

*Highlights of the gaming
regulatory frameworks
in selected countries*

February 2015

Global Gaming Industry Regulatory Frameworks



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Introduction

The global gaming industry has expanded over the past few years as a result of governing bodies' efforts to increase tax earnings and attract tourists. Many nations have legalized or considered legalizing the casino gaming industry due to the economic benefits that come along. To demonstrate the policy approaches across the world, a comparative analysis of the regulatory frameworks (i.e. casino gaming and anti-money laundering frameworks) in 24 countries across the world was performed (see Annex). Conducted analysis of a regulatory regime for land-based casinos, led us to the insight that casino regulatory regimes could be classified according to the role of the federal, state and local governments in organizing and managing the gambling market i.e. whether the gambling is regulated on the federal level, the state level or a mix of national and state levels. The study results were summarized in three models "Federal Government as a Main Regulator" (Great Britain), "State Government as a Main Regulator" (Australia), and "Federal & State Government as Main Regulators of the Casino Gaming Industry" (USA, Nevada) (see Annex). Based on the analysis of the economic impact the industry has, as well as regulatory benchmark, we selected 12 countries from the original list of 24 countries. Furthermore, as the casino gaming industry impacts the labor force, e.g. household and community health, and raise some social issues i.e. ludopathy, we looked at existing measures in the selected countries that entice responsible gambling and reduce problem gambling behaviour.

The paper also briefly reviews polices for anti-money laundering in the casino gaming industry.

The main objective of the current paper is to provide deeper insights into the selected 12 countries:

1. **EMEA:** France, Germany, the United Kingdom and South Africa.
2. **Asia-Pacific:** Macau, Singapore and Australia.
3. **Latin America:** Argentina, Chile and Mexico.
4. **North America:** the United States and Canada.

The document looks at the historical performance of the casino gaming industry over the past few years (2006-2014) and gives a forecast for 2015 revenue, by region and country.

Each section in the paper consists of the overview of the current state and performance of the industry, followed by the description of the casino gaming legal system. The parameters used for the legal insight are: regulations, regulating entities, taxation law and the legal age requirement to play in casinos for each country (see Annex).

Key findings

Many regions across the world have surpassed the economic downturn and are now showing a steady growth across most regions, particularly in China and Asia. According to Bloomberg, the gaming industry has moved its epicenter to the Asian region. This is mainly due to Macau, surpassing Las Vegas' total revenue. In 2013, Macau's revenue of 43 billion USD, where two-thirds were from high-rolling gamblers and around six times larger than Las Vegas' gaming revenue. In line with PwC Global Gaming Outlook, the Asia- Pacific region will have the Compound Annual Growth Rate (CAGR) of 18.3% through 2010-2015, the fastest growth rate among all world regions.

On the other hand, European casinos have increased revenues in 2014, compared to the previous years, slowly improving the stability of their gaming industry. However Europe together with Africa/Middle East is the slowest growing market with an expected CAGR of 2.4% during 2010-2015.

Casino gaming industry revenue in selected 24 countries, 2013*

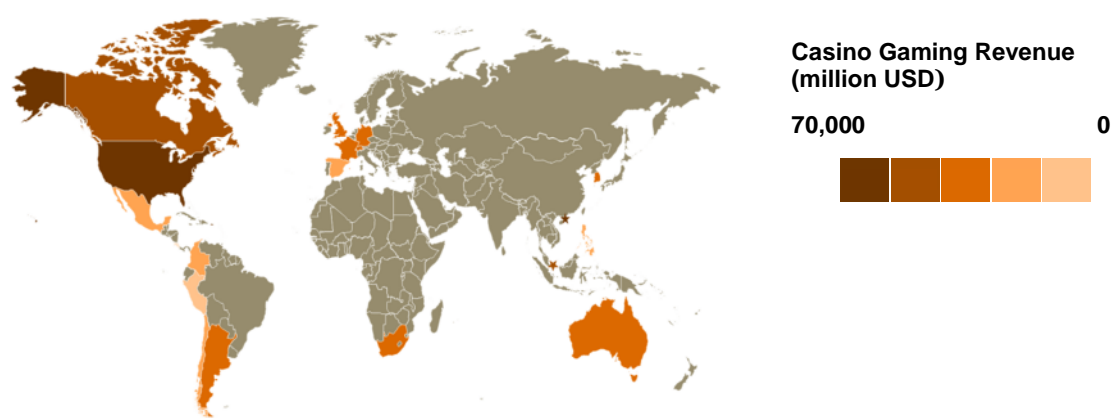


Table of summary of findings in selected (12) countries*

Jurisdiction	Responsible Gaming	Tax Regime	
	Age	Taxes paid by casino	Tax on winnings
<i>EMEA: France</i>	18	10-80% of Gross Gaming Revenue	Yes
<i>EMEA: Germany</i>	18**	Tax and levy system varies with revenues and can go as high as 90% of gross win.	No**
<i>EMEA: UK</i>	18	Gaming duty, based on Gross Win, could vary between 15 and 40%.	No
<i>EMEA: South Africa</i>	18	An average of 9.6% of Gross Gaming Revenue***; value-added tax on GGR; corporate tax of 28%	No
<i>Asia-Pacific: Macau</i>	21	Fixed tax - 35% of the Gross Gaming Revenue; Variable - 2%-3%	No
<i>Asia-Pacific: Singapore</i>	21	5% - 15% of Gross Gaming Revenue	Yes
<i>Asia-Pacific: Australia</i>	18	10%-45%, depending on a territory	No
<i>Latin America: Argentina</i>	18	16%	
<i>Latin America: Chile</i>	18	20% of Gross Gaming Revenue; provisional monthly payment; entrance tax	No
<i>Latin America: Mexico</i>	21	NA***	NA***
<i>North America: USA</i>	18**	0.25% - 70%, depending on a state	Yes
<i>North America: Canada</i>	18**	An average 20% of Gross Gaming Revenue	No

*See Introduction & Annex; **Depending on a state/territory/province; ***NA-No information available

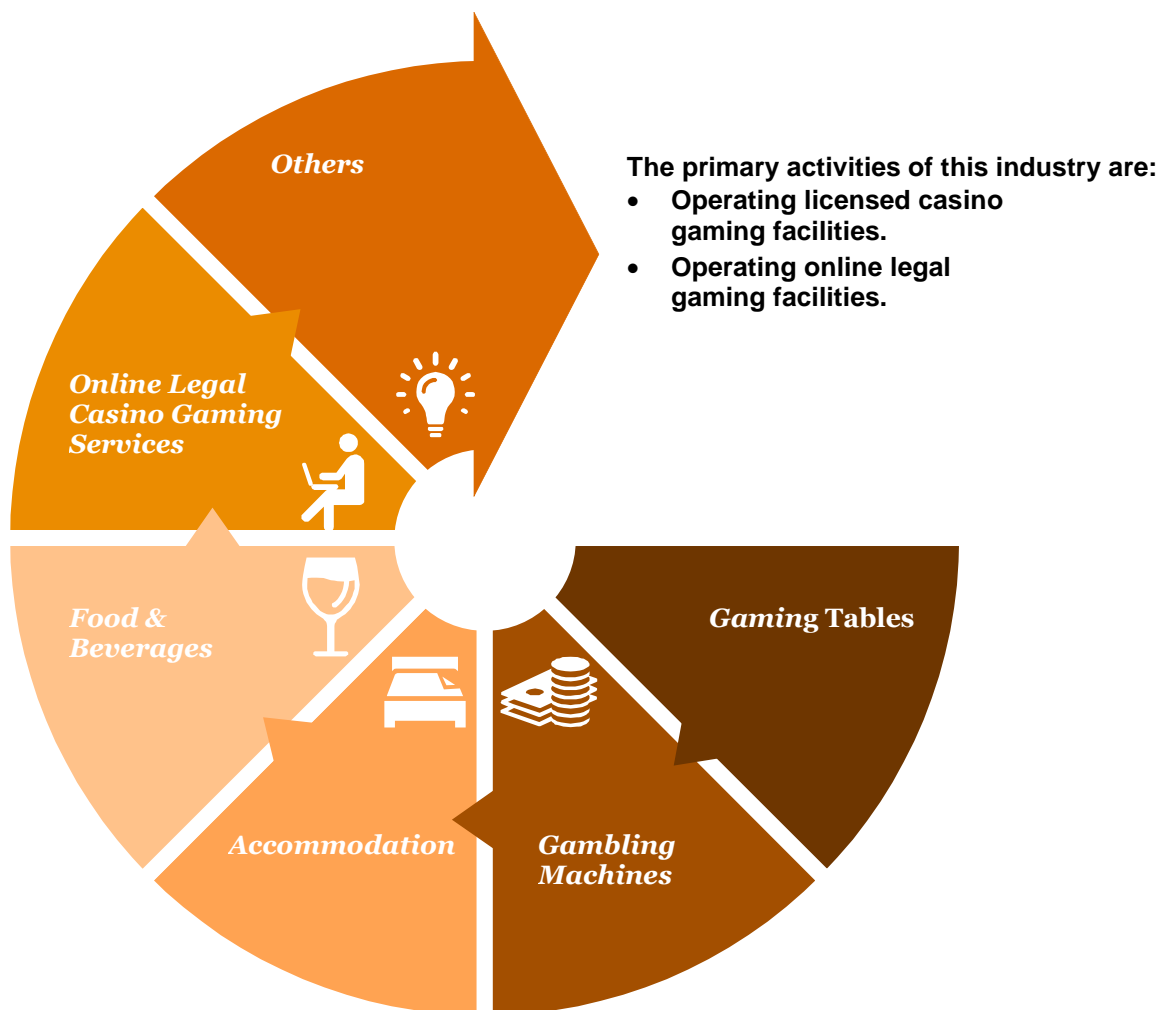
Global Casino Gaming Industry

Global Overview

Industry definition

The casino gaming industry consists of gambling facilities that offer table wagering games and other gambling activities, such as slot machines. These establishments often provide food, beverage and lodging services. The industry also includes legal online gaming.

