

# Gaming Tax

Consumer and  
Business Services

## Licensee information Gaming tax

*Section 72 - Gaming Machines Act 1992*

MAY 2018



**Government of South Australia**  
Attorney-General's Department

## GAMING TAX

In South Australia, different tax rates apply to income gained from gaming machines, known as 'net gambling revenue' (NGR), depending on whether the gaming venue is a profit organisation (e.g. a hotel) or a non-profit association (e.g. a club or community hotel).

Net gambling revenue is the total amount of all bets made on gaming machines in a gaming venue, less the total amount of all prizes won.

There is a \$75,000 tax-free threshold and then different tax rates apply progressively to six further income levels.

### Gaming tax calculation

Gaming tax is payable each month. It is calculated by Consumer and Business Services (CBS) based on the NGR for the calendar month as reported by the state-wide gaming machine monitoring system operated by the Independent Gaming Corporation Limited (IGC).

Licensees are able to access monthly statements from the IGC showing the net gambling revenue for the gaming venue in addition to other financial information.

### Lodging a return

Licensees don't have to lodge paper returns to CBS. However, they must keep accounts of the gross gaming turnover and net gambling revenue for each month that gaming machines are operated.

For compliance purposes, licensees may maintain copies of the monthly statement issued by IGC or other records showing the monthly gross gaming turnover and net gaming revenue.

Records must be made available for inspection on request by a CBS inspector.

### When to pay gaming tax

The licensee must pay gaming tax within seven days of the end of each calendar month. If the 7th day of the month falls on a weekend or public holiday, tax will be due on the next business day.

### How much tax to pay

The gaming tax calculation is normally completed by CBS on the 2nd day of each month, or if that day is a weekend or public holiday, the next business day. Each licensee will receive a gaming tax statement from CBS showing the amount of gaming tax to be paid.

### Paying gaming tax

Gaming tax can only be paid via electronic funds transfer (EFT). Direct debit request forms can be downloaded from [www.sa.gov.au/liquorandgambling](http://www.sa.gov.au/liquorandgambling).

Bank accounts are debited by CBS on the 7th day of each month. If the 7th day of the month falls on a weekend or public holiday, tax will be collected on the next business day.

There must be enough funds to cover the full amount of gaming tax payable on the actual day of the EFT. Only one attempt will be made to debit an account. Accounts cannot be debited for part amounts. Unpaid amounts will be considered an outstanding liability.

Bank accounts cannot be debited twice for the same month. Unpaid gaming tax will need to be paid either:

- **in person at:** CBS Customer Service Centre  
91 Grenfell Street  
Adelaide SA 5000  
  
Payment can be made in cash or by bank cheque
- **by post:** GPO Box 2169, Adelaide SA 5000  
  
Payment can be made by bank cheque or money order  
(*personal, company or club cheques are not accepted*)

Outstanding payments must be paid to CBS within **7 days** after the attempted debit from the nominated account, otherwise a fine will be incurred.

### **Changing bank accounts**

The licensee must supply new bank account details by completing a new direct debit request form. The new account details need to be lodged with CBS by the 22nd day of the month for variations to be made for next month's EFT. Direct debit request forms can be downloaded from [www.sa.gov.au/liquorandgambling](http://www.sa.gov.au/liquorandgambling).

### **Separate gaming bank accounts**

A licensee can use the same bank account for gaming and general business.

### **Penalties for not paying gaming tax on the nominated day**

#### **Fines**

If gaming tax is not paid in full by the close of business 7 days after the attempted debit, a fine of 10% of the current month's tax liability will be applied.

#### **Suspension of licence**

If the gaming tax and fine is not paid within 10 days of the attempted debit the licence may be suspended until the full amount is paid. A notice will be sent to the licensee about the suspension and the gaming machines disabled from operating by the state-wide monitoring system.

