Proposed Tax Hike Online Sportsbook in the UK

by Dong Chens

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As a good number of online sportsbook operatives are trying to go ahead and market their product in Western Europe, itâ€™s quite startling to find out that at least one of the prime online gambling operators might be making plans to leave the eastern-most part of the continent. A recognized sportsbook operator has been contemplating a move out of the United Kingdom due to unfairness issues among online gambling companies.

What the online sportsbook operator says is that he feels that his online sportsbook is unfairly being targeted with a new tax plan. There is a big inconsistency in taxation for online sportsbooks that are based within the United Kingdom, and those online sportsbook operators that are based at offshore locations, this includes an extra levy of ten percent horse racing. Figures have revealed that in the financial year gone by, online sportsbook operators based in the UK had to cough up taxes in the neighborhood of six million pound sterling, while their counterparts based in other European Union countries have avoided this drain on their revenues. This continued (and rather substantial) taxation on online bookmaking businesses in the UK could drive domestic businesses to foreign tax havens and away from British shores.

About pulling out from the United Kingdom, the online sportsbook operator has not made any firm statements or declarations, but there is a emergency plan in the operatorâ€™s possession that points to the companyâ€™s serious contemplation of moving its head office to Gibraltar. If the online sportsbook operator feels that it cannot successfully compete in a market where a majority of its rivals are not subject to the same multi-million proposed tax hike; it may be in the companyâ€™s best interests to move operations out of the United Kingdom and into Gibraltar This would turn out to be more lucrative as taxes are not levied on horse racing. Moreover, the gross profit tax is a paltry 3 percent, while the United Kingdom charges an absurd fifteen percent GPT. In June last year, one of online sportsbook operators biggest rivals, made an identical move, going all the way across Eastern Europe to set up operations in Gibraltar.

Before than the launching of the UK Gambling Commission in 2005, online sportsbooks that operated United Kingdom soil had a very firm grip on the local populace. Nonetheless, since then, more and more offshore operators are making their way into the UK market.

The smaller companies have not taken the spotlight off UKâ€™s major online sportsbooks, as the majority of customers maintain accounts with the online sportsbook in question and other companies based inside the United Kingdom.

The online sportsbook operator recently opened up an office in Dublin, Ireland and has hired about a hundred people to work for him there. This office falls outside the taxed jurisdiction, and as a result the online sportsbook gets more space to maneuver as the gambling rules continue developing. The revenue generated from online gambling taxes in the UK has already sunk from a hundred and fifteen million to seventy five million in the last two years. To keep the numbers from declining even further and crumbling a change must be made.

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