



TOTE BETTING AND HORSE RACING: TAX, RESPONSIBLE GAMBLING, AND THE CONTRIBUTION TO SOCIETY

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Tote Betting and Horse Racing: Tax, Responsible Gambling, and Contributions to Society

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Executive Summary & Recommendations

- Tote betting on horse racing is very different from other forms of gambling. It makes a significant contribution to society, poses a lower risk to consumers, and should be treated differently from other gambling types.
- Tote betting is inherently different from fixed odds betting. Profits for a tote operator are not based on customers losing but on a pool of betting from which customers share the winnings, and the tote operator takes only a commission.
- Tote betting is fundamental to the economic structure of horse racing around the world. As a sport and leisure activity, horse racing has a major positive economic impact that generates several hundred billion dollars in gross domestic product (GDP) and involves the employment of over two million people around the world.
- Tote betting suffers from a structural tax problem in most countries, being taxed at the same level as other forms of gambling that pose a higher risk to consumers and make a smaller contribution to horse racing and society as a whole.
- Increasing the taxation rate on betting, especially tote betting, does not inversely reduce problem gambling, as consumers are driven to illegal betting markets, where there are no responsible gambling measures in place.
- Due to relatively high levels of tax in some countries, tote betting is prevented from competing effectively against online illegal betting operators as well as offshore bookmakers who pay no tax to governments and make no financial contribution to horse racing.

If horse racing is to survive as a sport, it is essential that tote betting be differentiated from other forms of gambling in national policies. The main recommendation from this report is that different forms of gambling should be taxed at different rates. In the case of tote betting, the tax rate should be lower to reflect lower harm levels and the sector's contribution to horse racing and society as a whole.

Introduction

Horse racing and other equine sports have been an integral part of most societies around the world for thousands of years, with humans and horses racing for the joy of running and for competition. Horse races were included in the ancient Olympic Games, which commenced in 776 BC. There are now racecourses around the world that draw huge crowds for major races and on which people wager on the outcome. Betting on horse racing is also ancient, with wagering being a recorded part of horse races in ancient China as well as Rome.

'Tote betting', or 'pari-mutuel betting', has long been associated with horse racing. Tote betting was established in the 19th century and involves all the amounts bet combined in a pool, from which the operator takes a cut. The odds are then calculated based on the proportions wagered on each outcome. Totalisator odds are different from fixed odds in that they are not set until the race begins, bets are no longer accepted, and the total amount in the pool is finalised.

In many countries around the world, tote operators provide core financial support to sustain horse racing. Horse racing is a high-cost and capital-intensive sport to organise and operate and requires considerable sustainable funding to survive. The development of horse racing has been achieved by the long-term historical relationship between the sport and betting, which has become a major funding mechanism.



The sustainability of horse racing in many countries is dependent upon levies on bets that are paid to stakeholders in the sport. Totes provide a positive return to society through these levies, in support of the sustainability of racing, the welfare of horses, and employment for over two million people involved in the sport around the world. As a result, totes provide a positive return to society, both in financial support of the continuation of horse racing and employment for people involved in the sport.

The funding model for horse racing is fundamentally different from that of most other sports. Horse racing relies in most countries on betting on the sport, usually via totes. Most other sports, such as football and basketball, are funded largely by the sale of sports media rights (for televised broadcast), which in 2023 reached a global value of almost US\$56 billion (€51.1bn/£44.7bn) in 2023.¹

This model of tote betting supporting horse racing has been enshrined in legislation in some countries, indicating its importance to the economy and society. A levy on betting operators to fund horse racing has also been recognised by the European Commission as compatible with the European Union's internal market under the common rules on competition.

Crucially, betting on horse racing and the sport of racing itself are becoming increasingly highly internationalised due to the growth of internet betting markets and the expansion of the international racing 'circuit' between competitions at leading racecourses.

This international growth should be recognised by allowing appropriate taxation on the different forms of legal licensed betting products to ensure that this growing consumer interest is not diverted to illegal betting markets.

However, in most countries, tote betting operators are regulated and taxed at the same rate as all other commercial betting operators, many of which make a smaller contribution to horse racing or to society. **If horse racing is to survive as a sport, it is essential that tote betting be differentiated from other forms of gambling in national policies.** Taxation levels should therefore be structured so that totes can operate competitively in markets and help provide funding for horse racing.

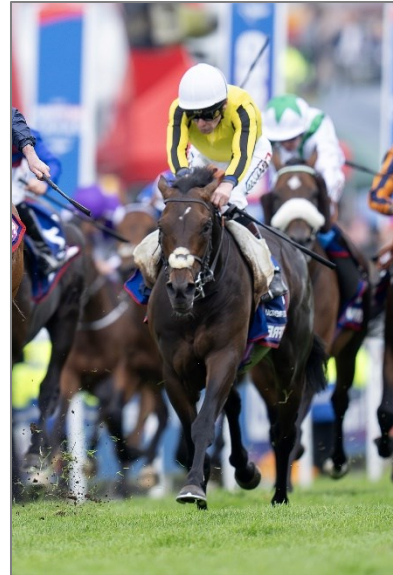
This report contains a review of 77 jurisdictions (at national and sub-national levels, such as states) to assess the levels of tax imposed on betting on racing and other forms of gambling. Although tax structures vary, 25 of the jurisdictions impose the same tax level on betting on racing and other forms of gambling. Only six jurisdictions impose a higher tax level on other forms of gambling than on betting on horse racing.

This report concludes that higher tax on tote betting than on games of chance (such as online casino games) leads to pressure on competitiveness for a higher takeout

¹ Sport Business, [Global Value of Sports Media Rights Nears \\$56bn, SportBusiness Report Reveals](#), 22 November 2023

rate (for totalisator operators), which results in higher prices passed on to customers, leading more customers to migrate to illegal betting markets where prices (odds) are of better value because operators do not pay any tax.² This leads to a consequent decrease in legal betting with licensed operators, decreased taxation, decreased contributions to the sport of horse racing, and an increase in consumers betting illegally. This situation is illustrated by a 'Laffer curve' (see page 26), which shows that as the tax rate is increased, the tax revenue decreases; however, illegal betting also increases and, consequently, so also does harmful gambling and challenges to the sport's integrity.

If the contribution of tote betting to horse racing, and society as a whole, is not appropriately recognised in tax levels and gambling regulation, over time, revenue from this sector will potentially decline and, consequently, so will the critical funding the sector provides for horse racing. This decline creates a vicious circle with a decrease in horse racing betting turnover, leading to a reduction in prize money distributed at races. This cascade will continue with a decrease in top quality runners, a decrease in the quality of racing and closing of racecourses, a reduction in participant numbers, and a decrease in the number of betting customers. These will lead to a further reduction in betting turnover and betting contribution to horse racing funding and, eventually, a decrease in the number of employees in the horse racing sector.



An appropriately structured tax on tote betting has a positive societal impact. It helps support a huge equine sports sector while channelling legal gambling demand responsibly and maximising taxation revenue for governments. Excessive taxation of tote betting contributes to driving consumers to illegal betting markets, where there are no consumer protections.

In addition, games of skill, such as betting on horse racing, pose a lower risk than more repetitive games of chance (particularly online casino games). Online casino gambling games are not only games of chance, but they operate at a far higher speed than betting on racing, often with only 30 seconds or less between games.

It is widely accepted, but still not evidenced as well as it could be, that certain forms of gambling have a stronger association with gambling problems than others. Games of pure chance, such as lotteries and gambling machines and roulettes, differ from games with a skill factor, such as betting on horse racing. This area deserves more attention from regulators around the world.

² Asian Racing Federation, Council on Anti-Illegal Betting & Related Financial Crime, [Variable Betting Duty & the Impact on Turnover, Illegal Betting & Taxation Revenues](#) November 2023

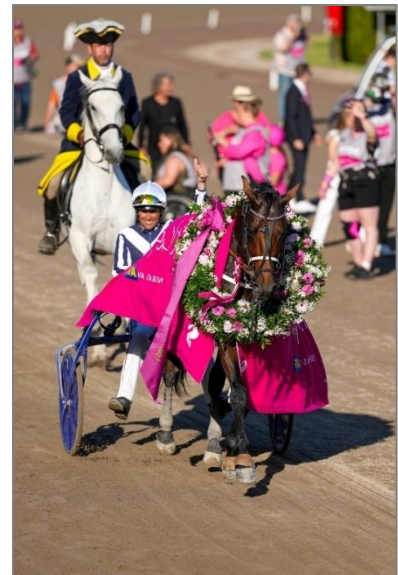
I – Tote Betting and Horse Racing Contribution to Society

Totes are inherently connected to the sport of horse racing and provide core financial support to sustain horse racing in the vast majority of successful racing jurisdictions around the world. The sustainability of horse racing in many countries is dependent upon levies on bets that are paid to participants in the sport, primarily through prize money. Through this mechanism, totes provide a positive return to society, and in particular horse racing, which is an industry offering employment to over two million people around the world.

