repeal

“6GD(2)(b)(i), and that charged under section 6GD(2)(b)(ii),”

Substitute

“6GD(3A)”.

(5) Section 6GI(3)—

Repeal

“first horse race betting conductor shall”

Substitute

“specified horse race betting conductor must”.

(6) Section 6GI(4)—

Repeal

“\$8,000,000,000” (wherever appearing)

Substitute

“\$175,000,000”.

(7) Section 6GI(4)—

Repeal

“(1)(a)(i)”

Substitute

“(1)(a)(ii)”.

13. Section 6GN amended (appeal against assessment and holding over of duty)

Section 6GN—

Repeal subsection (7).

14. Section 6GP repealed (remission of further horse race betting duty)

Section 6GP—

Repeal the section.

15. Schedule 1 amended (rate of duty on net stake receipts)

(1) Schedule 1, heading, after “RECEIPTS”—

Add

“FROM LOCAL HORSE RACES”.

(2) Schedule 1—

Repeal

“horse races”

Substitute

“local horse races”.

16. Schedule 2 repealed (discount rate)

Schedule 2—

Repeal the Schedule.

17. Schedule 3 added

At the end of the Ordinance—

Add

“Schedule 3

[s. 6GD]

**Rate of Duty on Net Stake Receipts from Non-
local Horse Races**

72.5%”.

Part 3

Amendments to Betting Duty Regulations

18. Betting Duty Regulations amended

The Betting Duty Regulations (Cap. 108 sub. leg. A) are amended as set out in section 19.

19. Regulation 3AA amended (submission of returns in respect of betting on horse races)

- (1) Regulation 3AA(3)(a)(ii), after “person;”—

Add

“and”.

- (2) Regulation 3AA(3)—

Repeal subparagraph (b).

- (3) Regulation 3AA(4), English text—

Repeal

“subsection”

Substitute

“paragraph”.

- (4) Regulation 3AA(4)(b)—

Repeal

“, and statement, have”

Substitute

“has”.

- (5) Regulation 3AA—

Repeal paragraph (5).

Explanatory Memorandum

Under section 6GD of the Betting Duty Ordinance (Cap. 108) (*Ordinance*), a duty is charged at a progressive rate on the net stake receipts that are derived from the conduct of authorized betting on horse races. This Bill amends the Ordinance. There are 2 main purposes. The first purpose is to abolish the duty for bets accepted outside Hong Kong in relation to the conduct of authorized betting on horse races. The second purpose is to charge a duty at a flat rate on the net stake receipts that are derived from the conduct of authorized betting on horse races held outside Hong Kong. A duty is still charged at a progressive rate on the net stake receipts that are derived from the conduct of authorized betting on horse races held in Hong Kong.

2. Part 1 contains preliminary provisions. It sets out the short title and provides for commencement.
3. Part 2 contains the amendments to the Ordinance. Paragraphs 4 to 9 set out the amendments in details.
4. Clauses 3 and 4 amend sections 1A and 6GA respectively. New definitions are added to define the terms used in the Ordinance as amended. In particular, clause 3(8) introduces the definitions of *local horse race* (i.e. a horse race held in Hong Kong) and *non-local horse race* (i.e. a horse race held outside Hong Kong).
5. Clause 6 amends section 6GD. In particular, clause 6(3) repeals section 6GD(2) and (3) to abolish the duty for bets accepted outside Hong Kong in relation to the conduct of authorized betting on horse races. Clause 6(4) adds a new section 6GD(3A). The latter provides that a duty is charged at a flat rate on the net stake receipts that are derived from the conduct of authorized betting on non-local horse races in respect of each charging period. Clause 6(1) and (2) amends section 6GD(1) so that the duty at a progressive rate only applies to the net stake receipts that are derived from the conduct of

authorized betting on local horse races. Clause 5 repeals section 6GC in consequence of the repeal of section 6GD(2) and (3).

6. Clause 8 adds a new section 6GEA. If, in respect of a charging period that falls within the guarantee period, the duty charged on the net stake receipts that are derived from the conduct of authorized betting on non-local horse races is less than the guaranteed amount, a further duty is charged to make up the difference. Clause 7 repeals section 6GE, which is spent.
7. Clause 9 amends section 6GF to provide for the calculation of the net stake receipts that are derived from the conduct of authorized betting on non-local horse races.
8. Clause 11 adds a new section 6GGA. The latter provides for the guaranteed amount for the purposes of the new section 6GEA. Clause 10 repeals section 6GG, which is spent.
9. Clauses 12 to 17 provide for related amendments.
10. Part 3 contains the amendments to the Betting Duty Regulations (Cap. 108 sub. leg. A) (**Regulations**). Clause 19 provides for related amendments to the Regulations.