Major Products & Services



Source: IBISWorld

As there is no the precise meaning of the responsible gambling term, for the purpose of this paper, we will adapt the following definition, given by Australian Institute for Gambling Research (AIGR):

Responsible gambling is the provision of gambling services in a way that seeks to minimize the harm to customers and the community associated with gambling.

Global Casino Gaming Industry

Global Overview

Industry Performance

The Global Casino Gaming Industry has kept a growing tendency, and albeit there was a big downturn in the global economy, the most of the markets worldwide managed to overcome it, and is showing increasing numbers and fast-paced rising rates. Between 2010 and 2015, it is expected that the overall industry will reach a Compound Annual Growth Rate (CAGR) of 9.2%, representing an upward of 117.6 billion USD in 2010 to 182.8 billion USD in 2015.



North America

The fastest growing region, that outpaced the United States, was Asia-Pacific with a projected CAGR of 18.3% (79.3 billion USD) during 2010-2015, and a market value that upsurge from 22,898 million USD (2009) to 73,429 million USD (2014). By 2015, Asia-Pacific will be the largest regional casino gaming market and hold 43.4% of the global market share.



Asia-Pacific

As for the North America region, it will grow at a 4.7% CAGR during the same period.



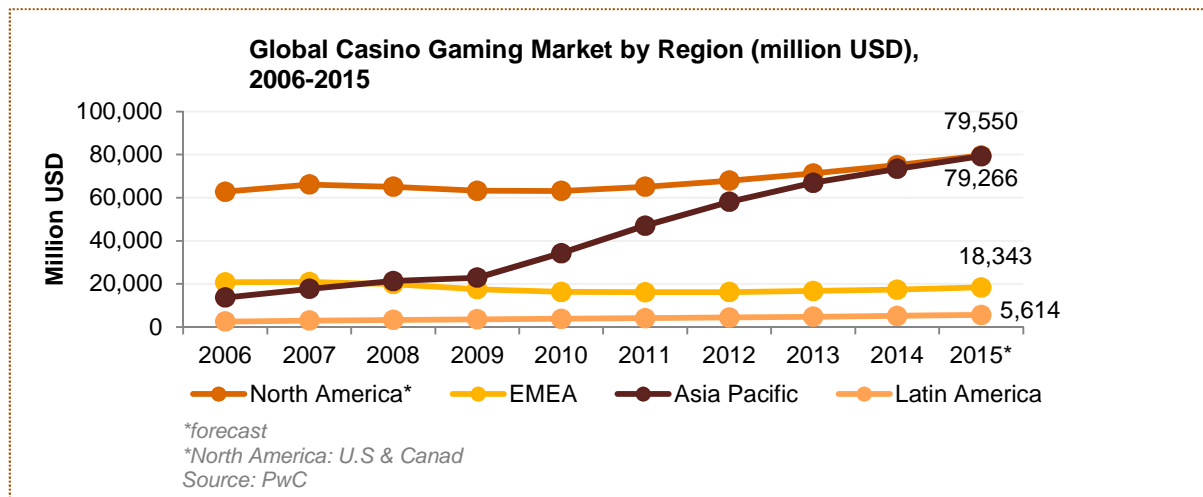
Latin America

The EMEA region (Europe, Middle East, and Africa), has the lowest CAGR forecast for the casino gaming industry. During 2010-2015, it will have a CAGR of 2.4% and represent 18.3 billion USD by 2015.



EMEA

On the other side, the region with the smallest percentage of the global market revenues (5,165 million USD) - the Latin America region - will have a growth rate of 8.1% during 2010-2015

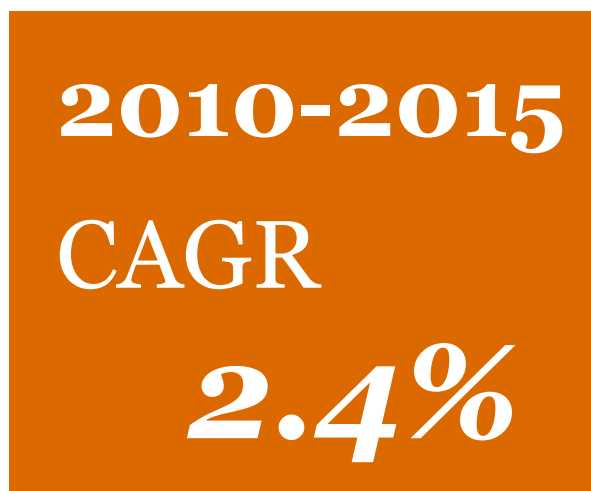


Global Casino Gaming Industry

Regional Overview

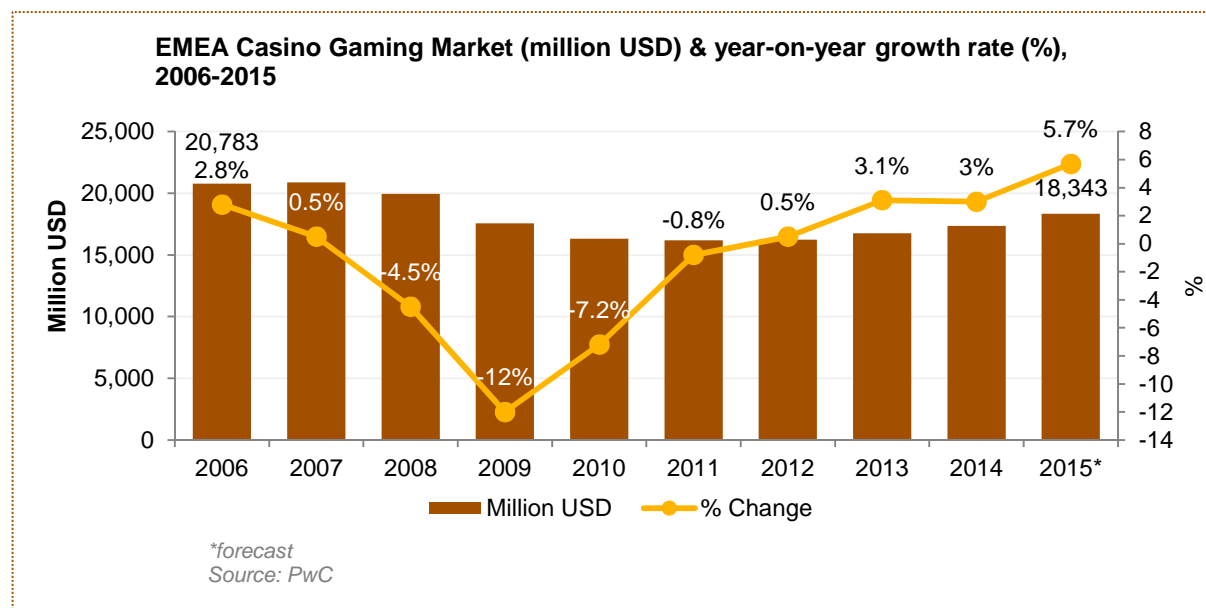
EMEA (Europe, Middle East and Africa)

The region worst hit by the financial crisis was the EMEA region, with the cumulative revenue falling down dramatically between 2007 and 2010. The recession had a great impact not only in the economic aspect, but also influenced important changes in the regulations and restrictions within the industry in several countries. For instance, Russia was the largest casino market in EMEA by 2007, but after the government legally limited the gaming activity, the country slipped from the largest to the smallest market share in the region.