In Asia, thoroughbred racing was estimated to have had an economic impact of US\$26.9 billion in GDP in 2018/19, with over 150,000 horses supporting over 570,000 jobs in the region.³ In Europe, horse racing is an important sector involving 170,000 race horses, which was estimated to have an economic impact of €6 billion in 2009. Horse racing also plays a critical role in countryside preservation, with 4% of European agricultural land dedicated to horse breeding.

The positive economic impact of horse racing has developed even further since the 2009 data. The European & Mediterranean Horseracing Federation (EMHF) currently estimates that in the region covered by its members, the 350 racecourses involve 28,077 races run each year. These races generate direct employment of 155,000 jobs, a total annual betting activity of €35 billion, and an annual economic impact of €21.8 billion.⁴

In addition, European regions benefit from horse-related activities (e.g. Basse Normandie, County Kildare, and Newmarket), with races considered as events of national importance bringing together spectators from all ages and genders with a positive impact on other equestrian competition and activities.⁵



In South America, there were around 25,000 races involving almost 30,000 horses in 2006, creating employment for 250,000 people.⁶ In the USA, the economic impact of the equine industry (including horse racing) was assessed to be US\$177 billion in 2023, with 6.6 million horses supporting 2.2 million jobs.⁷

³ Asian Racing Federation, [Thoroughbred Racing in ARF Jurisdictions: An Economic and Social Impact Assessment](#), 2020

⁴ EMHF, [Statistics](#)

⁵ European Pari Mutuel Association, [Economic and Social Contribution of Horseracing in Europe](#), 2009

⁶ International Federation of Horseracing Authorities, 2007

⁷ American Horse Council, January 2024

Not only does horseracing contribute economically, but it also serves as a tool for social cohesion and integration. Betting on horse racing is often an extremely social activity, as demonstrated by an analysis of French betting customers' behaviour: two thirds have been introduced into the sport by friends or relatives, and more than half bet in groups. Horse racing attracts people, independent of social class, age, or gender.⁸

Betting remains the core component of horse racing funding, accounting for 65% of the financing. Moreover, the health of the horse racing sector strongly relies on betting turnover, as a clear correlation has been shown to exist across 10 European countries between direct employment in the horse racing sector and horse betting turnover. Tote betting contributes much more than the other betting models to the financing of horse racing.⁹

An analysis by McKinsey & Company in 2009 illustrated that the European tote betting operators' direct contribution to horse racing funding is higher than their relative market share. **Despite having 43% of betting stakes on racing, tote operators contributed 84% of direct betting funding for horse racing, accounting for 75% of wagers.**¹⁰

McKinsey & Company found that a clear correlation exists across ten European countries between direct employment in the horse racing sector and horse betting turnover, indicating that horse racing benefits directly from betting.¹¹ In addition, McKinsey & Company found that the underlying financing mechanisms between betting contribution to horse racing funding and the dynamism of the horse racing sector are demonstrated in the clear correlation between prize money and the number of breeders or number of stallions, mares, and foals. The number of breeders is correlated with the total prize money distributed in the country, showing that prize money (financed partly by bets) is a direct driver of breeding activity. The number of horses (stallions, mares, foals) is correlated with average prize money, showing the impact of financial incentives on the number of animals raised.¹²

⁸ European Pari Mutuel Association, [Economic and Social Contribution of Horseracing in Europe, 2009](#)

⁹ European Pari Mutuel Association, [Economic and Social Contribution of Horseracing in Europe, 2009](#)

¹⁰ *Ibid.*

¹¹ *Ibid.*

¹² *Ibid.*

Levy on Horseracing Bets and National Legislation

A levy on bets paid to racing is of such importance to horse racing that in some countries, it is enshrined in national legislation. The Explanatory Memorandum for the UK, 'The Horserace Betting Levy Regulations 2017'¹³ states that "The Levy is paid by bookmakers for the purposes of aiding the horseracing and equine sector; it recognises the mutual interest racing and betting share in a thriving racing industry".¹⁴

In France, Article 302a ZG of the Tax Code states that proceeds from a levy on horse racing betting will be used to fund racecourses and racing companies.¹⁵

Levy on Horseracing Bets and the EU Internal Market

A levy on bets paid to racing has been recognised by the European Commission in two separate review cases as compatible with the European Union's internal market under the common rules on competition.¹⁶

First, in 2013, the European Commission initiated a review of the parafiscal levy in France on online horserace betting to fund a public service mission entrusted to horse racing companies.¹⁷ The Commission outlined the background of the levy in France as follows:

"At the time of the notification in 2010, the stakes collected on horse races by the PMU, the leading totalisator betting operator in Europe and the second largest in the world, came to EUR 9 342 million. 8,5 % of the PMU's turnover came from online bets in 2010. Its entire net result is paid to the horse racing companies, amounting to EUR 790,9 million in 2010. It is used to fund 80 % of the horse racing and equine industry (breeding, training centres, horse riding schools, etc.), which employs some 74,000 people and is present in every region with a total of 250 race courses."

"Given the importance of the PMU in the financing of the horse racing and equine industry, the French authorities were concerned that the sustainability of the industry would be under threat if the opening-up to competition of the online gambling sector resulted in a significant drop in the PMU's revenues..."

¹³ UK Government, *The Horserace Betting Levy Regulations 2017*

¹⁴ UK Government, *Explanatory Memorandum to the Horserace Betting Levy Regulations 2017 No. 589*

¹⁵ French Government, *Article 302 bis ZG – General Tax Code*

¹⁶ European Commission, *State Aid SA.46216 (2017/N) – United Kingdom Horserace Betting Levy*, 21 April 2017

¹⁷ European Commission, *State aid No SA.30753 (C 34/10) (ex N 140/10) which France is planning to implement for horse racing companies*, 19 June 2013

“Consequently, France decided to introduce a parafiscal levy on online horse-race betting in favour of the horse racing and equine industry to prevent the economic destabilisation of the sector as a result of the opening-up to competition and its potentially harmful consequences. According to the French authorities, the parafiscal levy on online horse-race betting would finance a service of general economic interest (hereinafter referred to as ‘SGEI’) entrusted to the horse racing companies”.

The entire revenue from the levy collected from all online horse race betting stakes, including stakes placed on the Pari Mutuel Urbain (PMU) website, was therefore paid to the horse racing parent companies (in proportion to the bets placed on each speciality: harness, flat, and jump racing), and the corresponding total was distributed among the various beneficiaries.

The Commission noted that the levy in France provided a public service that included improving the equine species, promoting horse breeding, training people in the horse racing and equine industry, and rural development. This “public mission” is entrusted to horse racing companies, and the net cost in 2010 was estimated to be around €747 million.

The Commission found that the levy in France does indeed constitute “state aid” but decided that the levy may be considered compatible with the internal market because it is “aid to facilitate the development of certain economic activities or of certain economic areas, where such aid does not adversely affect trading conditions to an extent contrary to the common interest”. The Commission decided that the levy in France satisfies the conditions for being considered compatible with the internal market.



Second, in 2016, the European Commission received a complaint that the Horserace Betting Levy in the UK was not compatible with the internal market under Article 107(3) c), specifically that it was not clear if the new proposed levy scheme would pursue a clearly defined common interest objective as well as the proportionality of the Levy. The Commission outlined the background of the levy as follows:

“In the UK, racing and betting have a unique interdependency that goes back over 200 years. A day at the races includes, for most participants, betting on horse races as well. This interdependency between racing and betting is reflected in, for instance, the need for a sufficient number and spread of races in order to attract betting on the sport, and the need of races with a large field (the number of horses running in a given race) in order to achieve a more attractive betting product. To enable such large field sizes, racing requires a

large stock of horses and standards of prize money that are high enough to incentivise owners, breeders, trainers and jockeys to participate”.

The Commission noted that the levy in the UK pursues a common interest objective: the rational development of equine production and breeding. It was also noted that the levy addresses an existing market failure whereby betting operators benefit from racing but do not necessarily have to make a contribution to its costs, and that it further addresses an existing market distortion whereby offshore operators are not liable to make any payments to racing while benefitting from the organisation of horse races. The levy was noted as allowing fair competition among operators in the market for horse race betting by fairly distributing the burden of funding horse races on which bets are placed between all betting operators.

After reviewing the situation, the Commission decided not to raise objections to the aid granted through the levy on the grounds that it is compatible with the internal market pursuant to Article 107(3) c) of the Treaty on the Functioning of the European Union.

Although the assessment of the levy as state aid and the determination as to whether this is compatible with the internal market of the EU is a European regional matter, in almost every country around the world where horse racing takes place, there are similar contributions from tote betting operators to racing that are critical to the sustainability of the sport, such as the following.



