

South Australian Gambling Policy – Gaming Tax



Under section 72 of the *Gaming Machines Act 1992* different tax rates are applied to gaming machine revenue depending on whether the gaming venue is a hotel or a club

Gaming Tax

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

Net Gambling Revenue (NGR) 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).

Accounts and lodging returns

Licensees don't have to lodge paper returns to CBS. However, under section 73 of the *Gaming Machines Act 1992* (the Act) a licensee must keep proper 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 NGR. Records must also be made available for inspection on request by a CBS inspector.

Key Points

- Net Gambling Revenue (NGR) is the total amount of all bets made on gaming machines less the total amount of prizes won
- The total Net Gambling Revenue (NGR) from South Australian Hotels and Clubs for 2021/22 was \$831.12 million
- The total amount of gaming tax paid by South Australian Hotels and Clubs for 2021/22 was \$356.23 million
- The average amount of Net Gambling Revenue (NGR) per venue for 2021/22 was \$1.710 million

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 gaming tax to pay

Gaming tax can only be paid via electronic funds transfer (EFT).

Direct debit request forms can be downloaded from the [Gaming page](#) at www.sa.gov.au/gambling. Completed direct debit request forms should be emailed to gamblingadministration@sa.gov.au.

The nominated account will be debited by CBS on the 7th day of each month. If the 7th day of the month falls on a weekend or public holiday, gaming tax will be collected on the next business day.

Licensees should ensure that there are sufficient funds in the nominated account to cover the **full** amount of gaming tax to be debited. **Only one** attempt will be made to direct debit an account. Accounts cannot be debited for part amounts. Unpaid amounts will be considered an outstanding liability.

Nominated accounts cannot be debited twice for the same month. Unpaid gaming tax will need to be paid directly to CBS by EFT within **7 days** after the attempted direct debit from the nominated account, otherwise a fine will be incurred.

Closing bank accounts

The licensee must notify CBS of any changes to the financial institution or nominated account 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.

The licensee should ensure that the account and BSB number being provided is correct.

Please note that direct debiting is not available on a full range of accounts. Credit union cheques may not show their own BSB number. Check with the credit union for the correct BSB number to use for direct debit.

Separate business accounts

While many licensees choose to have a separate business account for the direct debit of gaming tax it is not required.

The licensee can use the same account with a financial institution for both gaming and general business.

Penalties apply 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 direct 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 direct debit, the gaming machine licence may be suspended until the full amount is paid, meaning that gaming machine operations would cease.

In these circumstances, a notice will be sent to the licensee informing them of the licence suspension and the gaming machines will be 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, the Commissioner may impose any of the following:

- a reprimand;
- make 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 to show why disciplinary action should not proceed.

Banknote acceptors and Ticket-in Ticket-Out (TITO)

As gaming tax is based on NGR, the actual amount of money (either in coin or banknote) or cash value of tickets inserted or redeemed by players on gaming machines on the licensed premises is not included as part of the calculation of gaming tax.

However, all metering information (coin, banknote and ticket included) is available to licensees through the IGC Portal at www.igcportal.igcltd.com.au. The Portal also has an estimated tax report that licensees can access prior to gaming tax being direct debited from their account.

Unredeemed TITO tickets

The TITO system will not allow a ticket issued by a gaming machine to be redeemed for credit on another gaming machine once 30 days from the date of issue of the ticket has elapsed.

The TITO system will also not allow a ticket to be redeemed for cash once 12 months from the date of issue of the ticket has elapsed as the ticket will have expired.

Through the IGC Portal, licensees are able to monitor the details of any unclaimed TITO tickets.

Gaming tax rates

Annual calculation

Gaming tax is calculated as a percentage of annual NGR. It's a marginal tax rate system where a different rate of tax applies depending on the level of NGR, meaning as NGR rises it is taxed at a higher rate. It is important to note however, that NGR is not all taxed at one rate but rather various rates as it moves across the marginal tax rate schedule.

There are also different rates of gaming tax for hotels and clubs. The following tables show the marginal tax rates that apply to hotels and clubs for gaming tax.

Non-profit businesses (typically clubs and community hotels)

Annual NGR	Gaming Tax
\$0 - \$75,000	0%
\$75,001 - \$399,000	21%
\$399,001 - \$945,000	\$68,040 plus 28.5% of excess NGR over \$399,000
\$945,001 - \$1,500,000	\$223,650 plus 30.91% of excess NGR over \$945,000
\$1,500,001 - \$2,500,000	\$395,200 plus 37.5% of excess NGR over \$1,500,000
\$2,500,001 - \$3,500,000	\$770,200 plus 47% of excess NGR over \$2,500,000
Above \$3,500,000	\$1,240,200.50 plus 55% of excess NGR over \$3,500,000

A **non-profit business** means a business carried out under a gaming machine licence, 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.

Other than non-profit businesses (typically hotels)

Annual NGR	Gaming Tax
\$0 - \$75,000	0%
\$75,001 - \$399,000	27.5%
\$399,001 - \$945,000	\$89,100 plus 37% of excess NGR over \$399,000
\$945,001 - \$1,500,000	\$291,120 plus 40.91% 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
\$2,500,001 - \$3,500,000	\$993,170.50 plus 57% of excess NGR over \$2,500,000
Above \$3,500,000	\$1,563,170.50 plus 65% of excess NGR over \$3,500,000

Monthly calculation

It is important to note that while gaming tax is based on the annual NGR for the financial year, it is actually calculated and collected by CBS 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 (see **Appendix 1** for an example of a hotel with an annual NGR of \$3,000,000).

When a licence is not held for a full month

Gaming tax can only be collected by CBS from the person who held the gaming machine licence on the last day of the month.

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

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

The licensee, or authorised representative, may obtain the amount of NGR for the relevant period by contacting IGC (www.igcltd.com.au).

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 example indicates the method that can be used to calculate gaming tax for a part month.

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 component 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.

Example

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

Monthly marginal tax rate thresholds are: \$6250, \$33,250, \$78,750, \$125,000, \$208,333 and \$291,667 (i.e. annual marginal tax rate 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 10th day of the month, the calculation 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

Further information

In December 2020, new legislative and regulatory requirements came into effect as part of a package of significant gambling reforms. Licensees are encouraged to visit the CBS website at cbs.sa.gov.au which is regularly updated with important information for consumers, traders and businesses living and working in South Australia.

For industry advice, representation or advocacy, gaming machine licence holders should contact their relevant industry body.

For any queries regarding the amount of gaming tax or any fines for not paying gaming tax, contact CBS on 131 882 or by email at gamblingadministration@sa.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
Totals	\$ 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
Totals	\$2,500,000			\$3,500,000							\$1,278,170.50