#### **Disciplinary action**

Not paying gaming tax is an offence. In addition to a fine of up to \$20,000 or possible licence suspension, any of the following could happen:

- reprimand
- additions or variation to licence conditions
- cancellation of gaming machine entitlements

- revocation of licence
- disqualification of the licensee from being licensed.

A licensee will receive written notice of any proposed disciplinary action and will be given at least 21 days for the licensee to show why disciplinary action shouldn't be taken.

## Gaming tax rates

### Annual rates

Gaming tax is calculated as a percentage of annual net gambling revenue. It's a tiered system and a different rate of tax applies depending on the level of NGR. There are different rates of tax for hotels and clubs.

The following rates apply:

Annual NGR	Other than non-profit businesses (hotels)	Non-profit business (clubs & community hotels)
	Marginal tax rates	Marginal tax rates
\$0 - \$75,000	0%	0%
\$75,001-\$399,000	27.50%	21.00%
\$399,001 - \$945,000	\$89,100 plus 37.00% of excess NGR over \$399,000	\$68,040 plus 28.50% of excess NGR over \$399,000
\$945,001 - \$1,500,000	\$291,120 plus 40.91% of excess NGR over \$945,000	\$223,650 plus 30.91% of excess NGR over \$945,000
\$1,500,001 - \$2,500,000	\$518,170.50 plus 47.5% of excess NGR over \$1,500,000	\$395,200.50 plus 37.5% of excess NGR over \$1,500,000
\$2,500,001 - \$3,500,000	\$993,170.50 plus 57% of excess NGR over \$2,500,000	\$770,200.50 plus 47% of excess NGR over \$2,500,000
Above \$3,500,000	\$1,563,170.50 plus 65% of excess NGR over \$3,500,000	\$1,240,200.50 plus 55% of excess NGR over \$3,500,000

A **non-profit business** is a business where the Minister is satisfied that the profits of the business cannot be returned to the members or shareholders of the body corporate or association. Generally, this definition applies to incorporated clubs and community hotels.

### Monthly calculation

Although the tax rates are based on annual NGR, it is actually calculated monthly.

Each month a total year-to-date tax liability will be calculated by CBS. Any tax paid in previous months will be deducted with the balance being the liability for the current month. The tax liability is automatically adjusted each month.

**Appendix 1** shows how this monthly calculation is applied to the gaming machine operations of a hotel whose annual NGR equals \$3,000,000.

## When a licence is not held for a full month

Gaming tax can only be collected at the last day of the month.

If the gaming machine licence was transferred during the calendar month, the current licensee will need to pay the tax liability for the full month by EFT.

Any share of the gaming tax between the current and former licensee for part of the month should be calculated by the legal representative or broker who oversaw the licence transfer. This should be included as an adjustment as part of the final settlement between the former and current licensee.

The licensee, or authorised representative, may obtain the amount of NGR for the relevant period from the Independent Gaming Corporation Ltd. For example, if a licence transfer settlement is arranged for the 11th day of the month, NGR from the 1st to the 10th is available from IGC on the morning of the 11th.

The following method can be used to calculate gaming tax for a part month:

### Example

A licence transfers on 11 August. Net gambling revenue for the period 1 August to 10 August totals \$45,000.

Monthly thresholds are \$6250, \$33,250, \$78,750, \$125,000, \$208,333 and \$291,667 (12 monthly thresholds divided by 12)

Thresholds for 10 days equates to:	10/31 of \$6,250	= \$2,016
	10/31 of \$33,250	= \$10,726
	10/31 of \$78,750	= \$25,403
	10/31 of \$125,000	= \$40,323
	10/31 of \$208,333	= \$67,204
	10/31 of \$291,667	= \$94,086

As there are 31 days in August and the example period is up to the 10<sup>th</sup> day of the month, the sum is 10/31. This will change according to the day of the month and how many days in the month.

