

An insight to the Online gaming in Greece

November 2018

On 5.10.2018 the consultation on the draft bill which introduces amendments to **Law 4002/2011**, constituting the regulatory framework for licensing of e-gaming operators in Greece, was concluded.

The existing regime at a glance

- The Greek online gaming market is a regulated market, supervised by the Hellenic Gaming Commission (HGC)
- The law provides that any e-gaming operator wishing to provide e-gaming services to Greek players should be licensed by HGC through an international public tender process
- The applying entity should be either Greek or a Greek PE of a foreign entity
- However, the above have not taken place up to date
- The regulatory status of existing online gaming operators is covered by the period between the application for the license and issuance thereof (“interim regime”)
- 24 e-gaming companies operate under the interim regime, which requires tax compliance obligation in contradiction to general income tax rules

Thus, this may be an issue to be highly challenged before the Courts

Tax compliance obligations

- Such companies are included in a white list published by HGC
- Under the existing regime, an e-gaming operator has the following obligations:
 - Attribution to the Greek State of 35% of the gross gaming revenue of the existing online gaming operators (gaming duty), deriving from the entry fees/payments of players from Greece following deduction of the amounts earned by them
 - Player withholding tax calculated on a progressive scale (first 100 Euro untaxed) on amounts earned by players; and
 - Corporate income tax despite the general tax income provisions
- The gross profit is supported through appropriate evidence such as trial balances, financial statements, other financial reportings, etc.
- No obligation to keep books and records in Greece exists: The existence of a broader scope taxable presence in Greece should be considered in the light of the applicable Double Tax Treaties or the domestic general income tax regulations.

Audit experience demonstrates however that the tax authorities attempt to more aggressive approach towards full tax reporting and records in Greece.

Key highlights of the new draft bill

- General clarifying provisions aiming mainly at updating the legislation applicable to online gaming in Greece are introduced.

- *A new open-type licensing system (without a public tender) is established with the exclusive competence of the Greek State to grant licenses, regardless of whether the applying company has any past tax contingencies or whether it has been included in the black-list of HGC up to 1 year prior to the time of application.*

Licenses

- *Two types of licenses are provided: (a) license for gambling games, i.e. sports and non-sports related gambling and b) license for other online gaming*
- *Under specific conditions each candidate can be granted both types of licenses*
- *Licenses are personal, undivided, non-transferable and cannot be leased or jointly exploited with third parties*
- *The licensing fee, the time of its payment, the duration of the licenses, etc. are determined by the HGC upon decision for the granting of each new license*
- *Companies currently operating under the interim regime are required to apply for an online gaming license within six (6) months from entry into force of the law (if voted)*
- *In the event that the application is rejected by HGC, said companies are obliged to cease their operation within four (4) months from the time of issuance of the rejection decision. In the absence of an application for a license the above companies are obliged to cease operating within six (6) months from the effective date of the law (if voted)*
- *No licensing process is provided for RNG (random number generation) games (e.g. blackjack, roulette etc.)*

Players' WHT

- *A uniform rate of 10% will be applicable for the taxation of profits earned by online gaming players*
It is not clear whether such WHT will be imposed on profits as soon as they arise or on the positive difference arising from the set-off of profits and losses
- *It is not clear whether the withholding of the tax will be performed during the year and be set-off at year-end on tax return or in end based on result*

Other

- *The use of columns and playing sessions is abolished as regards online gaming*
- *The means of payment by e-gaming operators are provided as well*
- *The compilation and update process of the "black list" is also updated in order to respond to the new system for licensing, organizing and conducting online gaming*



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This information is intended only as a general update for interested persons and should not be used as a basis for decision making. For further details please contact PwC: 268, Kifissias Avenue 15232 Halandri tel. +30 210 6874400

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