

# Gaming Machine Tax Rebate and Quarterly Tax/PGAF Payments

## What has changed?

The *Gaming Machine Amendment Act 2017* introduces a 50 per cent gaming machine tax (GMT) rebate for small and medium clubs or club groups.

### Who is eligible for the rebate?

Small or medium clubs and club groups are those with Gross Gaming Machine Revenue (GGMR) under \$4 million per financial year.

Small or medium club means a club licensee where the GGMR of gaming machines operated under all authorisation certificates held by the licensee is less than \$4 million for the financial year. In other words, the aggregate GGMR of all gaming machines operated across all venues by the licensee must be less than \$4 million for the financial year for the licensee to be a 'small or medium club' and eligible to claim the GMT rebate.

Club groups are defined as two or more related licensees, where each licensee is related to at least one other licensee in the group. Examples of these relationships are included at **Appendix 1**. This means that the aggregate GGMR of all gaming machines operated across all venues by the licensees within the club group must be less than \$4 million for the financial year for the licensees within the 'small or medium club group' to be eligible to claim the GMT rebate.

### What has changed – tax period and quarterly returns?

Eligible small or medium clubs / club groups may choose to pay their gaming machine tax and Problem Gambling Assistance Fund (PGAF) payments on a quarterly, rather than monthly, basis. Clubs and club groups wishing to do this must submit a completed *Application to Claim a Gaming Machine Tax Rebate* form (application allows Clubs to opt for quarterly payment) to Access Canberra. The form is accessible from <https://www.gamblingandracing.act.gov.au/gambling/gaming-machine-tax-rebate>. Once an election is made, it remains in place until it is withdrawn or a club / club group ceases to be eligible.

For small or medium clubs and clubs groups that choose to make quarterly rather than monthly payments a 'tax period' will be defined as a quarter, for all other licensees a tax period continues to be a month.

A quarterly tax period will take effect from the first day of the next quarter and a return will fall due seven days after this tax period ends. Gaming machine tax and the PGAF levy will still need to be calculated using the prescribed percentages on a monthly basis using each month's GGMR, but in these circumstances tax returns and payments will only be submitted quarterly.

### Are there any changes to PGAF levy payments?

The PGAF levy payments continue to be part of the Gaming Machine Return- Club form for the relevant tax period (month or quarter). The exception to this is if your club or club group is eligible

(has an average monthly PGAF liability of less than \$300) and elects to make an annual payment of the PGAF levy. There is no change to the annual payment option.

### **What does it mean for licensees?**

Eligible clubs / club groups will pay only 50 per cent of the gaming machine tax liability that would be otherwise payable, and have the option of quarterly tax and PGAF returns and payments.

If your club / club group expects its GGMR to be below \$4 million this financial year and you wish to claim the GMT rebate, you must submit a completed *Application to Claim a Gaming Machine Tax Rebate* form to Access Canberra for each venue. The form is accessible from <https://www.gamblingandracing.act.gov.au/gambling/gaming-machine-tax-rebate>. Access Canberra can reject claims where it is not satisfied that your club / club group will be a small or medium club / club group for that year (for example, based on the previous financial year's GGMR).

Eligible licensees that choose the quarterly payment option will still need to calculate tax and PGAF payments on a monthly GGMR basis, however, the Gaming Machine Return- Club form will only need to be submitted quarterly, along with relevant payment. This may assist eligible licensees in managing their cashflow.

### **What does it mean for patrons?**

The tax rebate supports the ongoing viability of community clubs, and their diversification away from gaming machine revenue. Patrons may benefit from new non-gaming related services or facilities at the club.

### **Frequently asked questions**

#### How do I claim the rebate?

Clubs and club groups must still calculate their gaming machine tax and PGAF liabilities each month, however lodgement of the form and payment will depend on whether a monthly or quarterly tax period applies to your club / club group.

If your club/ club group is eligible for the rebate you may pay 50 per cent of the gaming machine tax liability for that venue, or alternatively wait until the end of the financial year and claim a refund.

The taxation rates remain the same, as follows, for the part of GGMR of each authorised premises:

- \$25,000 or less for the month - the tax free threshold applies (0 per cent);
- more than \$25,000 but less than \$50,000 for the month - 17 per cent;
- \$50,000 or more but less than \$625,000 for the month - 21 per cent; and
- \$625,000 or more for the month - 23 per cent.

To claim the GMT rebate, you must submit a completed *Application to Claim a Gaming Machine Tax Rebate* form to Access Canberra for each venue. The form is accessible from <https://www.gamblingandracing.act.gov.au/gambling/gaming-machine-tax-rebate>.

