

## Tax & Legal Alert

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#### **Legislative act regarding gambling activities organised and operated in Romania**

Law no. 124/2015 approving the Government Emergency Ordinance no. 92/2014 on the regulation of tax and budget measures as well as amending legislative acts (Law no. 124/2015<sup>1</sup>) was published in the Official Gazette of Romania no. 407, Part I, on 9 June 2015 and became effective on 12 June 2015.

This legislative act contains several relevant provisions regarding gambling activities organised and operated in Romania. The main amendments have been summarised below.



## 1. Amendments specific to gambling activities

In respect to the conditions for procuring a licence for organising gambling activities, the law defines expressly the notion of administrative measures that when enforced/are in the process of being enforced against the applicant legal persons or the representatives thereof, cause the rejection of an application for the issuance of a licence. These measures are: the cancellation, revocation or suspension of the licence or authorisation.

In order to legally obtain a licence to organise remote gambling activities, operators must hold a bank account with a Romanian bank to deposit the players' funds.

The law also sets forth several transitional measures. Thus, the Monitoring Committee of the National Gambling Office ("ONJN") may grant the right to organise and operate remote games of chance until 31 December 2015 on less strict conditions than those normally applicable. Such conditions include:

- filing the company's supportive documents,
- opening a bank account to deposit the players money with a Romanian bank,
- the software used for remote games of chance should be certified by a specialised laboratory,
- making available the data regarding the company's turnover and a business plan,
- making available the list of contracts that the company concluded with the payment processor, the gaming platform, auditor, certifier and affiliate, even when they are not currently licensed in Romania.

Also, an important provision relates to those carrying out remote games of chance in Romania who do not hold a licence or authorisation for games of chance up to 90 days from the effective date of Law no. 124 /2015. Such action shall not qualify as an offence if said organisers pay the licence fee for the relevant period of operation and the authorisation fee accounting for 20% of the realised income, as defined by the law.

## 2. Relevant changes for promotional campaigns

In accordance with Law no. 124/2015, economic operators are forbidden to organise promotional actions in respect of sold goods and services if the name of the promotional action gives customers the idea of participating in a game of chance or the manner in which the action is carried out breaches legal provisions.

Also, the obligation to obtain the ONJN's approval is introduced only when an economic operator's promotional action requires the use of some names, means or methods of awarding the prizes specific to games of chance.

## 3. Changes in the tax obligations and fees related to the activities carried out

In accordance with the new provisions, the organisers of gambling activities / income payers have the following obligations:

- to calculate, withhold and pay the fee related to the prizes awarded;
- to provide, by the last day of February, each tax payer with the information on the gross income received during the year;
- to submit, by the last day of February of the current year, an informative statement containing each gross income of the previous year for each tax payer.

Economic operators who hold a licence but wish to terminate the business:

- are required to conduct a tax inspection before the expiry date of the last authorisation;
- may request a new licence only within 12 months from the expiry of the authorisation/last authorisation.

With respect to the fees related to the gaming activity, the main amendments are as follows:

- Licensing fee
  - For tombola-type games – €5,000;
  - For video lottery games - €50,000.
- Authorization fee
  - For Class 1 and Class 3 remote games of change, the operating authorisation fee may not be below €100,000;
  - For tombola-type games (traditional game), the operating authorisation fee is 16% of the income obtained from the games of chance.
- Special fees
  - For video lottery - 3% of the income obtained from the games of chance of the licensed operator;
  - The access fee for the games of chance characteristic to casinos - RON50;
  - The access fee for the games of chance characteristic to poker clubs - RON30;
  - The vice fee shall also apply to video lottery and shall be paid, in all cases, along with the authorisation fee.



For further questions regarding the aspects mentioned in this alert, please contact us.

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