Summary by Country of the Situation Regarding Taxation on Horse Race Betting



Australia

Tabcorp, the licensed tote operator, pays licence fees to state racing as well as making direct funding contributions in Australia. In New South Wales, Tabcorp is required to pay the racing industry a 25% share of the wagering division profits generated at Tabcorp shops and racetracks in the state. Racing clubs in New South Wales hold 99-year leases with Tabcorp for on-course tote betting. Tabcorp provides around 75% of the total funding for horse racing in the state.¹⁸

In Victoria, starting in June 2024, Tabcorp will pay the Victoria government a licence fee of A\$600 million and 19 annual payments of A\$30 million, commencing in August 2025.¹⁹ Tabcorp also has an agreement with the Victorian Racing Industry (VRI) to provide a fixed minimum guaranteed amount of funding for the VRI. Tabcorp has agreed to pay a further A\$45 million in additional funding payments to the VRI in instalments of \$15 million each of the first three years of the new licence period from 2024.²⁰

However, analysts in Australia have pointed out that despite legislative and taxation changes to generate industry funding from other wagering operators, horse racing remains heavily reliant on the funding derived from the mandatory agreement between the industry and Tabcorp in a market where Tabcorp's market share has been significantly eroded by other forms of betting.²¹



Denmark

Since the liberalisation of betting on horse racing came into force on 1 January 2018, gambling operators with a licence from the Danish Gambling Authority have paid 6% of the stakes gambled on horse races on Danish racecourses in a special contribution to equestrian sports, including horse racing.²²

¹⁸ Tabcorp, *Response to Consultation Paper – Point of Consumption Tax on Wagering in NSW, 2018*

¹⁹ Reuters, *Bookmaker Tabcorp set for Record Jump on Winning Victorian Wagering license, 18 December 2023*

²⁰ Racing Victoria, *Tabcorp and VRI Reach Agreement On Commercial Terms to End The Historic VicTAB Joint Venture, 2 March 2024*

²¹ Tabcorp, *Securing the Future of the NSW Racing Industry (Internal Report)*

²² *Contribution to the horse racing sport from 8 percent to 6 percent of stakes on horse races held in Denmark*



Finland

The Finnish Lotteries Act expressly states that all the proceeds of Veikkaus (the sole licensed betting operator) are to be used for the promotion of sports, science, health and social welfare, horse breeding, and equestrian sports. From the beginning of 2024, Veikkaus proceeds will be directed to the normal state procedure instead of being designated to the abovementioned causes.²³



France

In France, racing receives an annual levy, set at 8% of stakes, from betting on horse racing in the country. France Galop and its trotting counterpart, La Société du Trotteur Français co-own the Pari Mutuel Urbain (PMU), Europe's largest betting operator on racing.²⁴

The levy collected for the benefit of racing companies from horserace betting operators is based on gross gaming revenue. Today, the levy is 25.2% according to a 2023 decree, which applies to²⁵ all online tote operators (horserace betting operators). Apart from the levy, the PMU, the biggest horserace betting operator in France and the first in Europe, is returning all its benefits to the 66 French horse racing companies organising gallop and trotting races within French territory. The PMU provides financing to the French horse racing industry, which sustains more than 60,000 direct and indirect jobs throughout France. In 2023, the PMU paid a total contribution of €835 million to France Galop and Le Trot. This financial contribution supported the operation of 233 racetracks and 26,000 horses in training.²⁶



Germany

The German Tote operator, Wett Star, is a subsidiary of the French betting company PMU (majority shareholder) and the operating company of Galopp-Rennvereine mbH ("BGG"), Cologne. The 22 German gallop racing clubs own 49% of the tote.²⁷ A percentage of stakes (up to 2%) is paid as a contribution to the equine sport, and additional sponsorship and marketing investments are made by the tote in horse racing.

²³ ICLG, *Gambling Laws and Regulations Finland, 2024*

²⁴ France Galop, *Who We Are and What Do We Do*

²⁵ Légifrance - Publications officielles - Journal officiel - JORF n° 0294 du 20/12/2023

²⁶ PMU, *Actualities*

²⁷ Wett Star, *Uber German Tote*

Hong Kong, China

The not-for-profit Hong Kong Jockey Club (HKJC) operates all betting on horse racing in the territory and fully funds the operation of racing through an integrated model. After surplus funds are allocated back to racing, additional funds are donated to the Hong Kong Jockey Club Charities Trust to be used in charitable projects.²⁸ HKJC is the sole licensed betting operator in Hong Kong, entrusted by the government to manage responsible gambling for consumers and to deliver appropriate financial returns to racing and benefit to society.

Ireland

The betting tax (set at 2%) in Ireland provides funding that the government allocates to a 'Horse and Greyhound Racing Fund', of which horse racing receives 80%. In 2023, the amount allocated to racing amounted to €72.8 million.²⁹ Tote Ireland is a wholly owned subsidiary of Horse Racing Ireland, a commercial semi-state body responsible to the Ministry for Agriculture, Food and the Marine, established under the Horse and Greyhound Racing Act, 2001, and responsible for the overall administration, governance, development, and promotion of the Irish horseracing industry. Tote Ireland operates betting services at all race meetings at all 26 racecourses in Ireland, and all profits generated are returned to horse racing for the improvement of the industry.³⁰



²⁸ Hong Kong Jockey Club, [About Us](#)

²⁹ Racing Post, [Budget Boost for Horse Racing Ireland with Government Funding to Rise to €72.8m](#), 28 September 2022

³⁰ Horse Racing Ireland, [About Us](#)

 **Japan**

The Japan Racing Association (JRA) is the custodian of horse racing and tote betting at the national level. The JRA was established in 1954 as a public entity to ensure the integrity of horseracing and the development and improvement in the breeding of racehorses and other livestock, and operates horseracing under the supervision of the Ministry of Agriculture, Forestry and Fisheries. The Ministry also supervises the National Association of Racing (NAR) at the prefectural and municipal levels. JRA racing provides revenue from tote betting to the national treasury, while racing by local governments provides revenue to designated local governments. The JRA and the NAR are the only authorised providers of betting on racing, which generated a betting turnover of over US\$19 billion in 2021.

The JRA is required to provide 10% of its gross betting turnover to the national treasury as well as 50% of any surplus profits remaining at the end of the fiscal year. The deposition of JRA payments into the National Treasury is specified by law: three-quarters must be designated for the improvement of livestock breeding and the remaining one-quarter for public or social welfare. The JRA also contributes to horse breeding, as well as to the propagation and promotion of other types of livestock programs. The JRA also provides for the promotion of equestrian culture, returning benefits to society as a whole.³¹

 **Korea**

The Korea Racing Authority (KRA) is the sole racing authority in Korea and is under the supervision of the Ministry for Food, Agriculture, Forestry and Fisheries. The KRA aims to contribute to the national finances through horse racing and to use its earnings to promote support projects for fishing and agrarian villages as well as various social activities.

The KRA operates horse racing; promotes the improvement, development, popularisation, utilisation, and training of horses; establishes public sports and recreational facilities in the racecourses; and supports children of fishermen and farmers. The KRA is the sole operator of tote betting in Korea, and after dividends and tax payments, it returns funds to a development fund for the livestock industry, welfare projects for fishing and agrarian villages, and a reserve fund for the development of horse racing.³²

³¹ JRA, [Horse Racing in Japan, 2022](#)

³² KRA, [Corporate](#)

Netherlands

A mandatory contribution is required to horse racing of 10% of gross gaming revenue (GGR) from bets placed in the Netherlands during each month on horse and harness races organised in the country.³³ The proceeds of bets on horse races are transferred to two Dutch horse racing associations, SNDR and KBB, to support horse race organisers and the equine sector as a whole.

Norway

Norsk Rikstoto is licensed by the Norwegian authorities to offer betting on horse racing and is required to support the equestrian sector with funding support, which is provided by 100% of the profits given to the sector.³⁴

Singapore

Singapore Pools, a subsidiary of the Tote Board, which is under the supervision of the Ministry of Finance, is the sole licensed betting operator in Singapore and channels its surplus to the Tote Board for distribution to horse racing as well as other social welfare programs.³⁵

South Africa

Gold Circle was created in 1996 by the amalgamation of the Durban Turf Club, the Clairwood Turf Club, and the Pietermaritzburg Turf Club and organises thoroughbred horseracing events throughout KwaZulu-Natal. 4Racing runs horseracing operations at Turffontein, the Vaal Racecourse, and the Fairview Racecourse in Gqeberha. After the surplus, funds are allocated back to racing and equine development.³⁶

Gold Circle is the totalisator operator in KwaZulu-Natal. 4Racing took over the business operations of Phumelela in Gauteng, Mpumalanga, Limpopo, North West, Northern Cape, Eastern Cape, and the Free State. Trotco (Pty) Ltd t/a Ithotho is also licensed in KwaZulu-Natal as a totalisator and a race course operator.

