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know your limits

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By email: papers@taxreview.gov.pg

06 October 2015

Dear Sir/Madam,

***Issue Paper No. 10 – Other Indirect Taxes in PNG
Submission on Gaming Taxes in PNG***

We write in response to Issue paper No. 10, Other Indirect Taxes (the Paper), published by the Taxation Review Committee on 21 September 2015. The purpose of this paper is to respond to questions 7, 8 and 9 raised in Chapter 3 – Gambling Taxes in PNG.

Before responding to the questions, NGCB would prefer that the term “Gaming” be used as necessary instead of Gambling throughout the course of the paper. Also minor errors are noted on page 16, Table 3: Revenue from Gaming Taxes, 2000 -2014 should be changed to “2005”- 2014; figures for 2013 betting tax(b) altered to “153” and total for the same year changed to “162”. Also on page 19, Gaming Machine Act should be changed to Gaming “Control” Act in line I of paragraph 4 and on page 21, PNG Lotto should be changed to” TEXT Lotto in lines 1 & 3 of paragraph 4.

The Gaming Control Act determines the taxing arrangement of the Gaming Revenue, more so the Bookmakers Turnover Tax and Taxes on gaming machines including Betting Tax.

Question 7 – What are the benefits in expanding or maintaining the scope of bookmaking activities? What evidence is there that the existing limitations help with problem gambling?

NGCB is considering the introduction of electronic ticketing system to replace the current hand written ticketing system and it believes it will expand the betting range and increase revenue through betting taxes. Increasing tax on betting tickets or bets on gaming machines though, will not deter gamblers from gambling. NGCB has increased bets on gaming machines three times from K5 to K20 to K50 to K100 per play with the intention to deter gamblers, especially low income wage earners but such has not been the case.

The introduction of electronic ticketing system should pave the way forward to do away with the stamp duty (4%) on betting tickets and adjust the turnover tax to 8% to have the one bookmakers betting tax.

In regards to problem gambling, NGCB is looking at ways through research and program development to place more emphasis in addressing the problem gambling issue.

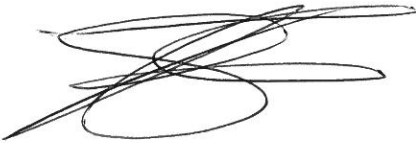
Question 8 - Does internet gambling raise any issues? Will this become a problem in future? What are the issues around collecting tax from overseas providers?

Internet gambling is a growing trend through the world however it is not as big in Papua New Guinea and NGCB currently is not focused on. Any issues in regards to this gaming activity and issues around collecting taxes from provides should be addressed by Legislation and Regulation.

Question 9 - Should the current arrangement of earmarking tax for specific purposes be replaced by a system of allocating funding through the budget process? What would be the advantage and disadvantage of this approach?

NGCB believes that the current arrangement be maintained. Although NGCB is a Government body, it operates as a business arm and is required to attend to issues especially in the area of gaming machines as and when required. Funds therefore must be readily available for its operational requirements. Community Benefit Fund is a way for Government to give back to the community and its people of Papua New Guinea. This is being done through the NGCB's give back program. It is also used for the conduct of research into gambling problems and development of programs and awareness on problem gambling.

Yours faithfully,

A handwritten signature in black ink, consisting of several overlapping loops and lines, positioned above the typed name.

Imelda Agon
Acting Chief Executive Officer