#### From when does the rebate apply?

The rebate applies from 1 July 2017. Clubs eligible to claim the rebate may apply to have their previous tax payments offset against future tax liabilities, to the extent of any rebate amount that would have been claimed during July and August 2017.

#### What if I exceed the GGMR of \$4 million?

At the end of each financial year Access Canberra will assess each club licensee's liability for gaming machine tax, including any rebate the licensee is entitled to claim for the financial year (or part of the financial year where there have been changes to the club group), and any amount of rebate that has been claimed by the licensee during the year. Licensees will be given a notice of the assessment and any unpaid gaming machine tax will need to be paid by the date given in the notice. Alternatively, where there is GMT rebate owing, this can be refunded through an offset against future tax liabilities.

#### What if our club becomes, or stops being, part of a club group during the year?

If your club becomes part of a club group (see the relationships set out in **Appendix 1**) or ceases to be part of a club group during the financial year, you must notify Access Canberra in writing within 7 days after the change happens.

In this case, you will be eligible to claim the GMT rebate only for the part of the financial year that you are a small or medium club or club group.

## References

*Gaming Machine Amendment Act 2017*

*Gaming Machine Act 2004* – sections 157A to 157D, 159, 161, 161A, 162, 162A to 162D, 163A, 163AA, 179A, part 21 and Schedule 1

Gaming Machine Return- Club form

## Example of the transitional arrangements:

A club had GGMR of \$3 million in 2016-17. It writes to Access Canberra electing to submit quarterly returns. The first quarterly tax period will take effect from 1 October 2017.

In the meantime returns will fall due seven days after the monthly tax period for July, August and September.

If the club generated GGMR of \$200,000 in July its gaming machine tax and PGAF levy would be:

Tax free \$25,000 = \$0  
17 per cent on \$25,000-\$50,000 = \$4,250  
21 per cent on remaining \$150,000 = \$31,500

Tax due = \$35,750  
PGAF (0.75 per cent on \$200,000) = \$1,500

The club will be eligible for a refund of \$17,875 (50 per cent of the \$35,750 gaming machine tax paid) which may be refunded through an off-set to its liability in the August tax-period. In its return for August (falling due on 7 September) the club will need to confirm on the Gaming Machine Return-Club form that it is eligible to claim the rebate.

If the club generates GGMR of \$250,000 for August, its gaming machine tax liability would be calculated in the following way, taking into account the rebate and tax off-set for the July rebate.

Tax free \$25,000 = \$0  
17 per cent on \$25,000-\$50,000 = \$4,250  
21 per cent on remaining \$200,000 = \$42,000

Gross tax = \$46,250  
subtract \$23,125 (50 per cent rebate) = \$23,125  
subtract \$17,875 off-set from July = \$5,250 tax due

PGAF (0.75 per cent on \$250,000) = \$1,875

## Appendix 1 – Meaning of club group

Club group means two or more licensees that are clubs related to each other because each licensee is related to at least one other licensee in the group; but does not include a licensee that Access Canberra determines is not part of a club group.

A licensee is **related** to another licensee if one or more of the following apply:

- (a) the licensees are related bodies corporate under the *Corporations Act*, section 50;
- (b) the licensees are associated entities under the *Corporations Act*, section 50AAA;
- (c) the same person is an influential person for each licensee;
- (d) the licensees have the same registered office;
- (e) the licensees have an arrangement or agreement with each other to share employees, resources, facilities or services;
- (f) there is a financial interdependency between the licensees;
- (g) the licensees have an arrangement or agreement with each other that gives members of each licensee access to reciprocal benefits from the other licensee;
- (h) the licensees use common branding or advertise publicly as related clubs;
- (i) any other circumstance prescribed by regulation.

### Example

Club A licensee and Club B licensee are related because they have an arrangement or agreement with each other that gives members access to reciprocal benefits. Club B licensee, however, is also separately related to Club C licensee because there is a financial interdependency between the two clubs (Club A licensee is not part of that interdependency). Clubs A, B and C therefore comprise a club group. The aggregate GGMR of all gaming machines operated under all authorisation certificates held by the licensees of clubs A, B and C must be less than \$4 million for the financial year for the club group to meet the definition of 'small or medium club group' and be entitled to claim the GMT rebate.

### Determination that a licensee is not part of a club group

Access Canberra can issue a determination that a licensee is not part of a club group. A licensee must write to Access Canberra to request this, and it can only be made where the relationship between licensees is casual, coincidental or otherwise insignificant.

A determination cannot be made where the licensees are related bodies corporate or associated entities under sections 50 or 50AAA of the *Corporations Act 2001* (Cth).