4Racing contributes to the development and sustainability of racing. In 2022, it was given approval by the Competition Commission to provide a 26% shareholding of the company apportioned between a Broad-Based Black Economic Empowerment Trust (BBOS), the beneficiaries of which are Grooms and Stable Hands, and an Employee Share Ownership Programme (ESOP) being established for 4Racing employees. The

³³ Practice Chamber, [Gaming Law Netherlands](#), 2023

³⁴ Rikstoto, [About the Norwegian Rikstoto](#)

³⁵ Singapore Tote Board, [Who We Are](#)

³⁶ Phumelela, [Annual Report 2023](#)

aim is to improve the working conditions and welfare of Grooms, including upgrading Grooms' accommodation and providing funeral cover and medical benefits.³⁷

Sweden

ATG, the tote operator, is owned by the Swedish Trotting Association (90%) and the Swedish Thoroughbred Association (10%). All ATG profits are returned to the sport. ATG also operates a subsidiary company in Denmark, '25syv', which funds Danish horse racing with an annual financial contribution.



³⁷ Sporting Post, Landmark 4Racing Transformation Initiative sees 26% of the Company Transferred to a Grooms and Employees' Trust, Along With a Wide Range of Historic Grooms' Benefits, 14 March 2023



As a licensed betting operator, the UK Tote pays the Horserace Betting Levy, operated by the Horserace Betting Levy Board. The UK Tote has a unique commercial relationship with British racecourses while also working closely with the British Horseracing Authority where relevant, for example, with regards to the organisation of and details involved in World Pool days.³⁸

The UK Tote pays the statutory Horserace Betting Levy of 10% of horseracing gross profit, along with an additional £50 million, paid over seven years to racecourses. The UK Tote's betting pool also helps generate significant new revenues for the sport via the 'World Pool' (international commingling of bets). A racecourse hosting a World Pool day benefits from increased media rights payments in the region of over £750,000, which is forecast to grow as more World Pool days are added to the calendar along with more bet types and participating countries all included in the global pools. In 2023, the Horserace Betting Levy contributed £99.86 million to horse racing.³⁹

The UK Tote supports the Racehorse Owners Association (ROA) Sponsorship Scheme, with nearly 1,400 horses currently in the scheme. This is an immense benefit to ROA members, enabling them to recover the VAT on racing-related expenditure, which benefits British racing to the tune of over £7.5 million a year. In 2023, the UK Tote supported racing charities, including the Greatwood, the Injured Jockeys Fund, Racing to School, and Racing Welfare.

In 2023, the British Horseracing Authority (BHA) CEO, Julie Harrington, stated that the racing industry directly supports 20,000 jobs in Great Britain, rising to 85,000 when including indirect employment, and generates an economic impact of £4.1 billion.⁴⁰ The overall economic impact of horse racing in Great Britain would not be possible without the funding provided to racing by tote and other betting contributions via the levy.



³⁸ UK Tote, [About Us](#)

³⁹ Horseracing Betting Levy Board, [Levy Statistics](#)

⁴⁰ BHA, [British Racing's UK Sports Economy Breeders' Cup Trade Mission](#), 2 November 2023

 USA

Horse racing is one of the biggest entertainment and sporting industries in the United States, and is a major part of the estimated US\$122 billion annually by the broader equine sector to the United States economy. In 2023, over US\$11.6 billion was bet on races. The contribution of tote betting to racing differs in each state.

In one state alone, Kentucky, racing employs more than 24,000 people directly and another 9,400 indirectly, generating around US\$1.9 billion in income, and US\$115 million in tax revenue.⁴¹ In California, of the US\$2.98 billion wagered in 2022/23, US\$614.43 million (20.63%) was withheld as the “takeout” to fund horsemen’s purses, racetrack operations, and government taxation.⁴² Other states have similar structures to ensure that tote betting contributes back to horse racing.



⁴¹ Twin Spires, Horses: \$122 Billion Annually to the US Economy), 2 April 2024

⁴² California Horseracing Board, Annual Report 2022-23

II – Totes and Tax

Higher tax on tote betting relative to tax on games of chance (such as online casino games) leads to pressure on tote operators, making them potentially less competitive and less able to ensure sustainable value for customers. This potentially leads more customers to migrate to illegal betting markets, where prices (odds) are of better value because operators and customers do not pay any tax, and a consequent decrease in legal betting with licensed operators, resulting in decreased taxation, decreased contributions to the sport of horse racing, and an increase in consumers betting with the illegal market.

Betting tax is levied by governments on the provider of betting services, and is used as an umbrella term in this report to describe such taxes on betting and gambling. There are other 'gambling duties' levied by governments on various gambling products, such as lottery duty, bingo duty, machine games duty, and remote gaming duty (for internet gambling and betting). In horse race betting, 'pool betting duty' usually applies to horse racing totalisator betting.

The most common approach to betting (and other gambling) taxes is based on the net profits derived by the operator. This is usually calculated as the GGR, which is the difference between the amount of money players wager minus the amount that they win. In most of the countries reviewed for this report, tax rates on betting on racing are fixed at the same level as tax on games of chance (e.g. online casino type games)⁴³. This lack of tax differentiation for different gambling products results in several negative outcomes.

There is also an optimal tax level appropriate to the situation of each national jurisdiction, which allows for the stability of tax revenues from betting on horse racing and sustainable tote operation while contributing an appropriate level of revenue (or levy) to horse racing. Assessing the optimum tax level on tote betting is critical to ensuring that illegal markets do not undermine legal betting markets and the taxation system that covers only legal betting products.

Tax on Horse Racing and Gambling

For this report, 77 jurisdictions (national and sub-national) were reviewed to assess the levels of tax imposed on betting on racing and other forms of gambling. Although the tax structure varies in some countries, 25 of the jurisdictions impose the same tax level on betting on racing and other forms of gambling. In many of the jurisdictions reviewed, online gambling is not legal, and this has been discounted from the review.

Only six jurisdictions were found to impose a higher tax level on other forms of gambling than on betting on horse racing, hence differentiating the products and their impact on society. These jurisdictions are France, Hungary, Ireland, Poland,

⁴³ See Annexure – 'Betting Tax Levels Around the World'

South Africa, and the UK. However, in certain jurisdictions, as well as elsewhere, there are specific structural problems that require review.

In Germany, there is a 5% tax on stakes for sports and horse racing betting (pool and fixed odds), but 96% of the tax on stakes on German races is returned to racing by the state. There are several problems with this structure. First, tax is levied on stakes (i.e. the amount wagered by the customer), but most jurisdictions instead calculate tax on GGR. Second, tax from comingling racing betting (i.e. pooling of tote betting on races in different jurisdictions) is not refunded; hence, this area of business does not contribute to racing in Germany. There is no tax differentiation between betting on horse racing and other forms of gambling.

In the Netherlands, tax is burdensome, with 29.5% tax on GGR levied on horse racing betting, an additional 10% levy on races in the country to support horse racing, and a further 1.95% tax to fund the anti-gambling addiction fund and finance the gambling authority. There is no tax differentiation between betting on horse racing and other forms of gambling.

In Norway, there is no tax levied on betting on horse racing, the government pays veterinary fees on race days (to ensure independence of the regulatory role), and profits from betting go to Det Norske Travelskap (The Norwegian Trotting Association), Norsk Jockeyklub (The Norwegian Thoroughbred Association) and Stiftelsen Norsk Hestesenter (The Norwegian Centre for Equine Industry). This model ensures maximum financial return from betting on horse racing to the sport itself.

In Sweden, the tax levied on betting on horse racing, sports betting, and online casino gambling is the same, but the impact of illegal online casino gambling is assessed to be increasing.⁴⁴ As there is no tax differentiation between betting on horse racing and other forms of gambling, there is no deterrent to consumers to use the illegal market rather than remain with legal, licensed betting products, which also reduces the amount of funding provided from the betting industry to horse racing.