EMEA is expected to have the lowest growth rate during 2010-2015, with a CAGR of 2.4%, which signifies an upward of the market value from 16.3 billion USD in 2010 to 18.3 billion USD in 2015. The industry is project to rise in hand with the improvements in the overall economy of the region. For example, there is a project, aimed at promoting Spain as a new casino destination for investors and customers. Spain has had the highest CAGR in the EMEA region since 2011 to 2015 (12.1%).

The largest markets by revenue values in 2014 were: France, Germany, the United Kingdom and South Africa.



Global Casino Gaming Industry

Regional Overview

EMEA: France

Industry Overview

France is one of the largest casino markets in the EMEA region, with the reported revenue of 4,055 million USD in 2014 and forecasted revenue of 4,190 million USD in 2015. Although it is one of the most important markets, it had a strong downturn from which it has not fully recovered. It is reflected in its year-on-year growth rate that was 6.4% in 2007, going down to -1.5% in 2010 and rising to 3.4% in 2014.

Regulatory Framework

French casinos are regulated under the 2007 decree by the Ministry of Finance and the Ministry of the Interior, which in turn have set up the “*Commission Supérieure des Jeux*” (CSJ) to grant licenses and administer casino regulations.

As anti-money laundering measures are a major concern for the European Commission and Member States, France has a set of policies that allow protecting the system against money laundering. TRACFIN is in charge of the measures application under the Law of 12 July 1990.

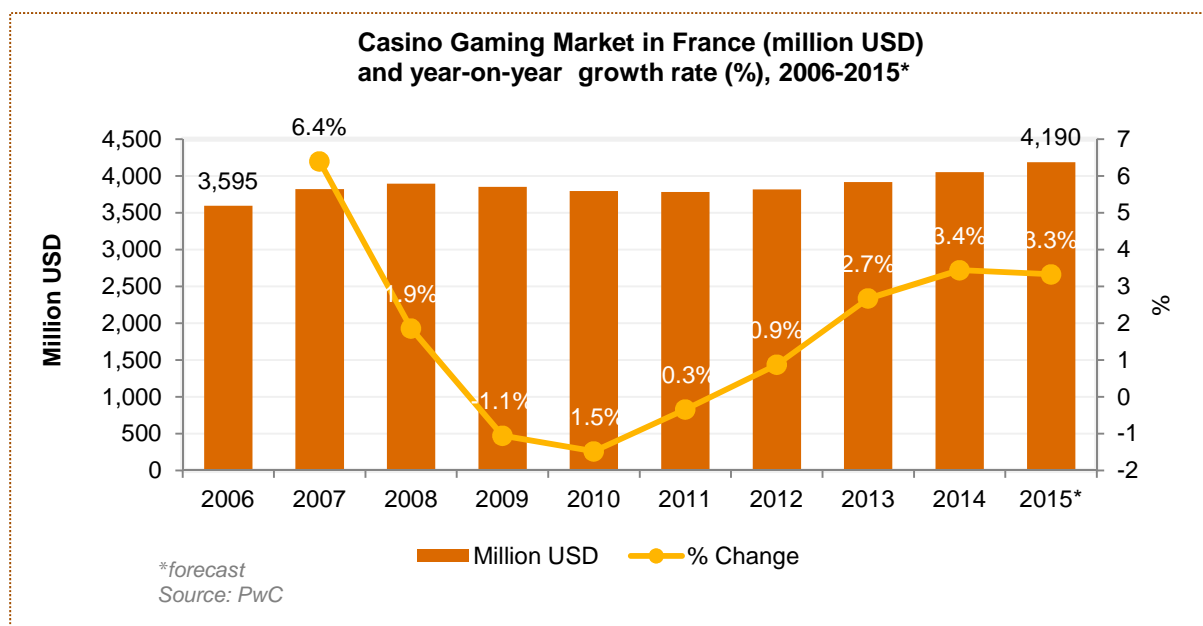
Socio-economic Impact

Tax Regime

Casinos are taxed between 10 to 80% of their Gross Gaming Revenues (GGR), which is later distributed to local authorities. In the case of slot players, they are taxed with 12% of their earnings when the amount exceeds 1,500 EUR as they are being seen as professional players.

Responsible Gaming

Consistent with the national legislation, the legal age to enter a casino is 18 years. There are several organizations in France that address the problematic gambling among adolescents: Addiction Prevention (ADICTEL) and *Centre de Reference sur le Jeu Excessif*. COJER, established by the Ministry of Finance, provides a responsible gambling framework (see Annex).



Global Casino Gaming Industry

Regional Overview

EMEA: Germany

Industry Overview

Germany has the strongest economy in the EMEA region, and although the casino gaming industry suffered a major setback between 2007 and 2009, the industry never reported a negative growth rate. It reached its lowest point in 2008 with a 0% year-on-year growth rate and revenue of 2,014 million USD. In 2014, Germany reported the industry revenue of 2,217 million USD.

Regulatory Framework

Each state can legally regulate the gaming industry under the statute laws and the common state treaty. In most of the cases, the bodies in charge of regulating and supervising casinos are the Ministry of the Interior or the Ministry of Finance.

Germany has introduced a number of measures to strengthen its anti-money laundering and combating the financing of terrorism (AML/CFT) regime. The core elements of Germany's AML/CFT regime are established in the German Criminal Code (CC); the Money Laundering Act (AML Act); and the sector-specific laws such as the Banking Act.

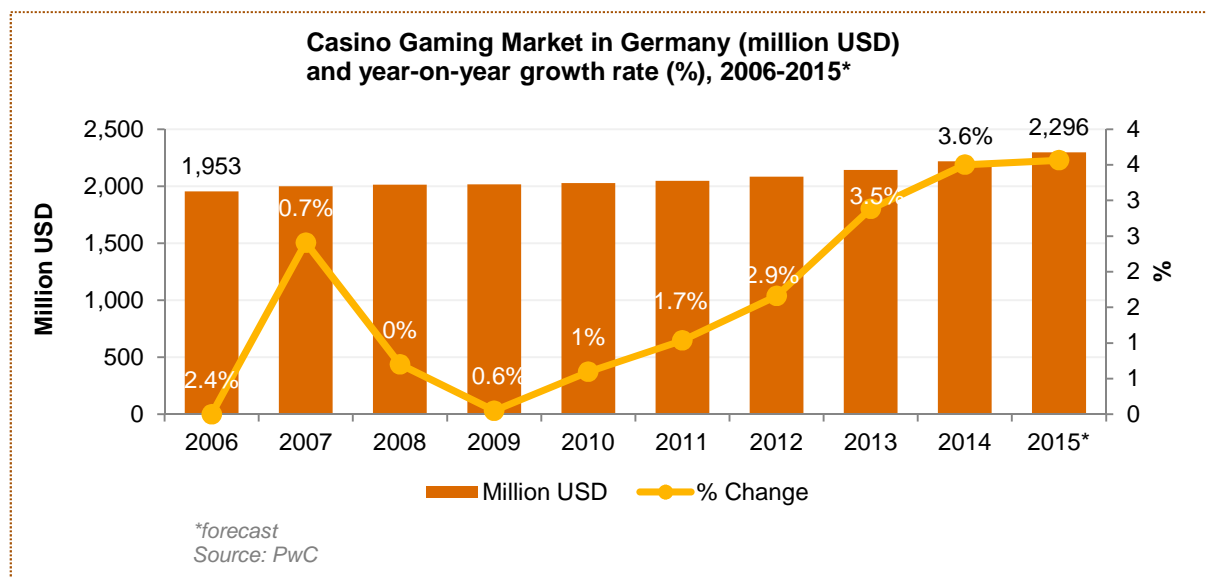
Socio-economic Impact

Tax Regime

Taxation within the gaming industry is among the highest in the region, with amounts up to 90% of Gross gaming revenues (GGR). At the same time, players having a profit out of gaming are not subject to income tax as long as they are not professional poker players.

Responsible Gaming

Players must be at least 18 years old to enter a casino facility, but in some states the age restriction goes up to 21 years age. In response to potential danger of gaming, the German government made it subject to protection which means that each state is responsible in conducting the problem gaming assessment and taking restrictive measures for public gambling activity (see Annex).



Global Casino Gaming Industry

Regional Overview

EMEA: United Kingdom

Industry Overview

The UK was one of the few countries in the region that had a positive industry performance results the middle of the financial crisis. The market value will increase to 1,353 million USD in 2015, a 2.3% CAGR between 2011 and 2015. The lowest growth rate in the UK was in 2008, when the industry had fallen down to -8.3%, but quickly recovered in 2009, going up to 9.3%.

Regulatory Framework

The United Kingdom has not changed its regulation of land-based casinos since the implementation of the Gambling Act of 2005 in 2007. The UK Gambling Commission was established by the Act as to regulate the industry and control the licensing regime.

The Gambling Commission (the Commission) tackles money laundering in the industry under the Money Laundering Regulations 2007 and the Proceeds of Crime Act 2002.

