

Legal Battles Could Follow Contentious Czech Lottery Law Changes

14 Aug, 2014

[Mark Taylor, GamblingCompliance](#) [1]

Delays to the implementation of a new lottery law in the Czech Republic have triggered anger from machine suppliers amid claims legal battles could quickly follow legislation.

The European Commission has been [notified of a draft law of amendments](#) [2] outlining new proposals for lotteries and other similar games.

The standstill period for consultation responses ended on July 27, but the European Union has ordered an [extension of the suspension of legislative work until October](#) [3].

SPELOS, the largest professional association of lottery companies in the Czech Republic, blamed behind-the-scenes political pressure for the pause and queried the need for extra amendments.

It said the entire process of creating a new gambling bill for the country should start over.

A spokesman said: "SPELOS again appeals to those in power that short-term measures do not solve anything.

"The new bill should, after due consultation and expert discussion, set clear, transparent and long-term rules for the operation of the lottery industry in the Czech Republic and solve a pressing problem of illegal lottery operators and related games causing billions of crowns to leave the country through means of tax evasion."

SPELOS has [started a petition](#) [4] denouncing the proposed gambling bill, claiming it will only help unregulated operators exploit gaps in the market and could result in the loss of 60,000 gambling industry jobs.

The amendments to the lottery laws, announced in April, would unify the technical conditions for gaming machines and video lottery terminals (VLTs) and introduce time and spending limits.

VLTs are the most popular game in the Czech Republic and the government wants to introduce a level of self-government for local authorities over licensing.

Slot machine operators are currently dependent on local authority approval to operate VLTs, but the process of revoking a licence has to be done by the Ministry of Finance.

As a result, the government is attempting to speed up the lengthy process.

Legal experts warn this could lead to precarious wrangles given the unstable nature of municipal power in the country.

Jan Kozubek, attorney at the Prague office of law firm Becker and Poliakoff, told GamblingCompliance: "Of course, operators who run the terminals are not happy, it will have an impact on their profit.

"From a legal point of view it is not easy or clear; if you are allowed to open a casino in a village, you invest a few millions of crowns, you have intentions of staying here for maybe five or ten years.

"Then there is a change in elections, a new deputy governs the municipality, and they say 'no we don't want a casino here'."

He added that new legislation could be adopted that would damage company's investments.

"It is very delicate, not so easy and there might even be some lawsuits to protect investments."

A separate set of gambling laws that included the regulation of online gambling was also [announced in April last year](#) [5].

The Ministry of Finance said it would "legalise, tax and properly regulate online gambling operators" in the country for the first time.

Government figures estimate the alterations could generate an extra CZK716m (€26m) a year to the state coffers.

Kozubek said: "A completely new gambling act is being prepared, it is difficult to say if it will be in place in one or two years.

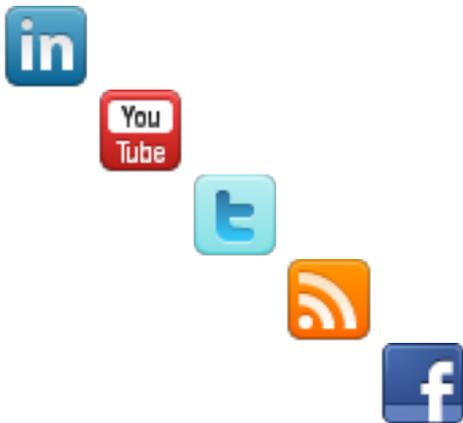
"There is likely to be more discussions, and once cleared and approved by the European Commission it can then be discussed in parliament.

"This could take another six months, and it is a big change for video operators."

The Czech Republic was one of [several countries chastised by the European Commission](#) [6] via a formal notice in November last year.

The commission demanded more information on the country's legislation which restricts the supply of certain gambling services and wanted to verify if the measures were compatible with EU law.

Political unrest and the government's resignation [hindered adoption of the much-anticipated bill](#) [7] last year.



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