In the UK, there is a differentiation between betting on horse racing and other forms of gambling, with sports betting by UK resident consumers (online and offline but not at a racecourse, fixed odds & tote, horseracing, and other sports) taxed at 15% of gross profit, while online gambling (remote gaming duty) is taxed at 21% of gross profit. The differentiation is a healthy deterrent to consumers migrating from racing and sports betting to online gambling, although the UK government has announced that "The government will consult shortly on proposals to bring remote gambling (meaning gambling offered over the internet, telephone, TV, and radio) into a single tax, rather than taxing it through a three-tax structure". If the tax on betting on horse racing is increased, this is assessed to pose a serious threat to the funding of

⁴⁴ iGamingBusiness, [Sweden's ATG Flags "Alarming" Increase in Illegal Gambling](#), 23 November 2023

horse racing from the betting levy and will also very likely lead to less incentive for consumers to stay in the legal market.⁴⁵

Tax Levels and Illegal Betting

There is an inevitable impact on prices in the legal, regulated betting market when the betting tax is increased. This is because the betting tax has to be absorbed by the betting operator as a direct business cost and passed on to customers in some way, such as changing the odds (prices) of bets or the amount of incentives (e.g. rebates, free bets) given to customers.⁴⁶

The higher the take-out rate, the less winnings returned to customers, which makes legal operators less competitive with the illegal betting market. Hence, tax matters as a potential driver of illegal betting markets, and a commercially reasonable balance is necessary so that the legal market can compete. Effective legal betting markets are important to combat the financial crime that comes from illegal markets as well as other areas of criminal activity that are funded by illegal betting.

Illegal betting operators pay no betting tax or any other taxes, and hence do not have to build in a theoretical margin to their betting odds to cover these costs, resulting in better prices (odds) offered in the illegal betting market compared to legal markets. Further, illegal betting operators make full use of the internet to circumvent national laws, gambling regulations, and betting duty. Illegal betting operators do not pay taxes. Hence, there is a permanent price differential between the legal and illegal betting markets, with illegal markets consequently offering better odds (prices) to consumers.

Therefore, it is a necessity for gambling regulators and government policy makers to recognise that illegal betting markets are easily accessible to all consumers via the internet and that betting tax has an impact on driving customers away from legal, licensed tote operators to bet with illegal, unlicensed betting operators via the internet. The loss of consumers from legal betting also lessens government taxation revenue as the legal market betting volume is reduced.

As an increased betting tax potentially results in more consumers using illegal betting markets, it also has the effect of increasing the likely rates of problem gambling in illegal betting markets than in legal markets. This situation is discussed later in this report, and the conclusion is based on the far higher levels of credit provided in illegal

⁴⁵ Racing Post, [Potential Online Gambling Tax Hike 'Threatens to Blow Up Funding of Racing'](#), 23 November 2023

⁴⁶ Asian Racing Federation, Council on Anti-Illegal Betting & Related Financial Crime, [Variable Betting Duty & the Impact on Turnover, Illegal Betting & Taxation Revenues](#), November 2023

markets and the pathway that this provides to debt with criminal gangs, notably 'loan sharks'.⁴⁷

Optimum Tax to Sustain Totes and Horse Racing

Betting tax is calculated in varying formats in many jurisdictions, either as a percentage of GGR (most commonly), or of profits, or of wagers (least commonly). For tax on horse race betting, the highest rate of the 67 jurisdictions reviewed (which includes sub-national levels, such as in Australia and the USA) is recorded in Hong Kong (75% of GGR), and the lowest rate found is in South Africa (6% of GGR). The median rate is 15. For the tax on gambling, the highest rate in 35 jurisdictions reviewed (which includes sub-national levels such as in Australia and the USA) is in France (55.2% of GGR), and the lowest rate found is in Germany (5% of amount wagered) and Malta (5% of GGR). The median rate is 15.

Deciding what is an optimal tax level for racing betting is difficult because the social and economic conditions vary between different countries, and hence should be a local national consideration. However, differentiation of racing betting in the taxation system is clearly critical to ensuring the optimisation of the contribution of betting to the sport of horse racing.



⁴⁷ Asian Racing Federation, Council on Anti-Illegal Betting & Related Financial Crime, *Variable Betting Duty & the Impact on Turnover, Illegal Betting & Taxation Revenues*, November 2023

III – Tote Betting and Responsible Gambling

It is widely accepted that certain forms of gambling have a stronger association with gambling harm than others. There are many different forms of gambling, and they have varying impacts on consumers. Games of pure chance, such as lotteries and gambling machines and roulettes, differ from games of skill factor, such as sports betting, poker, and betting on horse racing.⁴⁸

Not only are there differing risk levels in the forms of gambling, but tote betting is inherently different. In tote betting, customers bet into a pool and hence are betting against other customers who have different opinions of the likely outcome of races. Tote operators hence do not need customers to lose to make money, as they only take a commission from bets placed in the pool. This is unlike fixed odds betting on horse racing and other sports, which involves the bookmaker setting prices and customers losing if the bookmaker wins.

In addition, tote betting is slower than other forms of gambling, with a delay between races (usually around 30 minutes on a race day) as well as customers having to wait for the outcome of the race, unlike other forms of gambling where winning and losing can be immediate.

Although there are varying impacts of different gambling products, all gambling and betting companies have a duty of care to consumers to prevent harm from gambling. This is possible in a legal, regulated environment, but non-existent in the growing illegal betting markets where betting and gambling companies are not regulated and offer no consumer protection tools.⁴⁹

Risk levels from different gambling forms are determined by a number of factors, including speed (game or event frequency), availability and continuity of the game, payback intervals, chance of winning, jackpots, near wins, multiple and variable stake opportunities, sound, light and colours, and other parameters.⁵⁰



⁴⁸ Jonsson, J., [Preventing Problem Gambling: Focus On Overconsumption](#), Doctoral Dissertation, Stockholm University, 2019

⁴⁹ Asian Racing Federation, [Council on Anti-Illegal Betting & Related Financial Crime, Variable Betting Duty & the Impact on Turnover, Illegal Betting & Taxation Revenues](#), November 2023

⁵⁰ Jonsson, J., [Risk Classification of Gambling Products](#)

For instance, a 2017 research study in Sweden found that:

“The proportion of problem gamblers differed among past-year as well as among regular participants in different forms of gambling. With regard to yearly participation, the proportion of problem gamblers was significantly higher among EGM [electronic games machines], poker, casino and bingo gamblers compared to those playing lotteries and lotto/number games as well as horse bettors. The proportion of problem gamblers among sports bettors was significantly higher only in relation to people playing the lotteries and significantly lower only in relation to casino gamblers”.⁵¹

The research concluded that the relationship between involvement and problem gambling is influenced by the specific forms of gambling in which individuals participate. The study also found a strong correlation between the intensity of gambling, an intrinsic characteristic of problem gambling, and involvement in gambling.⁵² Betting on horse racing is a skill-based game involving comparisons of data at a relatively slow speed (i.e. races separated over a period of time), compared to repetitive games of chance, such as online electronic games that are designed for consumers to wager quickly.

Electronic gambling machines have been identified as the gambling form most likely to cause harm, and as internet use has expanded, these games have become more widely played. For instance, electronic gambling machines offering an auto-play feature on online casinos have been identified in academic studies as increasing total gambling activity in terms of bets and (perhaps) spins at the population level.⁵³

Gambling is controlled via regulation by most governments to ensure that there is a legal market to satisfy consumer demand but that gambling products are not excessively harmful to the population. It is critical that there is an effective legal betting market, because if this demand is not satisfied, consumers will inevitably turn to illegal betting.

Sweden is a good example of the varying historical public policies towards gambling. The oldest known law in the world regulating gambling is from Sweden, dating to 1350, when King Magnus Eriksson created a law that limited gambling stakes and banned gambling on credit. A lottery was held in Sweden in 1699, and a state lottery stated in 1752, but the activity was closed by the government for moral reasons. Betting on horse racing was legalised in 1923, after a 25-year ban.⁵⁴

⁵¹ Binde, P., Romild, U., and Volberg, R. A., Forms of Gambling, Gambling Involvement and Problem Gambling: Evidence from a Swedish Population Survey. *International Gambling Studies*, 17(3):490–507, 2017

⁵² *Ibid.*

⁵³ Jonsson, J., Carlbring, P., and Lindner, P., Offering an Auto-Play Feature Likely Increases Total Gambling Activity at Online Slotmachines: *Preliminary Evidence from an Interrupted Time Series Experiment at a Real-Life Online Casino*. *Front. Psychiatry*, 15:1340104, 2024.