Socio-economic Impact

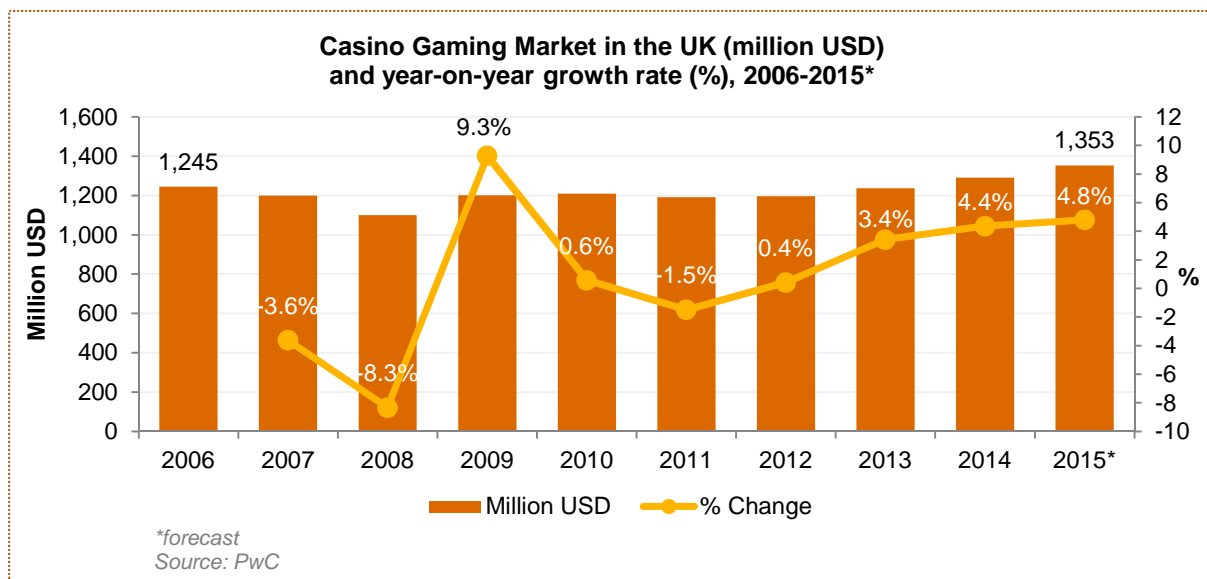
Tax Regime

The tax regime, regulated by the UK gaming Duty of 2012, has a national implication, and calculates the amounted tax, based on Gross Gaming Yield (GGY) range: 1,929,000 GBP (15%); up to 1,329,500 GBP (20%); up to 2,329,000 GBP (30%); up to 4,915,500 GBP (40%); and the remainder (50%). There is no taxation on the individual casino winnings.

Responsible Gaming

The national legislation doesn't allow a person younger than 18 years to gamble in a casino facility.

The promotion of responsible gambling is mentioned in the Gambling Act 2005, where it forms a part of the licensing requirements. Moreover, research priorities are guided by the national strategy that is advised by the Responsible Gambling Strategy Board (RGSB) and the Gambling Commission (see Annex).



Global Casino Gaming Industry

Regional Overview

EMEA: South Africa

Industry Overview

Within Middle East and Africa, South Africa has the highest casino gaming industry revenue. In 2007, it generated 1,632 million USD and grew at a growth rate of 12.9%. Moreover, it is forecasted to achieve a 1.9% CAGR between 2011 and 2015, which translates into revenue of 1,934 million USD.

Regulatory Framework

The National Gambling Act, introduced in 2004 and amended in 2008, is the main regulation that coordinates the national and provincial legislative competence over gaming matters. South Africa's gaming policy is determined by the National Gambling Policy Council, but the provinces are in charge of issuing licenses to operators.

South Africa has developed a comprehensive legal framework to tackle money laundering with the Prevention of Organized Crime Act 1998 (POCA) and the Financial Intelligence Centre Act 2001 (FICA) as the main statutes.

Socio-economic Impact

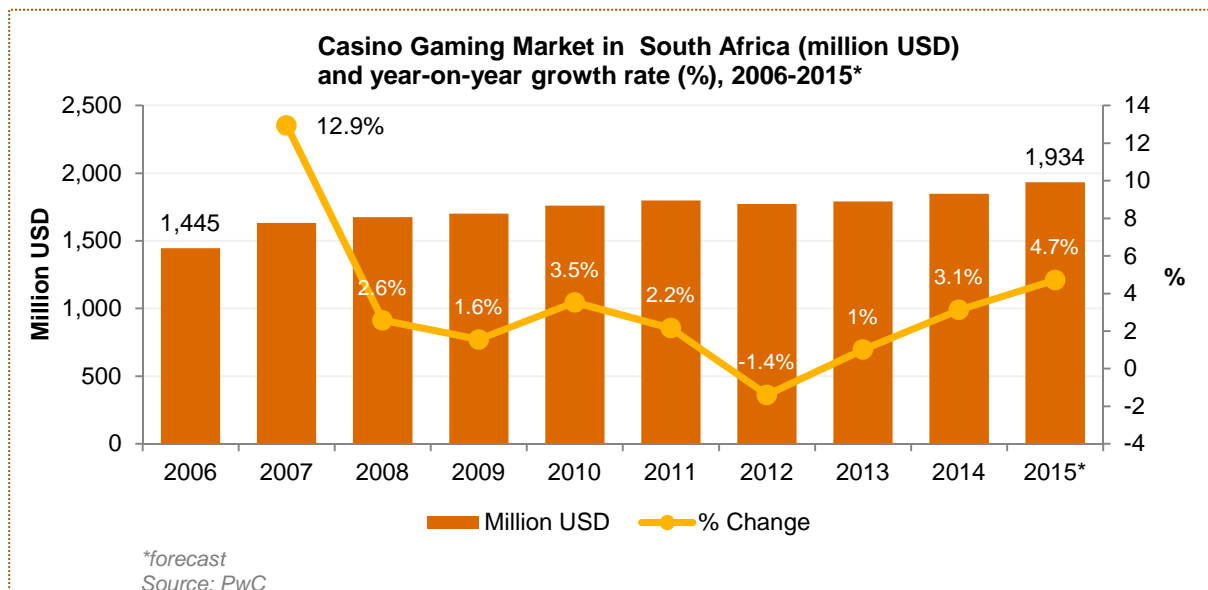
Tax Regime

Gambling operations in casinos are taxed on an average rate of 9.6% of their Gross Gambling Revenue (GGR), and paid to the provincial gambling boards. Additionally, they must pay value-added tax on GGR and a corporate tax of 28%. Only the professional gamblers are subject to the winning tax.

Responsible Gaming

According to the National Gambling Act, the legal age to gamble in South Africa is 18 years.

The promotion of responsible gambling features prominently the National Gambling Act, 2004 which introduces a range of measures to protect the vulnerable and minimize the socio-economic impact. The South African Responsible Gambling Foundation (SARGF) is a public-private sector initiative that which supervises the National Responsible Gambling Program (NRGP) in co-operation with the gambling industry operators and governmental regulators (see Annex).



Global Casino Gaming Industry

Regional Overview

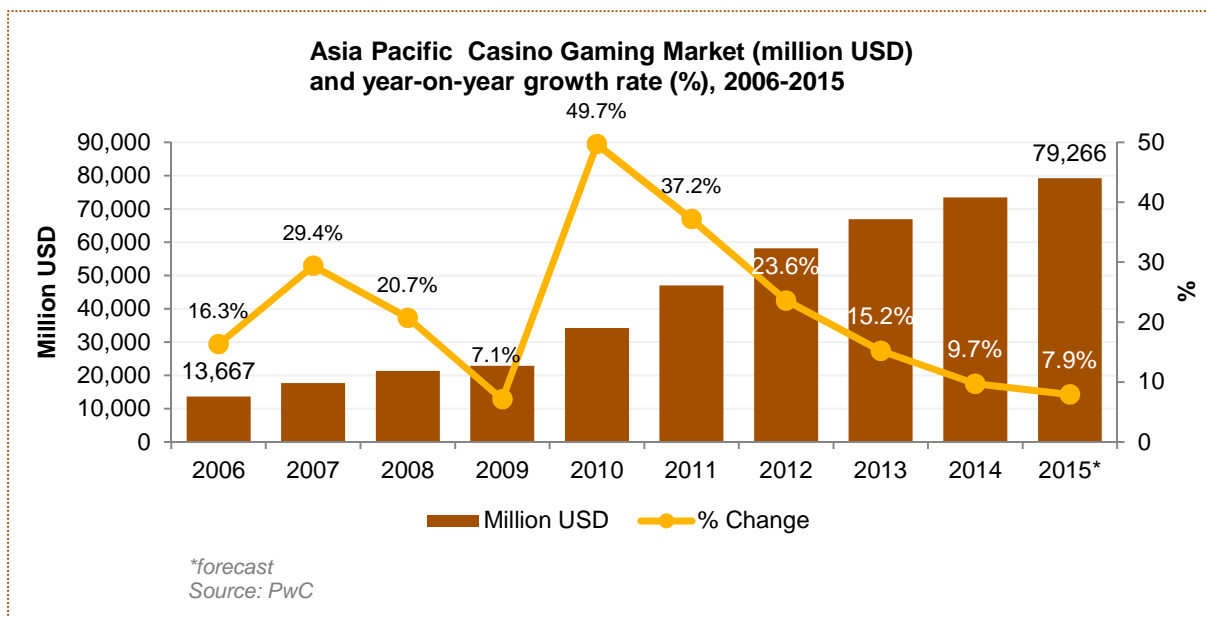
Asia - Pacific

2010-2015
CAGR
18.3%

This region has outpaced the EMEA region, becoming the fastest-growing region for the casino gaming industry and the second largest region worldwide.

