

## CMS România | Significant tax increases for gambling operators in the Romanian market



**Romania's Emergency Government Ordinance no. 82/2023 (EGO no. 82/2023), which was adopted on 5 October and amends Emergency Government Ordinance no. 77/2009 on the organisation and exploitation of games of chance, brings significant tax increases, not only for online gambling operators, but also for all industry stakeholders. These stakeholders include both land-based and online gambling operators, and all providers of ancillary services to the gambling industry, such as platform management providers, payment processors, software developers, affiliates, auditors, etc.**

The following article describes the tax increases created by EGO no. 82/2023.

### **Annual licence fees**

The annual licence fees for gambling operators have increased as follows:

- ◆ For lottery games: EUR 200,000 (from EUR 135,000, an increase of over 48%).
- ◆ For mutual bets: EUR 65,000 (from EUR 54,000, an increase of over 20%).
- ◆ For fixed-odds bets: EUR 200,000 (from EUR 100,000, an increase of 100%).
- ◆ For counterpart bets: EUR 150,000 (from EUR 100,000, an increase of 50%).
- ◆ For casino-type games: EUR 150,000 (from EUR 115,000, an increase of over 30%).
- ◆ For club poker games: EUR 25,000 (from EUR 17,500, an increase of over 42%).
- ◆ For slot-machine games: EUR 150,000 (from EUR 75,000, an increase of 100%).
- ◆ For bingo games conducted in gaming halls: EUR 15,000 (from EUR 11,500, an increase of over 30%).
- ◆ For bingo games organised through television network systems: EUR 150,000 (from EUR 90,000, an increase of over 66%).
- ◆ For online gambling:
  - Class 1 licence fee for online gambling is now EUR 300,000 per year. Previously, this fee was calculated based on turnover and varied, with five payment levels ranging from EUR 15,600 per year (for turnover up to EUR 500,000 per year) to EUR 312,000 per year (for turnover over EUR 10 million per year). Essentially, this represents a substantial increase, especially for smaller operators, while larger operators could mathematically benefit from a discount. The increase can be over ten times in some cases for smaller operators.
  - Class 2 licence fee for providers of ancillary services to the gambling industry has increased from EUR 9,500 per year to EUR 20,000 per year, a significant increase of over 110%.
  - Class 3 licence fee (for remote lotteries, a state monopoly) has increased to EUR 200,000 (increased from EUR 150,000, which is approximately 33.33%).
- ◆ For poker festivals: EUR 20,000 (from EUR 10,000).

- ◆ For temporary casino games (valid for three months): EUR 27,500 (from EUR 25,000).
- ◆ For traditional tombola games: EUR 20,000 (from EUR 15,000).
- ◆ For traditional video-lottery games: EUR 100,000 (from EUR 60,000).

## **Annual authorisation fees**

The annual authorisation fees for gambling operators have increased as follows:

- ◆ For traditional lottery games: EUR 300,000 (from EUR 200,000, a significant increase of 50%).
  - ◆ For traditional mutual bets: 21% of the gaming revenue, but not less than EUR 120,000 (from EUR 100,000).
  - ◆ For traditional fixed-odds bets: 21% of the gaming revenue, but not less than EUR 200,000 (from 18% and EUR 100,000).
  - ◆ For traditional counterpart bets: 21% of the gaming revenue, but not less than EUR 200,000 (from EUR 100,000, an increase of 100%).
  - ◆ For casino-type games:
    - For each table in Bucharest: EUR 70,000 (from EUR 65,000).
    - For each table in locations other than Bucharest: EUR 40,000 (from EUR 35,000).
  - ◆ For poker clubs:
    - For each location in Bucharest: EUR 82,500 (from EUR 75,000).
    - For each location in locations other than Bucharest: EUR 38,500 (from EUR 35,000).
  - ◆ For each class A slot-machine: EUR 5,300 (from EUR 4,600).
  - ◆ For bingo games conducted in gaming halls: EUR 7,500 per hall (from EUR 7,000), as well as 5% of the nominal value of cards purchased from the National Company "Imprimeria Națională" S.A., paid in advance to the State Treasury, with a treasury-validated payment order when cards are collected.
  - ◆ For bingo games organised through television network systems: 23% of the gaming revenue, but not less than EUR 150,000 (from EUR 130,000).
  - ◆ For Class 1 licensed online gambling: 21% of the gaming revenue, but not less than EUR 400,000 (from 23% and minimum EUR 120,000). This is a slight reduction in the annual authorisation fee which benefits online gambling operators with high revenues.
  - ◆ For remote class 3 gambling: 21% of the gaming revenue, but not less than EUR 400,000 (from 23% and EUR 115,000).
  - ◆ For poker festivals: EUR 35,000 (from EUR 25,000, representing an increase of 40%).
- For temporary casino games (valid for three months): EUR 22,000 per table (from EUR 20,000).
- ◆ For traditional tombola games: EUR 85,000 for each location where traditional tombola games are organised and operated (from EUR 75,000), as well as 5% of the nominal value of participation tickets purchased from the National Company "Imprimeria Națională" S.A., paid in advance to the state treasury, with a treasury-validated payment order when tickets are collected.

## **Annual responsible gambling tax**

Class I licensed online gambling operators must now pay EUR 500,000 annually, instead of EUR 5,000. This is one of the most significant changes for the online gambling industry brought by the new legislation.