⁵⁴ Jonsson, J, *Preventing Problem Gambling: Focus on Overconsumption*, Doctoral Dissertation, Stockholm University, 2019

The Swedish state-controlled tote betting company ATG undertakes affordability checks, monitors betting behaviour, and intervenes with the customer if the behaviour is assessed to be problematic. ATG sends written communication to its customers and calls hundreds of customers on a weekly basis to inform customers about possible higher-risk behaviour and agrees on actions with the customer.⁵⁵

A 2011 research study in Sweden found that:

“Interactive internet gambling, EGMs, casino gambling, and high-stakes unregulated/illegal gambling are often relatively harmful forms of gambling. Instant lotteries and ordinary lotteries (including lotto and other number games) generally appear relatively harmless. Other forms of gambling—sport pools, bingo, horse betting, and sports betting—typically constitute an intermediate category that is moderately associated with PG. The results of this comparative study thus agree with much other research into PG”.⁵⁶

In Victoria, Australia, a 2017 research study found that:

“While participants perceived that the gambling associated with all products was harmful to some degree, the greatest harm was attributed to casino gambling and EGMs [Electronic Gambling Machines]. The mean level of perceived harm associated with casinos was significantly higher than for horse betting ($p < 0.0001$) and sports betting ($p < 0.0001$). Similarly, the perceived harm associated with EGMs was significantly higher than for horse betting ($p < 0.0001$) and sports betting ($p < 0.0001$).⁵⁷

Survey participants in the study perceived that EGMs were most harmful and described factors such as the exploitative nature of the games, described as being ‘rigged’, creating unrealistic perceptions that you could win, and with design features of machines that led to addiction and placed profits over the welfare of people.⁵⁸ By contrast, some participants described horse racing as an integral part of Australian culture, particularly events such as the Melbourne Cup horse race, although this could be a pathway to gambling harm if betting is promoted too strongly.

In Finland, a 2017 research study found that:

“Multiple factors were associated with gambling harms, including young age and gambling intensity. Games that provide a possibility for high-frequency gambling are more linked to harms”.⁵⁹

⁵⁵ ATG, [Sustainability](#)

⁵⁶ Center for Public Sector Research, [What Are the Most Harmful Forms of Gambling? Analyzing Problem Gambling Prevalence Surveys](#), 2011.

⁵⁷ Thomas, S.L., Randle, M., Bestman, A. et al., [Public Attitudes Towards Gambling Product Harm and Harm Reduction Strategies: An Online Study of 16–88 Year Olds in Victoria, Australia](#). *Harm Reduct J*, 14:49, 2017.

⁵⁸ *Ibid.*

⁵⁹ Castrén, S., Perhoniemi, R., Kontto, J., Alho, H., and Salonen, A. H., Association Between Gambling Harms and Game Types: Finnish Population Study. [International Gambling Studies](#), 18(1):124–142, 2018.

Marketing and Promotion

It is incumbent on responsible regulated gambling operators to work to avoid harm to consumers.

In Finland, a research study in 2023 found that:

“The results found that people prefer betting on races with an inducement (money back special or increased odds) or an expert tip predicting the favourite to win. These results imply that expert tips and inducements can increase the frequency at which people bet. This is consistent with existing studies using self-reported survey data (Browne et al., 2019; Hing et al., 2019). On each race, the average gambler has an expected loss (Levitt, 2004). Therefore, these results suggest that offering expert tips and inducements is likely to increase ‘people’s monetary loss. The caveat to this is that the money back special improves the expected payoff for gamblers, and hence it may be rational to bet on races with this inducement.

“Marketing of gambling products is a focus for harm reduction (Newall et al., 2019a). There are a range of marketing strategies used in gambling, including digital advertising (commonly shown on television or social media), ‘experts’ providing suggestions for bets, and inducements. Inducements are promotions offering incentives to gamble such as better odds or refunds (Hing et al., 2017b). Existing studies using self-reported measures of gambling behaviour have found that marketing strategies can increase the frequency at which people bet and the amount bet (Browne et al., 2019; Hing et al., 2019). These studies rely on self-reported survey data rather than observation of gambling choices. One experimental study analysing gambling choices found that inducements, specifically cash rebates, increase the likelihood of placing bets with a lower expected payoff (Rockloff et al., 2019)”.⁶⁰

In New Zealand, a research study in 2024 concluded that all gambling products can cause harms but that some products are more likely to do so. The study found that:

“Overall, studies have indicated that online electronic gambling machines (EGMs), other online casino products, land-based EGMs (non-casino and in-casino), and various forms of sports betting have the highest rates of participation among those who are identified as having a gambling problem or a moderate risk of gambling problems”.⁶¹

⁶⁰ Lachlan, C. and Ride, J., The Role of Mental Health in Online Gambling Decisions: A Discrete Choice Experiment. *Social Science & Medicine*, 326, 2023, 115885, ISSN 0277-9536,

⁶¹ Virve Marionneau, Søren Kristiansen, Håkan Wall, Harmful Types of Gambling: Changes and Emerging Trends in Longitudinal Helpline Data. *European Journal of Public Health*, 34(2):335–341, 2024

Tax and Managing Public Health

Despite the varying risk of different gambling products, there are frequently equal tax levels imposed on those products with higher risk linked to them, such as online casino games, and on other products, such as tote betting. This report shows that increasing the taxation rate on tote betting does not inversely reduce gambling harm, as tote betting is far consistently seen as a lower risk than other forms of gambling.

An additional risk to effective public policymaking is to use taxes on gambling as a means of reducing consumption in order to, in theory, lessen harm. In the UK, a report published in the Lancet in 2022 contended that there are risks to using taxation as a public health measure to reduce gambling-related harms. The report states that:

“The UK government has previously taxed the winnings of gamblers. However, this tax effectively increased the overall net losses of gamblers, because any wins were shrunk by the incidence of the tax. Furthermore, this tax fuelled the black market, because it provided an aspect of price that illegal operators could compete on. Taxing gambling operators is another approach. However, operators are incentivised by profits net of taxes. Any tax increase therefore means the operator must increase gambler losses, and therefore harm, just to maintain a steady level of profit for its owners. A smart gambling tax on operator profits, which is higher on more harmful products, is likely to be the most resistant to these concerns. However, any smart tax requires an exact quantification of gambling-related harm to be implemented optimally. Gambling researchers can largely agree on which gambling products are the most harmful, but cannot precisely quantify these differences”.

The authors of the article in the Lancet contend that setting increasingly high rates of tax on winnings is not an effective public health policy measure, as this fuels the “black market” (i.e. illegal betting), and that higher tax on more harmful gambling products is more effective. In practice, this should be a lower rate of tax on tote betting (lower risk) and a higher level of tax on online casino games (more risk).

Taxation on betting is also a good example of the potential for a ‘Laffer curve’ of revenue. Here, when a tax rate is too high, there is a likelihood of reduced taxation revenue, because consumers will migrate to other products, and in this case of gambling, it is most likely to be the illegal betting market. According to the Laffer Curve theory, the higher the rate of tax over the optimum level leads to a corresponding fall in government revenue, and in the case of betting a worse impact on public health, as consumers then likely turn to the illegal market, which is not regulated and offers no consumer protections. This Laffer Curve effect on betting markets is shown in the diagram below.

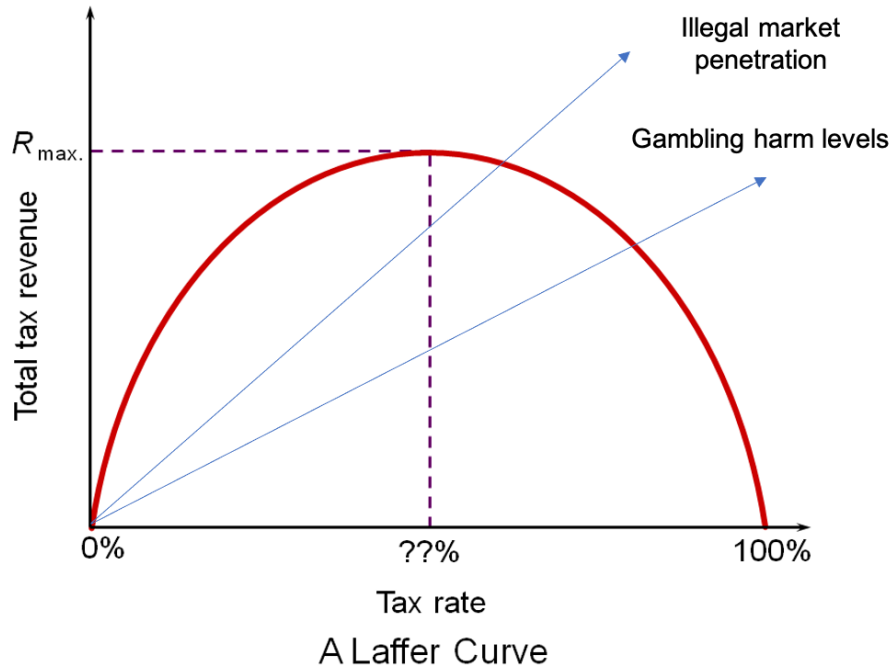


Diagram 1 – A Laffer Curve showing increasing illegal market penetration, corresponding increasing gambling harm levels, and an optimum tax level at a rate R (Source: World Tote Association)

Based on this report, the World Tote Association contends that there is an optimal tax level on tote betting in each jurisdiction that has the effect of allowing tote betting to compete with the illegal market, of providing sustainable taxation revenue as part of the social and financial contribution from betting, and of protecting public health.