In terms of revenue, by 2015, Asia-Pacific is forecasted to surpass the United States, accounting for 79,266 million USD of the market value. The improvements showed by this region are the result of economy boost of some countries in the region.

The casino gaming industry saw a rapid emergence between 2009 and 2010, with the revenue growth rate of 49.7%. The major cause of this was the exceptional upsurge of the Macau and Singapore, which will be the main forces behind the region industry growth in the near future.



Global Casino Gaming Industry

Regional Overview

Asia – Pacific: Macau

Industry Overview

Macau accounts for most of the overall revenue obtained in the Asia-Pacific region. From 2010 to 2015, its total revenue went from 23,447 million USD to 62,167 million USD. Additionally, Macau is the country with the highest projected compounded annual growth rate (CAGR) from 2011 through 2015 (21.5%). This country has become the leading casino destination for gamblers, outpaced the United States. By 2015, it will represent 34% of the total global casino revenues.

Regulatory Framework

Casinos in Macau are regulated by the Gaming Inspection and Coordination Bureau (*Direcção de Inspeção e Coordenação de Jogos* (DICJ)). Being the primary regulator and supervisor institution within the gaming industry, the DICJ's main objective is to establish the law compliance.

Law 2/2006, the Administrative Regulation (AR) 7/2006, and the DICJ Instruction 2/2006 govern compliance requirements with respect to identifying, reporting and preventing anti-money laundering and terrorism financing crimes at Macau's casinos.

Socio-economic Impact

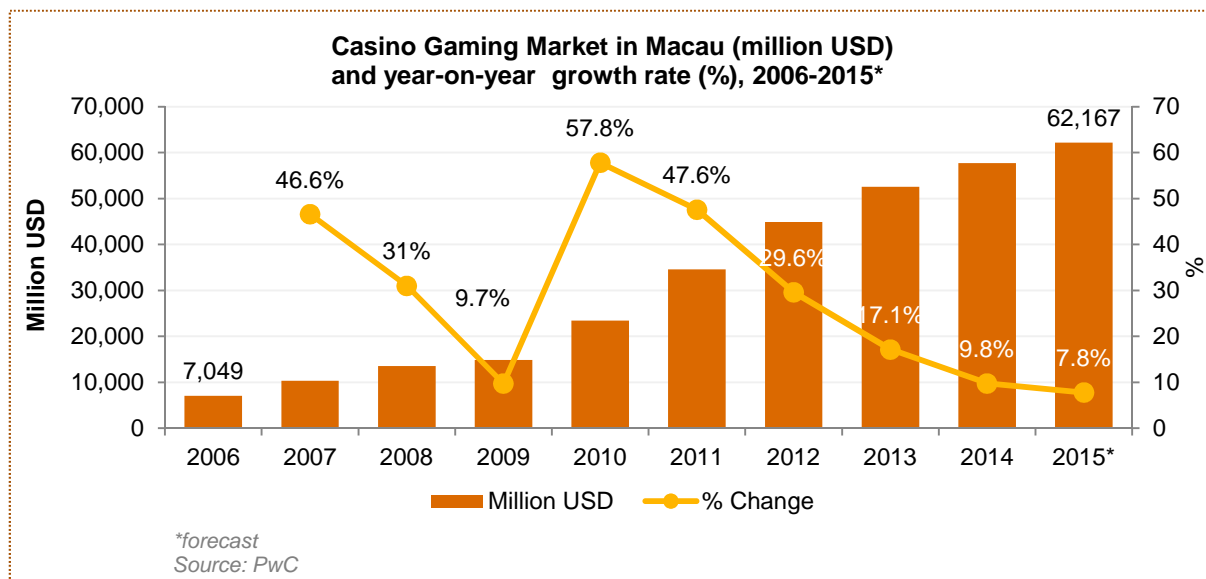
Tax Regime

The taxation is made of a fixed and a variable part, and is calculated based on the Gross Gaming Revenue (GGR). At the moment, the fixed tax rate is 35% while a variable tax rate is between 2% and 3%. Macau imposes no tax on gambling winnings.

Responsible Gaming

The minimum age regulation for casino admission became effective in 2012. It states that persons under 21 years old are no allowed to enter casinos in Macau.

Responsible gambling measures include public awareness for different communities, free treatment services for residents, and research by public (e.g. The Resilience Center), private (the Chamber of Macau Casino Gaming Concessionaires and Sub-concessionaires (Chamber), and non-for-profit organizations (see Annex).



Global Casino Gaming Industry

Regional Overview

Asia – Pacific: Singapore

Industry Overview

With a CAGR of 20.5% from 2011 through 2015, and projected revenue of 7,172 million USD by 2015, Singapore has become an important casino gaming market and the biggest competitor for Macau due to its rising speed. As for 2010, the casino gaming industry was valued at 2,827 million USD, growing to 4,396 million USD in 2011.

Regulatory Framework

The Casino Control Act, amended in 2013, makes provisions of the gaming operation and regulation. The Casino Regulatory Authority of Singapore was established in the Act as the body in charge of regulating, supervising and licensing casinos in the country.

The key regulation in controlling money laundering in a casino in Singapore is the Casino AML Regulations with the Casino Regulatory Authority of Singapore ensuring that AML/CFT measures are implemented effectively.

Socio-economic Impact

Tax Regime

The tax payment should be done every month as long as a casino holds a license. Premium players have to pay 5% tax on the Gross Gaming Revenue (GGR), while other players have to pay 15% monthly tax on the GGR. Winnings which are over \$1,200 at a slot machine or bingo game, over \$1,500 in keno are subject to tax.

Responsible Gaming

In line with the above mentioned Act, persons under 21 years are considered minors and shall not enter, remain or take part in any gaming, on any casino premises.

Responsible gaming was enacted in the amended Casino Control Act to emphasize the importance of tackling of problem gaming. The National Addiction Management Centre, set up at the Institute of Mental Health, is focused on gambling addiction (see Annex).



Global Casino Gaming Industry

Regional Overview

Asia – Pacific: Australia

Industry Overview

Australia is considered to be the third largest casino gaming market in the Asia-Pacific region, with a 2011-2015 CAGR of 1.5% and forecasted revenue of 3,698 million USD in 2015. In 2007, Australia had revenue of 3,125 million USD, followed by its drop in 2011 and sluggish recovery ever since.

Regulatory Framework

Australian casinos are state- and territory-specific regulated, therefore, each jurisdiction has a regulatory authority in charge of monitoring the game operation, equipment, rules and operating hours, and the correct compliance of each applicable law.

Responsibility for the control of legal and illegal gambling is primarily a state government responsibility while Federal government just investigates organized crime and international investment.

