

To the Department of Finance,

Ladbrokes Coral Group is a leading multi-channel betting and gaming business with an extensive reach and an international presence across the world. Our brands have a rich heritage and aspire to be the number one choice for customers. We understand and place real value on the importance of responsible gambling and treating our customers fairly. Our business has grown by always trying to give our customers the best experience we can, no matter when, where or how they choose to interact with us. Ladbrokes Coral Group has previously and will continue to, contribute to the development of gambling regulation in any territory where our group operates. We are committed to doing all that we reasonably can to encourage customers to gamble responsibly and to ensure those who develop gambling problems get the help they need. Key to this is being a company customers can trust.

We acknowledge that, as a global operator, we have an obligation to ensure that we also do our part to protect the integrity of sport and betting, through working with the various sports governing bodies, regulatory authorities and law enforcement agencies throughout the countries in which we operate.

Ultimately we would like to continue to offer our services and experience to customers in Sweden and we welcome the opportunity to contribute to this forum and support the re-regulation of the Swedish market as per the proposals detailed by the Government Committee of Enquiry (<https://www.lotteriinspektionen.se/en/press-contact/notes-archive/government-committee-of-inquiry/>).

Having reviewed the English summary of the proposed changes, we would kindly like to offer the points below for consideration:

### Betting Exchanges

We note there is no explicit reference to the Exchange product within the English summary. We currently operate an exchange product on our site. We are regulated in terms of this product via our licences in the UK and Gibraltar. Both regulators have set a high standard for the effective taxation and regulation of this service. In particular, the following items are very important for the efficient and economical running of a taxed, regulated exchange in our view:

- Gross Profits tax - not turnover tax - i.e. a tax on commissions earned as this is how an exchange derives its revenue - it derives no revenues from stake and because volumes are calculated on back and lay, a tax on turnover would be extremely large and have no bearing on the actual revenues earned
- Full international liquidity - There should be no provision on restricting who can match bets on the exchange
- No technical restrictions - We have encountered issues in the past with onerous requirements from territories to have servers placed in the territory and require regulators to have full access to the information flowing through the exchange - this can be very restrictive
- No Market restrictions - Some territories can place restrictions on the type of sports betting markets offered - e.g. Portugal preventing horse racing - For the most part, we

would be concerned if there were any restrictions of this kind as it could have a direct impact on the economic value of the market

## **Proposed Tax Regime**

We would like to make the following suggestions and comments pertaining to the tax regime proposed.

- We support the proposal for the tax base to be, in the terms of the Inquiry document "net gambling revenue", which is defined as "profit after paid winnings". Our experience in other markets shows us that where governments have sought to tax gambling products on a different basis to profits (for example, stakes or turnover), this often results in the services becoming uneconomic and results in withdrawal of services from the market, which reduces choice and value for consumers and results in a loss of revenue for governments. This is particularly problematic for exchange products because of the unique way in which they generate their return through commission payments but it also affects other products too, particularly where margins are small. We therefore welcome the proposal for a profits basis.
- In our view, the proposed tax rate of 18% is excessive and the Swedish government should look to the example set by other, longer-established regimes, like the UK, where the tax rate is 15%. We would consider a tax rate of up to 15% of profits strikes a fair balance between generating revenue for the government whilst maintaining the financial incentives for operators to continue to provide their services and to continue to innovate and provide better services to customers in the future, as well as supporting the Swedish government's objective of channelling customers towards safe and controlled gambling services.
- It should be noted that the Inquiry recognises the high standard in player protection established by the UK regime and we note that the highest tax rate on online gambling services in the UK is 15%.

**Yours faithfully**

**Ladbrokes Coral Group PLC**