Illegal Betting and Safer Gambling

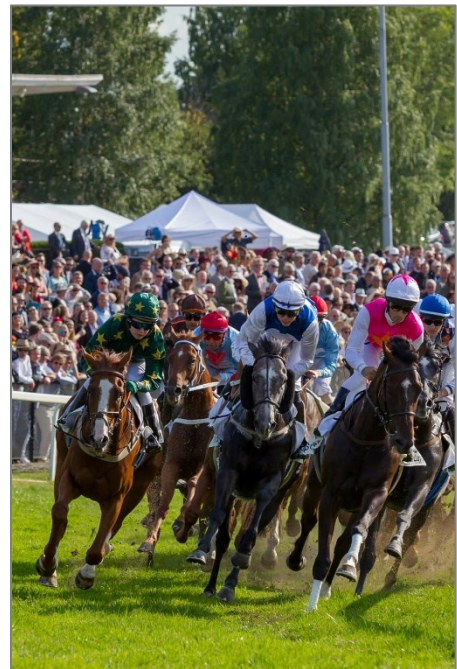
Problem gambling is likely to be higher in illegal markets than in legal, regulated markets. A research study in Hong Kong in 2016 found that:

“Our survey of gamblers found that illegal gamblers were more likely to be excessive gamblers than was the case for legal gamblers. 56 percent of illegal gamblers surveyed were categorised as excessive gamblers while only 15 percent of legal gamblers were excessive gamblers... It cannot be definitely proven that illegal gambling causes excessive gambling. Indeed, since many excessive gamblers don't engage in illegal gambling, it is more likely that a subset of excessive gamblers find their way into illegal gambling due to their avid interest in gambling. However, at the very least, the lack of constraints in illegal gambling environments could spur on excessive gamblers and amplify their problems”.⁶²

Tote Operators and Safer Gambling

All tote operators who are members of the World Tote Association have strong policy commitments to prevent gambling harm and addiction, help customers understand the risk from betting, and contribute to the resolution of this issue in their national environments. Below is a summary of the relevant activities and commitments to safer gambling in territories where the World Tote Association has members.

In Australia, tote operator Tab has a clearly defined commitment to responsible gambling. Tab states, “While an individual's decision to gamble is a personal choice, it is our goal to give you information and resources so you can make informed decisions that can help to manage your gambling without causing harm to yourself or others. Help is available for those who feel they may need assistance in managing their gambling or for others who may be adversely affected by gambling”.⁶³ Tab takes part in Gambling Harm Awareness Week and GambleAware Week and provides a number of tools to help customers avoid problem gambling.



In Denmark, tote operator Danskespil takes responsibility for ensuring that games remain entertainment and work purposefully to prevent and fight gambling addiction. Danskespil provides access to betting good habits, information regarding myths and

⁶² Oxford Economics, *Impact of Illegal Gambling in Hong Kong*, April 2016

⁶³ Tab, *Tab Assist*

facts, customer self-regulation/boundaries and account closure, customer breaks from gambling, gambling harm treatment, and a self-test of gambling habits.⁶⁴

In Finland, tote operator Veikkaus takes clearly defined steps to mitigate the risk of problem gambling. This includes conducting a responsibility evaluation of all game ideas, setting limits to all players in games involving higher risks, submitting all game rules to the government for pre-approval, avoiding giving false ideas in marketing to customers about the chances of winning, and monitoring player behaviour to assess risk. Veikkaus also finances the Finnish Gambling Helpline Peluuri with nearly €1 million a year and funds research into problem gambling with over €2.0 million a year in accordance with the Lotteries Act.⁶⁵

In France, tote operator Genybet operates responsible gambling by providing a clear set of practices, tools for evaluating player practices, supporting at-risk players, facilitating betting limits as well as self-exclusion and voluntary gambling bans for players, and providing access to gambling addiction support services.⁶⁶

In Germany, tote operator Wett Star is committed to preventing gambling addiction by providing guidance regarding responsible betting, access to advice centres, a system of cross-game player blocking for consumer protection, a national player ban system, a self-exclusion process for players, and a system for third-party reporting of problem gambling to request player blocking.⁶⁷

In Hong Kong, tote operator the Hong Kong Jockey Club conducts a comprehensive responsible gambling programme that includes a self-assessment test, access to gambling help, family support for problem gamblers, a voluntary self-exclusion service, and funding of the Ping Wo Fund that engages in independent public education and other measures to prevent or alleviate problems relating to gambling.⁶⁸

In Norway, tote operator Rikstoto is the only operator with a licence to offer totalisator products on horse racing. All customers must open an account to bet, and there is no cash handling. To open an account, all customers must have a proof of identity (all must be 18 years old, regardless of the game or amount the player chooses), have a Norwegian Social Security number, and set a limit on how much they can afford to lose in a day, week, and month. Betting with Norsk Rikstoto, all customers must set their own gaming limits. These limits consist of two elements:

- Self-chosen limit where customers choose how much they want to play for per day and month, max NOK 20,000 rolling over 3 months. The rollover means that they will be able to transfer the unused limit to the next month.
- All winnings can be added to the customer's chosen limit. Winning balance can be used for the next 365 days.

⁶⁴ Danskespil, [Gambling Care](#)

⁶⁵ Veikkaus, [Responsible Gambling](#)

⁶⁶ Genybet, [Responsible Gaming](#)

⁶⁷ Vett Star, [Gambling Addiction Prevention](#)

⁶⁸ Hong Kong Jockey Club, [Responsible Gambling](#)

Norsk Rikstoto uses the tool Gamgard to analyse gaming products' risk to vulnerable players and to monitor and analyse all gambling behaviour through the "mentor" system.⁶⁹

In Singapore, tote operator Singapore Pools is committed to being a world-class responsible gaming company and ensuring a fair and safe gambling experience to protect customers. Singapore Pools provides tools for customer self-assessment, an affordability calculator, responsible management of play, self-exclusion, and frequent safer play reminders to customers.⁷⁰

In Sweden, tote operator ATG provides a comprehensive 'ATG Check' set of services that include the ability for customers to set their own betting limits, self-tests for customers to see their risk status, and also self-shutdown for customer accounts. ATG also follows the guidelines for marketing developed in SPER (the National Association of the Gambling Industry) to strengthen protection by allowing consumers to choose which channels they want customised marketing and for which game areas. ATG gaming products are tested using the risk classification tool Gamgard, which makes an objective assessment of the game's risk level based on a number of parameters so that all the games offered have a limited level of risk.⁷¹

In the UK, the Tote encourages a socially responsible attitude within the betting and gaming industry and within their organisation, providing safer gambling tools that include deposit limits, reality check alerts (to limit customer time playing), gaming opt-out, easy account closure, customer self-exclusion, and a wide range of support and advice.⁷² The UK Tote contributes to the prevention, research, and treatment of problem gambling as well as participating in Safer Gambling Week each year.

In the USA, tote operator Churchill Downs takes a moral, social, and business responsibility to promote responsible gambling among its employees and patrons, and advises them to wager responsibly balancing wagering with other leisure activities, wagering for entertainment but not as a way to make money, to not "chase" losses but accept them as the cost of entertainment, to only use extra income to wager but not money needed for everyday expenses, and to set a time limit on wagering. Churchill Downs also provides access to a national gambler helpline.⁷³

⁶⁹ Norsk Rikstoto

⁷⁰ Singapore Pools, Safer Play

⁷¹ ATG, ATG Check

⁷² UK Tote, Safer Gambling

⁷³ Churchill Downs, Be Smart. Bet Smart

Conclusion

Tote betting has an intrinsic relationship with the sport of horse racing. The financial contribution to horse racing from totes is a critical part of the sustainability of the sport around the world. Tote betting sustains the sport of horse racing financially, supporting the employment of two million people around the world and creating wider economic and social value for society.

Ensuring this contribution requires sustainable and successful tote betting operators. An essential part of creating this ecosystem at the national and international levels is implementing viable tax rates for each operator. Inappropriately high tax rates have the impact of making totes less competitive, which can lead to the migration of consumers to illegal betting markets.

Tote betting on horse racing is very different from other forms of gambling. It poses a far lower risk to consumers and should be treated and taxed differently from other types of gambling. Tote betting causes inherently less harmful gambling than games of chance, such as online casino gambling and other electronic games, as largely acknowledged by academics studying this area. Tote operators are committed to effective, responsible gambling policies and programmes that minimise risk to customers.

As has been made clear throughout this report, tote betting suffers from a structural tax problem in most countries by typically being taxed at the same level as other forms of gambling that are inherently much higher risk to consumers.

In conclusion, the World Tote Association reiterates its recommendation:

If horse racing is to survive as a sport, it is essential that tote betting be differentiated from other forms of gambling in national policies. This includes different forms of gambling being taxed at different rates. In the case of tote betting, the tax rate should be lower to reflect lower harm levels and the sector's contribution to horse racing and society as a whole.