Socio-economic Impact

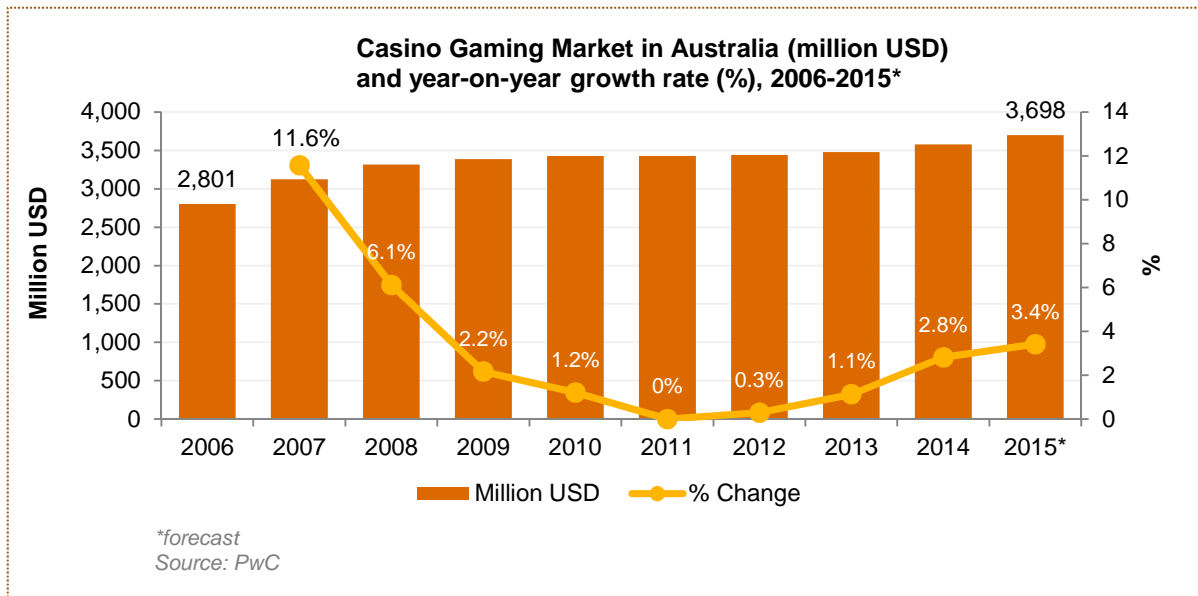
Tax Regime

Taxes in the casino gaming industry are paid to Commonwealth, state/territory and local governments in the form of casino-specific taxes and general taxes and often include license fees as well. There is no taxation on the individual casino winnings.

Responsible Gaming

People under 18 years old cannot gamble or enter any kind of gambling facilities.

State and territory governments are approaching responsible gaming in different ways with some states requiring some level of public regulation of problem gaming and other jurisdictions assigning problem gaming as a matter for industry self-regulation (see Annex).



Global Casino Gaming Industry

Regional Overview

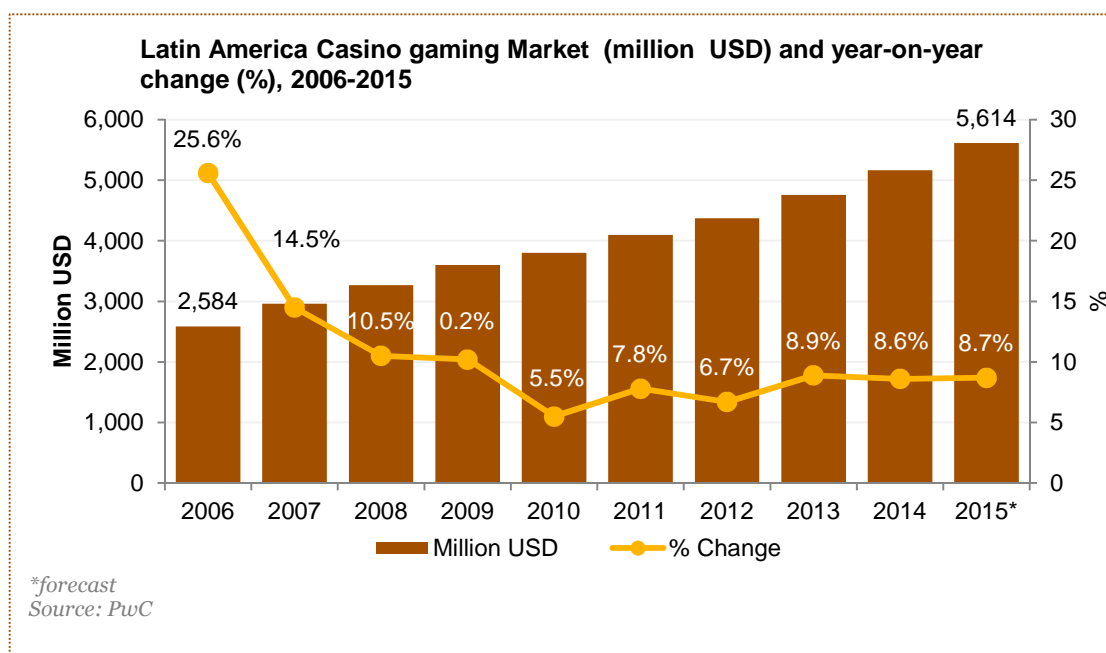
Latin America

**2010-2015
CAGR
8.1%**

Although Latin America has the lowest gaming market revenue among the other regions, it will have one of the highest CAGR (8.1%) during 2010-2015 and is forecasted to be the second fastest growing region over the next five years.

In 2006, the market revenue was 2,584 million USD, and by 2015, it is projected to reach 5,614 million USD. Between 2009 and 2010, due to the global economic setback, the industry went down from a 10.2% to 5.5%. As the economies gradually recover, the revenues in the gaming industry are slowly reaching the growth levels the industry had in the past.

In Latin America, the largest markets are Argentina, Mexico and Chile. Even though market revenue in Argentina accounts for over a half of the region, the industry is expanding at the fastest pace in Chile.



Global Casino Gaming Industry

Regional Overview

Latin America: Argentina

Industry Overview

Argentina is the leading casino gaming market in Latin America, with forecasted 3,501 million USD in revenues and a CAGR of 8.6% between 2011 and 2015. It did not show a negative growth throughout the years, although it was also affected by the economic downturn in 2009 when its growth rate went from 10.3% in 2007 to 4.4% in 2009. Nonetheless, over the past years the industry has reported recovering tendency, linked to the country's overall economic health.

Regulatory Framework

Gaming in Argentina is regulated by provinces, therefore, each jurisdiction sets its own rules, and regulations that need to be followed in order to get a license and operate in the casino sector.

The casinos in Argentina have the low level of implementation of AML/CFT requirements. There is no authority body designated to supervise the compliance of casinos with their AML/CFT requirements, as the FIU is not associated with any supervisory powers in the industry.

Socio-economic Impact

Tax Regime

The 25% tax on gaming machines was introduced in 2013, while in 2014, the gaming tax was supposed to get increased from 16% to 22%.

Responsible Gaming

The legal age to enter and gamble in casinos is 18 years.

Argentina undertakes problem gaming challenge mostly at a provincial level. Last year, the bill was submitted in the Congress where problem gaming and the prevention of pathological gambling program across the country were a key theme (see Annex).



Global Casino Gaming Industry

Regional Overview

Latin America: Chile

Industry Overview

Chile had the highest and fastest year-on-year growth rate among all the countries in the world. It grew in 800% in 2009 - in 2006, the casino gaming revenue in the country was only 22 million USD. It is expected that by 2015 it will raise up to 765 million USD, having the highest CAGR among the Latin America region (19.8%) through 2011-2015.

Regulatory Framework

Law N°19.995 establishes the general basis for the authorization, functioning and control of casinos in Chile at a national level. Furthermore, it creates the

The Superintendent of Gaming Casinos (*Super Intendencia de Casinos de Juego*) was created as a result of the law enactment to be the independent entity that supervises and licenses casinos in the country.

The casino gaming follows general anti-money laundering regulations (Law 19.913), however the SCJ is working to establish industry-specific regulations and standardized forms to improve its ability to monitor the casino activity.

Socio-economic Impact

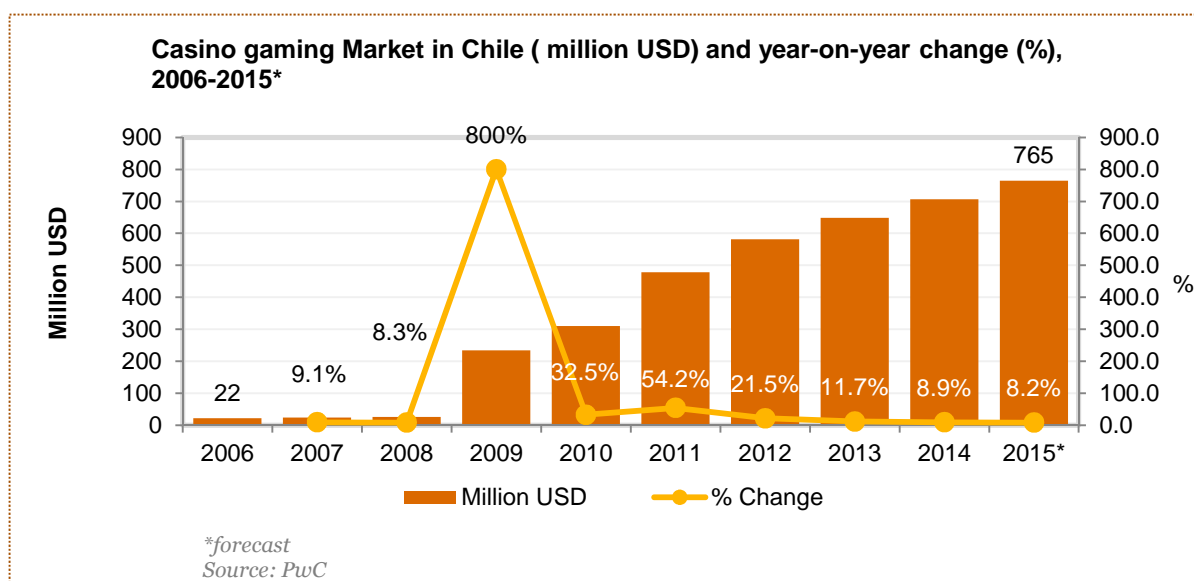
Tax Regime

Operating casinos in Chile must pay a 20% tax on their Gross Gaming Revenue (GGR), which is deductible from the Value-added Tax and the Provisional monthly payment. Additionally, all casinos must charge an entrance tax equivalent to 0.07 of a monthly tax unit (UTM) that can be paid by a customer or assumed by the casino.