Gaming tax rates become:

NGR less than \$2,016 is taxed at 0.00%

NGR above \$2,016 but below \$10,726 is taxed at 27.50%

NGR above \$10,726 but below \$25,403 is taxed at 37.00%

NGR above \$25,403 but below \$40,323 is taxed at 40.91%

NGR above \$40,323 but below \$67,204 is taxed at 47.50%

NGR above \$67,204 but below \$94,086 is taxed at 57%

NGR above \$94,086 is taxed at 65%

Gaming tax on \$45,000 for the period 1 August to 10 August would be calculated as follows:

\$2,016 x 0%	=	\$0.00
(\$10,726 - \$2,016) x 27.50%	=	\$2,395.25
(\$25,403 - \$10,726) x 37.00%	=	\$5,430.49
(\$40,323 - \$25,403) x 40.91%	=	\$6,103.77
(\$45,000 - \$40,323) x 47.50%	=	<u>\$2,221.57</u>
Total gaming tax	=	\$16,151.08

## GST and gaming machines

GST is a tax payable to the Commonwealth Government and is separate from the gaming tax paid monthly to CBS. There is no GST included in the gaming tax paid monthly to CBS.

To find out how GST is calculated on gaming machines or other gambling products and how to include gambling in your BAS statements, contact the **Australian Taxation Office** on **13 28 66** or visit their website at **[www.ato.gov.au](http://www.ato.gov.au)**.

# APPENDIX 1

	Monthly NGR	Cumulative NGR	Progressive Threshold 1	NGR Below Threshold 1	Tax at 0%	Progressive Threshold 2	NGR Between Threshold 1 & Threshold 2	Tax at 27.5%	Progressive Threshold 3	NGR Between Threshold 2 & 3	Tax at 37%	Progressive Threshold 4	NGR Between Threshold 3 & 4	Tax at 40.91%
Jul	\$250,000	\$ 250,000	\$ 6,250	\$ 6,250	\$ -	\$33,250	\$ 27,000	\$7,425	\$78,750	\$45,500	\$ 16,835	\$ 125,000	\$ 46,250	\$ 18,920.88
Aug	\$250,000	\$ 500,000	\$ 12,500	\$ 12,500	\$ -	\$66,500	\$ 54,000	\$14,850	\$157,500	\$91,000	\$ 33,670	\$ 250,000	\$ 92,500	\$ 37,841.75
Sep	\$250,000	\$ 750,000	\$ 18,750	\$ 18,750	\$ -	\$99,750	\$ 81,000	\$22,275	\$236,250	\$136,500	\$ 50,505	\$ 375,000	\$ 138,750	\$ 56,762.63
Oct	\$250,000	\$1,000,000	\$ 25,000	\$ 25,000	\$ -	\$133,000	\$ 108,000	\$29,700	\$315,000	\$182,000	\$ 67,340	\$ 500,000	\$ 185,000	\$ 75,683.50
Nov	\$250,000	\$1,250,000	\$ 31,250	\$ 31,250	\$ -	\$166,250	\$ 135,000	\$37,125	\$393,750	\$227,500	\$ 84,175	\$ 625,000	\$ 231,250	\$ 94,604.38
Dec	\$250,000	\$1,500,000	\$ 37,500	\$ 37,500	\$ -	\$199,500	\$ 162,000	\$44,550	\$472,500	\$273,000	\$ 101,010	\$ 750,000	\$ 277,500	\$113,525.25
Jan	\$250,000	\$1,750,000	\$ 43,750	\$ 43,750	\$ -	\$232,750	\$ 189,000	\$51,975	\$551,250	\$318,500	\$ 117,845	\$ 875,000	\$ 323,750	\$132,446.13
Feb	\$250,000	\$2,000,000	\$ 50,000	\$ 50,000	\$ -	\$266,000	\$ 216,000	\$59,400	\$630,000	\$364,000	\$ 134,680	\$1,000,000	\$ 370,000	\$151,367.00
Mar	\$250,000	\$2,250,000	\$ 56,250	\$ 56,250	\$ -	\$299,250	\$ 243,000	\$66,825	\$708,750	\$409,500	\$ 151,515	\$1,125,000	\$ 416,250	\$170,287.88
Apr	\$250,000	\$2,500,000	\$ 62,500	\$ 62,500	\$ -	\$332,500	\$ 270,000	\$74,250	\$787,500	\$455,000	\$ 168,350	\$1,250,000	\$ 462,500	\$189,208.75
May	\$250,000	\$2,750,000	\$ 68,750	\$ 68,750	\$ -	\$365,750	\$ 297,000	\$81,675	\$866,250	\$500,500	\$ 185,185	\$1,375,000	\$ 508,750	\$208,129.63
Jun	\$250,000	\$3,000,000	\$ 75,000	\$ 75,000	\$ -	\$399,000	\$ 324,000	\$89,100	\$945,000	\$546,000	\$ 202,020	\$1,500,000	\$ 555,000	\$227,050.50
<b>Totals</b>	\$ 3,000,000		\$ 75,000			\$399,000			\$945,000			\$1,500,000		