By making a critical contribution to the sport of horse racing while paying appropriate and responsible levels of tax, and with a strong commitment to responsible gambling, tote operators are the model for being effective partners of governments to ensure that gambling makes a positive contribution to horse racing and society as a whole.

END.

Annexure - Betting Tax Levels Around the World

**GGR is gross gaming revenue, which is the difference between the amount of money players wager minus the amount that they win.*

Country/Jurisdiction	Tax Rate on Horse Racing Betting	Tax Rate on Online Gambling
Australia		
<i>New South Wales</i> ¹		15% of GGR exceeding A\$1 million
<i>South Australia</i> ²		15% of GGR exceeding A\$150,000
<i>Western Australia</i> ³		15% of GGR exceeding A\$150,000
<i>Queensland</i> ⁴		20% of GGR exceeding A\$300,000
<i>Victoria</i> ⁵		10% of GGR exceeding A\$1 million (rising to 15% from 1 st July 2024)
<i>Tasmania</i> ⁶		15% of GGR exceeding A\$150,000
Belgium ^{7 8 9}	11% (physical), 15% (online)	11% (physical), 15% (online)
Bulgaria ¹⁰	15%	15%
China (Mainland)	No legal betting on racing 21% of amount wagered on football	
China (Hong Kong) ^{11 12}	72.5% to 75% of GGR*	No legal online gambling
China (Macau) ¹³	Annual "rent" of 15 million patacas Progressive 0.5% to 10% of amount wagered Progressive 20% to 25% of GGR Progressive 20% to 25% of GGR	
Croatia ¹⁴	1. 15% on winnings ranging from HRK 30,000.00 to HRK 500,000.00 2. 20% on winnings exceeding HRK 500,000,00	1. 15% on winnings ranging from 30,000 HRK to 500,000 HRK 2. 20% on winnings exceeding 500,000,00 HRK

Cyprus ¹⁵	10% + 3% of bookmaker net revenue	10% + 3% of bookmaker net revenue
Denmark ¹⁶	28% of GGR	28% of GGR
Estonia ¹⁷	6% of amount wagered	6% of amount wagered
Finland ¹⁸	12% of the profit of the monopoly operator	12% of the profit of the monopoly operator
France ¹⁹	37.7% of GGR	55.2% of GGR
Germany ²⁰	5.03% of amount wagered	5.03% of amount wagered
Greece ²¹	On dividends: 15% for winnings up to EUR500 and at a rate of 20% for winnings of EUR500.01 or more On operators: 35% of GGR	
Hungary ²²	Tax free	15% of GGR
Ireland ²³	Tax free (on course and tote)	25% of stake
Italy ²⁴	43% to 47% of GGR	20% to 24% of GGR
Japan	10% of amount wagered	10% of stake
Korea (South)	No betting duty; operators subject to corporation tax	
Latvia ²⁵	15% of GGR	10% of GGR
Lithuania ²⁶	20% of GGR (online betting)	20% of GGR
Luxembourg ²⁷	15% of GGR	15% of GGR
Malta ²⁸	5% of GGR	5% of GGR
Mexico ²⁹	30% of GGR	30% of GGR
Netherlands ³⁰	29.5% of GGR	29.5% of GGR
New Zealand ^{31 32}	0% (local totalisator) 10% of GGR (offshore operators)	

Norway ³³	Horse betting duty (taxed on a % of gross turnover) annulled in 2020	
Poland ³⁴	2.5% of the stakes	10% to 50%
Portugal ³⁵	25% of the turnover of tote 8% of the turnover of fixed odds	8% of the turnover of the sports betting
Romania ³⁶	21% of GGR (online)	21% of GGR (online)
Singapore ³⁷	25% of GGR	25% of GGR
Slovakia ³⁸	6% of stakes	22% of GGR
Slovenia ³⁹	15% of GGR	15% of GGR
South Africa ⁴⁰	6.0% of GGR	6.5% of GGR (sports betting)
Spain ⁴¹	20% of GGR	20% of GGR
Sweden ⁴²	18% of GGR (22% from July 2024)	
Tanzania ⁴³	10% of GGR	
UK ⁴⁴	15% of GGR	21% of GGR (remote operators)
USA ^{45 46}	Advanced Deposit Wagering (ADW) (% of handle)	Live on track state tax (% of handle)
<i>Arizona</i>	ADW: 0.50% state tax plus 1.0% breeders' fee paid to AZ Department of Racing	2% pari-mutuel tax
<i>Arkansas</i>	0.50% state tax	1% privilege tax
<i>California</i>	(Pari-mutuel ADW is legal to licensed providers) No tax paid directly to state	Win, Place, Show & exotic 2% in Central or Southern Zone
<i>Colorado</i> ⁴⁷	ADW: 5% fee paid to CO Department of Revenue	0.75% or US\$2500, whichever is greater
<i>Connecticut</i> ⁴⁸	ADW: 3.5% state tax plus 50% of breakage	No live horse racing
<i>Delaware</i> ⁴⁹		1.00% pari-mutuel tax up to US\$400,000 3.00% pari-mutuel tax exceeding US\$400,000 but less than US\$600,000 5.00% pari-mutuel tax exceeding US\$600,000

<i>Idaho</i>	ADW: 10% fee paid to ID Racing Commission	1.5% pari-mutuel tax
<i>Illinois</i> ⁵⁰	ADW: 1.75% state tax paid to IL Racing Board	0.75% pari-mutuel tax
<i>Indiana</i>		2.0% pari-mutuel tax
<i>Iowa</i>	ADW: 2.0% state tax paid to Iowa Racing and Gaming Commission	0% if less than US\$90M 6% pari-mutuel tax if greater than US\$90M
<i>Kentucky</i>	ADW: 1.5% state tax paid to KY State Treasurer	1.5% pari-mutuel tax
<i>Kansas</i>		No live horse racing
<i>Louisiana</i>		1% pari-mutuel tax
<i>Maryland</i>		0.32% pari-mutuel tax
<i>Michigan</i> ⁵¹		0%
<i>Minnesota</i>	ADW: 1.25% state tax paid to Minnesota Racing Commission	8.40% for live races conducted at a class A facility.6.00% for over US\$12 million by a class B or class D licensee, including breakage and amounts withheld, plus 1.0% tax of the handle for live races conducted at a class A facility.
<i>Mississippi</i>		No live horse racing
<i>Montana</i>	ADW: 4.5% of wagers paid to Montana Board of Horseracing	1% pari-mutuel tax paid to the Montana Board of Horseracing
<i>Nebraska</i>		US\$0.00 (zero) for first US\$10 million 2.50% Over US\$10 million but less than or equal to US\$73 million 4.00% over US\$73 million
<i>Nevada</i>	Do not operate in state	No live horse racing
<i>New Hampshire</i>		No live horse racing
<i>New Jersey</i>	Do not operate	
<i>New Mexico</i>		US\$650 daily pari-mutuel tax from class A racetracks (of which US\$150 goes to municipality)
<i>New York</i>	ADW: 5% market origin fee paid to NY Gaming Commission	1.6% pari-mutuel tax plus 20% of breakage
<i>North Carolina</i>	I ADW rules pending	No live horse racing
<i>Ohio</i>		0.10% pari-mutuel tax less than US\$5 million 0.15% pari-mutuel tax US\$5 million or more

<i>Oregon</i>	\$200 per day hub fee payment of 0.125% of the first 60 million dollars in gross mutuel wagering receipts during the license period and 0.25% of the gross mutuel wagering receipts in excess of 60 million dollars during the period 2024–25	1% pari-mutuel tax
<i>Pennsylvania</i>	ADW: 2.25% pari-mutuel tax paid to PA Department of Revenue	1.5% pari-mutuel tax and 2.0% pari-mutuel tax on exotic wagers
<i>Rhode Island</i>		No live horse racing
<i>South Dakota</i>		1.25% pari-mutuel tax No live horse racing
<i>Tennessee</i>		
<i>Texas</i>	Not legal	1.00% US\$1 million but less than US\$2 million 2.00% more than US\$2 million but less than US\$3 million 3.00% more than US\$3 million but less than US\$4 million 4.00% more than US\$4 million but less than US\$5 million 5.00% more than US\$5 million
<i>Virginia</i>	ADW: 1.5% state tax plus 1% breeders' fee paid to VA Racing Commission	1.25% WPS 1.75% exotics plus 1.00% Breeders Fund
<i>Washington DC</i>	Do not operate	No live horse racing
<i>Washington (state)</i>	(Pari-mutuel ADW is legal to licensed providers)	1.803% tax rate for gross receipts of US\$50 million or less 1.30% tax rate for gross receipts greater than US\$50 million (1.0% from exotic wagers)

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SUOMEN HIPPOS



VIRTUAL LIVE RACING

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