Responsible Gaming

The entrance and gaming in casinos is forbidden for citizens under 18 years old.

Problem and pathological gambling have become major concerns in Chile just recently. This year (2015) the Chamber of Deputies implemented measures in the Casing Gambling law and Civil Code to deal with pathological gaming (see Annex).



Global Casino Gaming Industry

Regional Overview

Latin America: Mexico

Industry Overview

Adverse events and economic setbacks prevented the Mexican gaming industry from keeping on rising up. Between 2007 and 2008, the sector had a 52.1% and 40% growth rate. In 2011, the industry reported negative growth at -7.8%, and has been slowly recovering since that time. By 2015, it is expected that Mexico will reach 743 million USD in revenues, representing a 6% year-on-year growth.

Regulatory Framework

In 2014, the new federal gaming law derogated the 1947 law that had a prohibitionist tone in relation to gambling. In the dispositions of the new law, a formal authority body (*Instituto Nacional de Juegos y Sorteos*) was created to control, supervise and regulate the gaming industry.

It is also stated that the New Gaming Law includes anti-money-laundering measures, e.g. reporting of suspicious activity to the newly established National Institute of Gaming.

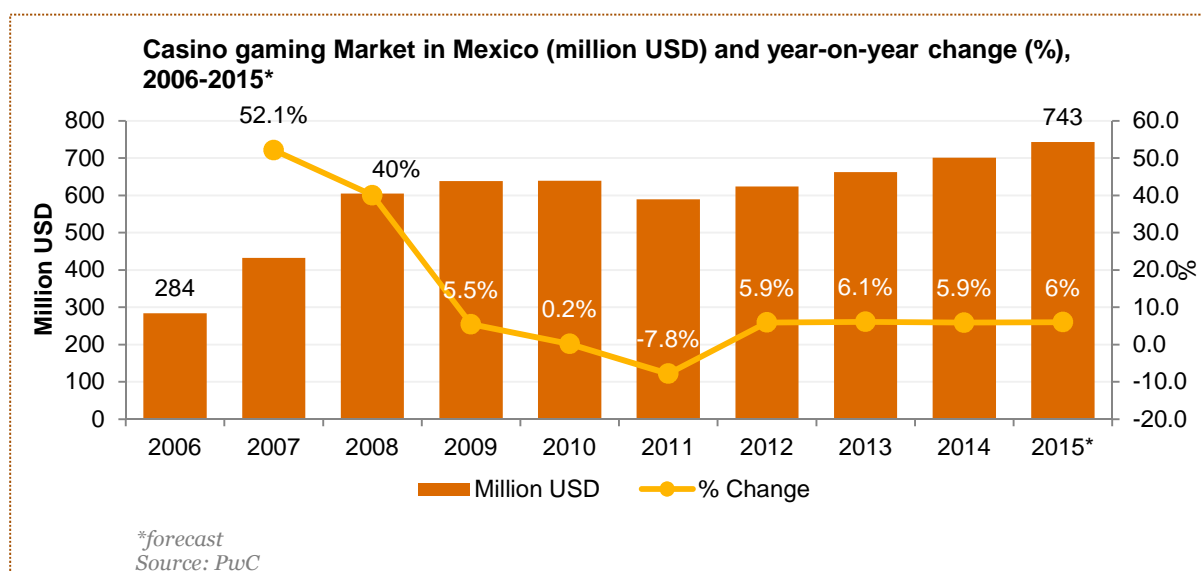
Socio-economic Impact

Tax Regime

In terms of taxation, although it has not been disclosed, the new disposition will give a unified tax rate at a federal level, shared between states. The gaming tax nowadays is around 30%.

Responsible Gaming

Only persons over 21 years old can participate in gaming and lotteries activities (see Annex).



Global Casino Gaming Industry

Regional Overview

North America

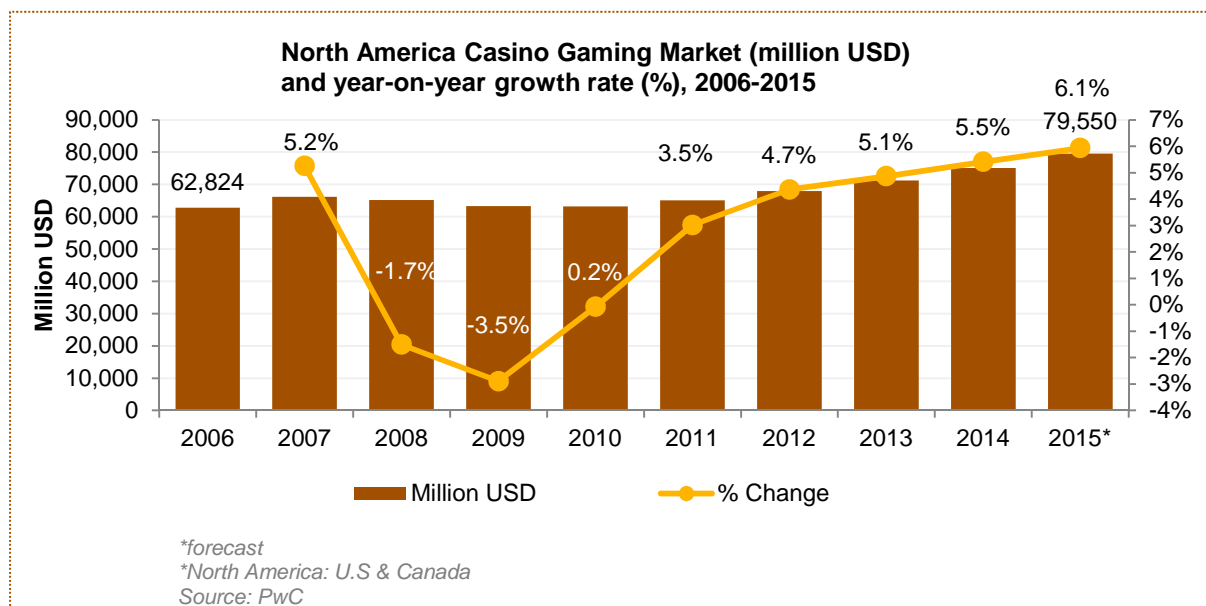
2006-2015

CAGR

4.7%

The North American region, represented by the United States and Canada, used to be the biggest casino gaming market in the world before the economic downturn. The United States accounts for the most revenue and casino establishments in the region. In 2007, the industry reached revenue of 66,125 million USD, representing a 5.2% year-on-year growth, followed by the negative growth in the industry between 2008 and 2009.

While North America was trying to surpass this recession, Asia-Pacific grew at an impressive pace and by 2015, in relation with revenues figures, it is forecasted to have an only slightly lower margin of difference with North America. North American casino gaming market will reach 79,550 million USD in 2015, showing the growth rate of 4.7% between 2006 and 2015.



Global Casino Gaming Industry

Regional Overview

North America: United States

Industry Overview

The stability of the casino gaming industry was regained over the last years in the United States. As for 2015, the market is expected to be worth 73,320 million USD and a 6.1% growth rate, which brings a positive outlook for a market, downturned by its negative results from 2008 (-1.7%) to 2009 (-3.5%).

Regulatory Framework

Gambling in the United States is regulated both at a federal, state, local and other levels when the federal government plays an overarching role while the states are responsible for gambling decisions. In the case of casinos, licenses are given at a state level and most of the time they are restricted to certain areas within the state.

The Treasury Department's Financial Crimes Enforcement Network (FinCEN) reviews its money-laundering and terrorist financing risk at the national level through the Bank Secrecy Act (1979), the Money Laundering Control Act of 1986; the Money Laundering Suppression Act (1994), and the USA PATRIOT Act – 2001.