Class I licensed land-based gambling operators were not spared either. Prior to EGO no. 82/2023 they were obliged to pay EUR 1,000 annually as responsible gambling tax. With the new changes, they must pay responsible gambling tax at the following increased levels:

- ◆ For lottery games: EUR 200,000 annually (a 20000% increase).
- ◆ For video-lottery games: EUR 100 per device annually.
- ◆ For mutual bets: EUR 50,000 annually (a 5000% increase).
- ◆ For fixed-odds bets: EUR 200,000 annually (a 20000% increase).
- ◆ For counterpart bets: EUR 100,000 annually (a 10000% increase).
- ◆ For casino characteristic games: EUR 4,000 annually for each gaming table.
- ◆ For poker club games: EUR 5,000 annually for each club.
- ◆ For slot-machine games, it will be introduced in phases as follows:
  - EUR 300 per authorised slot in the year 2024.
  - EUR 500 per authorised slot in the year 2025 and subsequent years.
- ◆ For bingo games conducted in gaming halls: EUR 5,000 annually.
- ◆ For bingo games organised through television network systems: EUR 500,000 annually.
- ◆ Class II licensed entities (providers of ancillary services to the gambling industry, such as platform management providers, payment processors, software developers, affiliates, auditors, etc.) must now pay EUR 15,000 annually, instead of EUR 1,000. Providers of state monopoly class III remote games must now pay EUR 100,000 annually, instead of EUR 5,000.

### **Special taxes and other administrative fees**

The special tax for video-lottery (VLT) has increased from 3% to 4.5% applied to the operator's gaming revenue, representing an increase of 50%.

As for administrative fees:

- ◆ Documentation analysis fee has increased from EUR 3,000 to EUR 3,500.
- ◆ Licence issuance fee has increased from EUR 9,500 to EUR 10,500 per licence.
- ◆ Documentation analysis fee for traditional gambling licence application has increased from EUR 500 to EUR 600.
- ◆ Documentation analysis fee for traditional gambling authorisation application has increased from EUR 150 to EUR 250.
- ◆ Documentation analysis fee for new game integration/recertification on an authorised remote gaming platform has increased from EUR 150 to EUR 250.

### **Guarantees securing the risk of non-payment**

Another significant change brought about by EGO no. 82/2023 is in the calculation method of the guarantee which gambling operators must provide to secure their various obligations towards the State budget. The new calculation method effectively leads to an increase in guarantees for covering the risk of non-payment by operators.

- ◆ For traditional gaming activities, except casinos, the calculation for 2024 will be based on the organiser's revenue level, as follows:
  - at a revenue level of up to EUR 5 million per year, the guarantee will be EUR 500,000.
  - at a revenue level between EUR 5,000,001 and EUR 20 million per year, the guarantee will be EUR 800,000.
  - at a revenue level exceeding EUR 20,000,001 per year, the guarantee will be EUR 1 million.

For this category of operators, starting 1 January 2025, the guarantee will be of EUR 1 million,

regardless of the operator's revenue level.

- ◆ A guarantee of EUR 10,000 for each gaming table within the casino, but not exceeding EUR 175,000 for a single organiser, including for temporary gambling activities also applies.
- ◆ There is also a guarantee of EUR 3 million for traditional tombola game activities.
- ◆ For online gambling activities, except online casinos, the guarantee for 2024 is calculated based on the organiser's revenue level, as follows:
  - For a revenue level of up to EUR 5 million per year, the guarantee will be EUR 500,000.
  - For a revenue level between EUR 5,000,001 and EUR 20 million per year, the guarantee is EUR 1 million.
  - For a revenue level exceeding EUR 20,000,001 per year, the guarantee is EUR 2 million.

For this category of operators, starting 1 January 2025, the guarantee will be EUR 2 million, regardless of the operator's revenue level.

- ◆ For online casino activities, the guarantee for 2024 is calculated based on the organiser's revenue level, as follows:
  - At a revenue level of up to EUR 5,000,000 per year, the guarantee is EUR 1 million.
  - At a revenue level between EUR 5,000,001 and EUR 20 million per year, the guarantee is EUR 2 million.
  - At a revenue level exceeding EUR 20,000,001 per year, the guarantee is EUR 5 million.

For this category of operators, starting 1 January 2025, the guarantee is EUR 5 million, regardless of the operator's revenue level. For context, before the changes brought by EGO no. 82/2023, the guarantee required for online casino games was EUR 100,000 (compared to the level that will be applicable starting 1 January 2025, which represents an increase of 5000%).

As a novelty, EGO no. 82/2023 introduces surety insurance as a new method through which the obligation to provide adequate guarantees can be satisfied. Prior to these changes, the guarantee could be set up only in the form of a bank letter of guarantee.

EGO 82/2023 was published in the Official Gazette on 6 October 2023 and entered into force on the same date. Although EGO no. 82/2023 must be approved by Parliament, its effectiveness and enforceability will not be delayed pending this approval.

For more on the changes EGO no. 82/2023 brings to the regulatory regime, see this Law-Now article (<https://cms-lawnow.com/en/ealerts/2023/10/romania-issues-draft-emergency-ordinance-that-could-significantly-impact-gambling-industry>). For specific information on online gambling operators, see this Law-Now (<https://cms-lawnow.com/en/ealerts/2023/10/romania-changes-rules-for-online-gambling-operators>).

For precise information and guidance on how the changes brought about by EGO no. 82/2023 could impact your business, contact your CMS client partner or local CMS experts **Cristina Popescu** and **Sorin Predescu**.