



Isle of Man Government

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VAT ON ONLINE GAMBLING

In response to enquires made to the Department of Home Affairs in the matter of the possible liability of online gaming to VAT Treasury see the position as follows:-.

Customs and Excise can confirm that it was never the intention of the Treasury that online gaming should be subject to VAT.

The Treasury interprets European Union and Island VAT legislation to mean that online gaming with the operators licensed by the Department of Home Affairs is not liable to VAT. Such gaming would qualify under Item 1, Group 4 of Schedule 10 to the Value Added Tax Act 1996, and therefore any supplies would be exempt. Customs and Excise does not interpret the provisions of Note (1) of Group 4, which deals with exceptions to Item 1, as meaning that online gaming should be standard-rated.

Therefore, unless proved to the contrary and subject to future legislative changes, the Treasury will not seek to recover VAT on betting, wagering or the playing of any games of chance involved in online gaming by the licensed operators using games authorised by the Gambling Control Commissioners.

It should be noted that in other circumstances, for example the provision of hardware, such as the siting of a terminal in a club or public house for the purposes of taking part in online gaming could be caught by the provisions governing VAT on the takings of gaming machines other than in licensed casinos. Any such variation or proposed change to operating procedures should be discussed with Customs and Excise Division's Advice Centre staff (01624-648116) in advance.

Operators should also note that, if they make only exempt supplies, they will not be entitled to recovery of input tax.

PLEASE NOTE

IT IS THE RESPONSIBILITY OF APPLICANTS FOR LICENCES AND LICENCE HOLDERS TO OBTAIN THEIR OWN LEGAL ADVICE ON THE APPLICATION OF THE LAW IN THE ISLE OF MAN TO ON-LINE GAMBLING.

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