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	Progressive Threshold 5	NGR Between Threshold 4 & 5	Tax at 47.5%	Progressive Threshold 6	NGR Between threshold 5 & 6	Tax at 57%	NGR Above Threshold 6	Tax at 65%	Cumulative tax	Tax to Date	Monthly Tax Payable
Jul	\$208,333	\$83,333	\$39,583.18	\$291,667	\$ 41,667	\$23,750.19	\$ -	\$ -	\$106,514.24	\$ -	\$106,514.24
Aug	\$416,666	\$166,666	\$79,166.35	\$583,334	\$ 83,334	\$47,500.38	\$ -	\$ -	\$213,028.48	\$106,514.24	\$106,514.24
Sep	\$625,000	\$250,000	\$118,750.00	\$875,000	\$ 125,000	\$71,250.00	\$ -	\$ -	\$319,542.63	\$213,028.48	\$106,514.15
Oct	\$833,333	\$333,333	\$158,333.18	\$1,166,667	\$ 166,667	\$95,000.19	\$ -	\$ -	\$426,056.87	\$319,542.63	\$106,514.24
Nov	\$1,041,666	\$416,666	\$197,916.35	\$1,458,334	\$ 208,334	\$118,750.38	\$ -	\$ -	\$532,571.11	\$426,056.87	\$106,514.24
Dec	\$1,250,000	\$500,000	\$237,500.00	\$1,750,000	\$ 250,000	\$142,500.00	\$ -	\$ -	\$639,085.25	\$532,571.11	\$106,514.15
Jan	\$1,458,333	\$583,333	\$277,083.18	\$2,041,667	\$ 291,667	\$166,250.19	\$ -	\$ -	\$745,599.49	\$639,085.25	\$106,514.24
Feb	\$1,666,666	\$666,666	\$316,666.35	\$2,333,334	\$ 333,334	\$190,000.38	\$ -	\$ -	\$852,113.73	\$745,599.49	\$106,514.24
Mar	\$1,875,000	\$750,000	\$356,250.00	\$2,625,000	\$ 375,000	\$213,750.00	\$ -	\$ -	\$958,627.88	\$852,113.73	\$106,514.15
Apr	\$2,083,333	\$833,333	\$395,833.18	\$2,916,667	\$ 416,667	\$237,500.19	\$ -	\$ -	\$1,065,142.12	\$958,627.88	\$106,514.24
May	\$2,291,666	\$916,666	\$435,416.35	\$3,208,334	\$ 458,334	\$261,250.38	\$ -	\$ -	\$1,171,656.36	\$1,065,142.12	\$106,514.24
Jun	\$2,500,000	\$1,000,000	\$475,000.00	\$3,500,000	\$ 500,000	\$285,000.00	\$ -	\$ -	\$1,278,170.50	\$1,171,656.36	\$106,514.15
<b>Totals</b>	\$2,500,000			\$3,500,000							\$1,278,170.50