

THE NEW STATUTORY TAX ON GAMBLING OPERATORS IN THE UK: HOW IT WILL AFFECT THE CASINO SECTOR

Gambling operators continue to enjoy success in the UK, with more players choosing to place their wagers online. After all, it beats commuting to the casino, paying parking fees, and spending money on drinks and tips. What's more, online players often get the occasional [casino bonus](#) that reduces their spending while enabling them to try more games. With these and more benefits awaiting players, it's easy to see why many of them choose to place their wagers online. But could the new statutory tax on gambling change things? We find out.



Photo by Sascha Düser:
<https://www.pexels.com/photo/3-red-dices-with-grey-and-white-poker-chips-187333/>

Explaining the New Statutory Tax

In the past, casino operators were subject to a voluntary system where they could contribute as much as they wanted to fund the research, prevention, and treatment of problem gambling. However, since the levy was voluntary, operators were free to choose how much to give, which resulted in inconsistencies in the fund.

The new statutory levy seeks to raise £100 million annually by setting contribution requirements for all operators. Per the new standards, online operators will pay 1.1 % of their gross gaming yields, while land-based casinos will be subject to 0.5 %.

Impact on the Casino Sector.

Following the announcement of the levy on 27th November 2024, casino operators, players, and other stakeholders were unsure what this meant for the industry. But in recent months, the following potential effects have come to light:

- 1. Higher operational costs.** The levy sets a standard percentage for each casino. Online casinos, for example, will contribute 1.1 % of their gross gaming yield to the levy, which will increase their operational costs. Speculation is rife that casinos might pass some of these costs to their players or choose to cut back on other key expenses to fill this gap.
- 2. Increased barriers to entry.** Smaller casino operators often struggle to make their debut in the casino industry due to its competitiveness and significant capital requirements. The increased operational costs could further impede their ability to enter this market, which may result in less competition. However, projections also show that smaller players in the market

may merge their operations to remain profitable and competitive.

3. **Enhanced transparency.** With the voluntary system, casino operators were free to choose what to give, resulting in inconsistencies that limited the fund's ability to finance its core operations. The new levy ensures that all casino operators contribute an equitable share if they wish to remain compliant with the gambling regulations. Thanks to this, the source of the funds will now be more transparent, which will foster collaboration between the levy administrators and casino operators.
4. **Improved consumer trust.** The goal of the levy is to protect consumers by researching and funding problem gambling initiatives. By contributing to the levy, casinos will show that they care about their players, which will result in a better public perception. In the long run, this will make online casinos more attractive to potential players who may sign up to support worthy initiatives.
5. **Better support for vulnerable groups.** Casinos often engage in consumer protection programmes, such as self-exclusion and deposit limits. By contributing to a fund that can target the root causes of problem gambling and find practical solutions, casino operators will be able to have a more profound impact on players.
6. **Increased innovations.** As casino operators deal with the increasing cost of operations and added scrutiny from the government, they will have no option but to seek new ways to maintain and grow their market shares.

Projections show that this will result in more innovations that will enhance the online playing experience.

With the levy set to be implemented in the first few months of 2025, casino operators are already coming up with ways to [mitigate the potential risks](#) to ensure that their operations remain sustainable in the face of these changes. As such, while it may have some possible negative effects on some operators, many casinos are looking at it as an opportunity to provide more value to their target market while positively impacting society as a whole.