



January 2018

MGA publish new fees and taxes ahead of New Gaming Act.

The end of 2017 saw Malta publish the Legal Notice 409 of 2017, titled the **“Gaming Licence Fees Regulations”**, which amended the Remote Gaming Regulations (S.L. 438.04).

The regulations, which were brought into force as from 1st January 2018, sets the scene to the introduction of the new Gaming Act, which is expected to come into force in the summer of 2018. The phasing in, to the new Gaming Act, is more prominent as although this regulation falls under the current legal framework (Remote Gaming Regulations of 2004), it also defines the new license categories (Type 1 to Type 4) which were expected to be defined in the new Gaming Act. The new licensing framework and ‘taxation’ framework (the latter previously defined as *variable license fees*) were originally published as part of the July 2017 Public Consultation document on the new Gaming Act.

The public consultation exercise, which was spearheaded by the MGA seems to have had an impact on the final framework, as some ‘taxation’ fees were adjusted and lowered, whilst the *novel concept* proposed as part of the Public Consultation document, that is allowing start-ups to enjoy from a 6-month exemption on compliance contributions (formerly termed as gaming taxes), has been extended to 12 months as published in the *Gaming Licence Fees Regulations*.

The regulations set the Compliance Contributions (previously termed as gaming taxes) per B2C license *Type*, which will come into force as from 1st July 2018. The regulations also set minimum and maximum amounts per license *Type* which were not present in the proposed fees in July 2017, whilst the compliance contributions for License Type 1 changed compared to the July 2017 proposed fees. Some minor adjustments were also made for Type 2 and Type 4 licensees as some of the applicable gross gaming revenue bands were broadened, thus effectively slightly reducing the tax burden for the higher revenue generators.

Type 1 Casino, Slots, Lotteries Gaming Revenue	Compliance Contribution	Type 2 Fixed Odds Betting Gaming Revenue	Compliance Contribution
€ 1 - € 3,000,000	1.3%	€ 1 - € 3,000,000	4.0%
€ 3,000,001 - € 7,500,000	1.0%	€ 3,000,001 - € 7,500,000	3.0%
€ 7,500,001 - € 12,500,000	0.85%	€ 7,500,001 - € 12,500,000	2.0%
€ 12,500,001 - € 20,000,000	0.7%	€ 12,500,001 - € 20,000,000	1.0%
€ 20,000,001 - € 30,000,000	0.6%	€ 20,000,001 - € 30,000,000	0.8%
€ 30,000,001 and above	0.4%	€ 30,000,001 - € 40,000,000	0.6%
		€ 40,000,001 - and above	0.4%
Minimum Contribution: € 15,000 Maximum Contribution: € 375,000		Minimum Contribution: € 25,000 Maximum Contribution: € 600,000	

Following these amendments, the fees (Compliance Contributions) for the four License Types are set out as follows:

The fixed licence fee for Type 1, Type 2 and Type 3 licensees has been fixed at €25,000, while that for operators providing solely Type 4 gaming services, the licence fee has been fixed at €10,000.

Type 3 Poker, Bingo, Betting Exchanges Gaming Revenue	Compliance Contribution	Type 4 Skill Games with Prize Gaming Revenue	Compliance Contribution
€ 1 - € 2,000,000	4.0%	€ 1 - € 3,000,000	0.75%
€ 2,000,001 - € 5,000,000	3.0%	€ 3,000,001 - € 8,000,000	1.00%
€ 5,000,001 - € 10,000,000	2.0%	€ 8,000,001 - € 13,000,000	1.25%
€ 10,000,001 - € 15,000,000	1.0%	€ 13,000,001 - € 18,000,000	1.50%
€ 15,000,001 - € 20,000,000	0.8%	€ 18,000,001 - € 28,000,000	1.75%
€ 20,000,001 - € 30,000,000	0.6%	€ 28,000,001 - and above	2.00%
€ 30,000,001 - and above	0.4%		
Minimum Contribution: € 25,000 Maximum Contribution: € 500,000		Minimum Contribution: € 5,000 Maximum Contribution: € 500,000	

A transitory period is envisioned for current licensees to continue paying in accordance with the current regulations up until 30th June 2018 making the new licence fees effective as of 1st July 2018. New licensees will be subject to the requirements of the New Regulations and new set of Compliance Contributions, even during the said transitory period.

For current licensees, a reconciliation will be carried out to calculate the difference between the fees paid

under the old regulations for the first six months of 2018 and the fees to be paid for the remaining six months under the new regime.

Any excess provisional payments made by licensees will be carried forward and available for set-off through a tax credits equivalent. Licensees that would have paid less than the amounts due are then required to pay the difference by 20th October 2018.



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License Fees

The Legal Notice 409 of 2017 also delineated the new license fees which are applicable from 1st January 2018 for new license applicants, and from 1st July 2018 for existing licensees. The license fees are as follows:

B2C	License Fees per annum
All types	€ 25,000
Solely Type 4	€ 10,000

B2B Platforms Games of Chance	License Fees per annum
€ 1 - €5,000,000	€ 25,000
€ 5,000,001 - € 10,000,000	€ 30,000
€ 10,000,001 - and above	€ 35,000

B2B Platforms Skill Games with Prize	License Fees per annum
Solely Type 4	€ 10,000

Although the new license fees are higher from the previous license fee of €8,500 per annum, however it should be noted that the new regime provides for a singular B2C license compared to the previous multi-licensing framework. Under the previous regime, if an operator held Class 1 (Casino), Class 2 (Betting) and Class 3 (Peer to Peer) licenses, the annual license fee was of €25,500 per annum (€8,500 x 3 licenses). The same applied if a Casino B2C operator offered for instance games from 4 different B2B platforms, where such an operator would have held 4 Class 1 on 4 licenses amounting to €34,000 per annum (€8,500 x 4). Thus, the new license fee is effectively lower compared to those who held 3 licenses or more.

A point that needs to be highlighted is that B2B platforms' license (termed as 'Critical Gaming Supply License') fee ranges from €25,000 to €35,000 per annum, depending on the level of revenues earned over a year. However, it should be noted that B2B operators will not be subject to a Compliance Contribution fee. Thus, by way of comparison, an established 2017 B2B licensee, holding one B2B license would have paid €8,500 license fee and €55,920 in gaming taxes (total €64,420). Thus, as from January 2018, a B2B licensee will be paying between €29,420 and €39,420 less in aggregate compared to 2017.

For those B2B 'Critical Gaming Supply' Operators which do not supply and manage the control system, where the term 'management' means the provision of ongoing active maintenance and support which is indispensable to the provision of the gaming service, then a different licensing structure would apply as follows:

	License Fees per annum
€ 1 - €1,000,000	€ 3,000
€ 1,000,001 - and above	€ 5,000



Namely the above license fees would apply for B2B 'Critical Gaming Supply' Operators which (a) only supply and manage material elements of a game or (b) supply and manage software, whether as a stand-alone or as part of a system, to generate, capture, control or otherwise process any essential regulatory record.

Other Fees

The Legal Notice 409 of 2017 also lists an array of fees, all of which being one time fees. The most relevant fees are listed hereunder.

- License application fees raised from € 2,330 per license to € 5,000 per license application. However, a B2C license can cover more than one agreement with B2B providers and covers all types.
- Should an additional type be added, a further €1,000 authorisation fee needs to be paid to the MGA
- Key Function Approval (application) €50 per applicant
- Request for approval of major changes in software / infrastructure: €1,000
- Request for the addition of a new domain name: €100 per domain



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