

Czech Republic Senate Backs Gambling Reforms

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The Czech Senate has approved a progressive package of bills that will regulate online gambling and permit international operators to enter the market, with licence applications expected to be considered as soon as this summer.

The government said that the new laws will replace the “totally inadequate and outdated Gambling Act of 1990” and modernise the gambling market in the country.

Online gambling is currently only partially regulated in the Czech Republic, but the new legislation, which was resoundingly approved in the Senate, will allow EU firms to apply for an online licence to operate sports betting, casino games and card games.

Tax rates for gambling were confirmed at 23 percent of gross gaming revenue (GGR) for all games apart from “technical games”, such as video lottery terminals, which will be taxed 35 percent of GGR.

The tax rates were scaled back before a [vote in the lower house](#) of the parliament took place in April.

The new law will not enter into force until January 1, 2017, but the Ministry of Finance said that operators will be able to submit their applications once the legislation has been signed off by the country’s President and published in the official gazette. President Miloš Zeman, a former Prime Minister, now has 30 days in which to sign the bill into law.

Jan Kozubek, a lawyer at Prague-based Becker & Poliakoff, said the the Ministry of Finance is now finalising the secondary legislation which will be published soon.

A controversial provision to allow the ISP and payment blocking of unlicensed operators was welcomed by the incumbent licensees in the country who have used their lobbying muscle to call for action to limit the illegal online market.

Petr Knybel, chief executive of Tipsport, one of the largest Czech bookmakers, said that the blocking measures were the most important part of the new law and stressed they would be vital for ensuring the protection of the legal market.

The ministry said it had looked at other European jurisdictions including Italy, Denmark and Belgium where blocking measures and blacklists have been in force for years.

It said: “We believe that, as in these countries, most foreign operators will take the possibility to obtain a license and operate legally and that the number of blocked sites will be around the same as in Denmark,

where only 12 sites are blocked.”

The ministry said that the blocking of websites will only take place in “extreme places” and only after discussions with gambling operators have taken place.

Regulatory powers will be transferred from the Ministry of Finance to the Customs Administration; at the same time it will also be granted greater controls to supervise the market.

A central information system will be set up to allow the regulator to monitor the financial data from gaming machines and online gambling to prevent money laundering.

A self-exclusion register will be established and optional time and spending limits will also be launched.

As well as regulating the online gambling sector, the bills include reforms for the casino and slot machine industry.

Municipalities will be given greater powers to license and regulate video lottery terminals in their local areas.

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