Socio-economic Impact

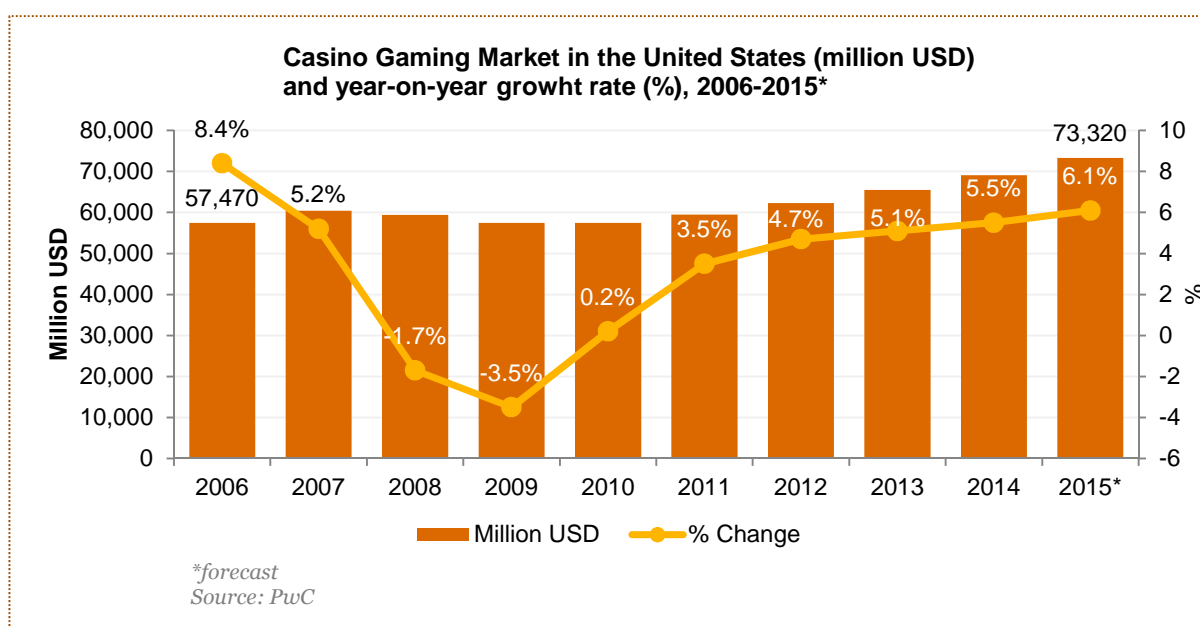
Tax Regime

In the United States, gambling tax rates and base depend on the state legislation, ranging from as low as 0.25% to as high as 70%. The tax rate on the gambling winning is 30% (income tax rate) or less due to the tax treaties US signed with various countries.

Responsible Gaming

The legal age to gamble in casinos is also different between states, but the age range goes between 18 and 21 years old.

Each jurisdiction in the US has its own set of regulations and programs regarding problem gambling and responsible gambling with the service providers for problem gamblers being affiliates of the National Council for Problem Gambling (see Annex).



Global Casino Gaming Industry

Regional Overview

North America: Canada

Industry Overview

Canada's economy was also hit by the economic crisis, and this had a direct impact on the industry negative performance between 2010 and 2011. As its economic conditions improved, the casino gaming industry was also boosted and, in 2015, it is forecasted to have a 4.1% growth rate and revenues of 6,230 million USD.

Regulatory Framework

Canada's casino gaming industry is regulated by the Gaming Control Act, Gaming Control Regulation and Canada's Criminal Code and Indian Gaming Regulatory Act 1989. Each province has the authority to regulate, supervise and license gambling activities and establish its regulating entities.

The Proceeds of Crime (Money Laundering) Act was amended in December, 2001 to become the Proceeds of Crime (Money Laundering) and Terrorist Financing Act (PCMLTFA). The implementation of AML/CFT requirements, outlined in PCMLTFA is controlled by the Canadian Financial Intelligence Unit.

Socio-economic Impact

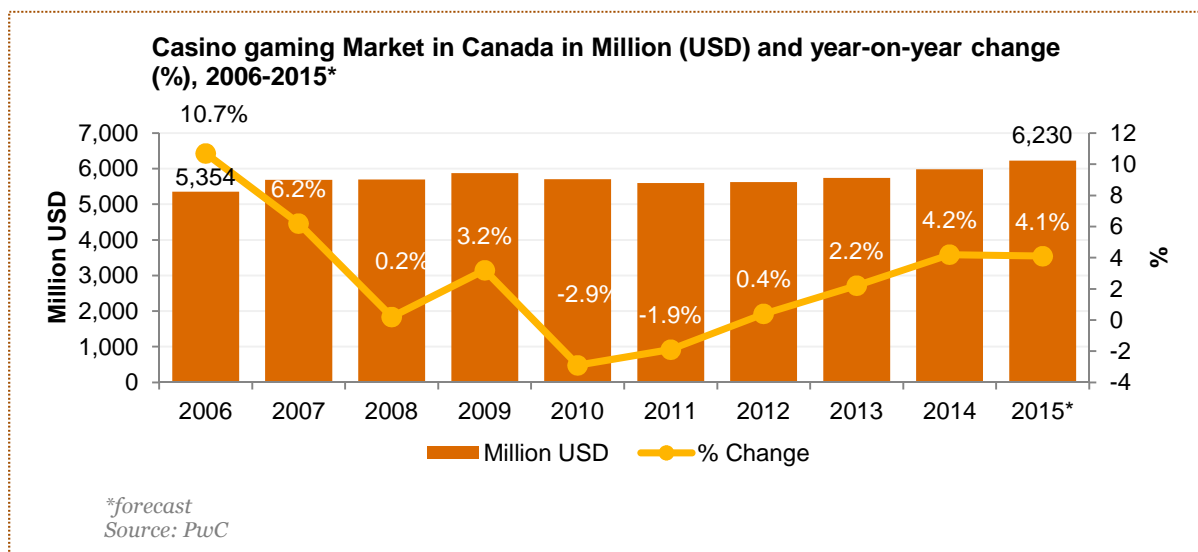
Tax Regime

Winnings from betting or gambling are not taxed in Canada. In the case of the gross revenue from casinos, in most of the cases, casinos have to pay an average 20% of their gross winnings. There is no taxation on the individual casino winnings.

Responsible Gaming

The age requirements to enter casinos in Canada vary by province/territory, but most of them have the age requirements of 19 years old.

Like with gaming regulation, each provincial government has its own gaming "conduct and management" agency which approaches could be boiled down to: advertising/marketing restrictions, mandatory training, self-exclusion program, and help lines. One of the bodies that provide information on responsible and problem gambling, prevention and treatment strategies to casino staff and patrons is the RGIC Representative (see Annex).





ANNEX

Global Casino Gaming Revenue

Global Casino Gaming Industry's Revenue (million USD), in 2013

<i>Region</i>	<i>Country</i>	<i>Revenue</i>
EMEA	Botswana	N/A
	France	3,920
	Germany	2,142
	Malawi	N/A
	Monaco	N/A
	Namibia	N/A
	South Africa	1,847
	Spain	466
	Switzerland	1,078
	Tanzania	N/A
	United Kingdom	1,237
	Zimbabwe	N/A
Asia- Pacific	Australia	3,478
	Macau	52,553
	Philippines	941
	Singapore	5,784
	South Korea	2,770
Latin America	Argentina	2,894
	Chile	649
	Colombia	548
	Costa Rica	20
	Mexico	662
	Peru	88
North America	Canada	5,743
	United States	65,497

Source: PwC Analysis

Regulatory Frameworks

EMEA

Source: PwC Analysis

France

Criteria	Description
Authority bodies	<ul style="list-style-type: none"> The Ministry of Finance and the Ministry of the Interior regulate the industry. <i>Commission Supérieure des Jeux</i> (CSJ) grants licenses and administers casino regulations.
Other Institutions	<ul style="list-style-type: none"> Cojer (a Consultative Committee for the Implementation of the Monitoring Policy of Responsible Games and Gambling); Addiction Prevention (ADICTEL) (a platform for addiction prevention and support for problem gamblers); <i>Centre de Reference sur le Jeu Excessif</i> (a center that offers prevention programs for pathological gamers). TRACFIN (a financial intelligence unit).
Casino gaming legislation	<ul style="list-style-type: none"> The Finance Act of 31st of July, 1920; the Act of March 31st, 1931; and the Decree of 6th of November, 1934 stipulate the conditions for Casinos' operations. The Decree of 22nd of December, 1959 establishes regulations regarding casino operations. The May 14th 2007 Decree imposes social responsibility on casino operators.
Money laundering legislation	<ul style="list-style-type: none"> The law of 12 July 1990 on the fight against money laundering states that casinos are required to record the names and addresses of players who exchanged or brought chips and plates for an amount greater than the amount fixed by decree. France is a member of the Financial Action Task Force (FATF).

UK

Criteria	Description
Authority bodies	The Gambling Commission is an independent non-departmental public body sponsored by the Department for Culture, Media and Sport that regulates the industry, issues licenses to operators, and ensures that adequate controls are in place to prevent casinos from being used for money laundering or terrorist financing.
Other Institutions	<ul style="list-style-type: none"> The Department for Culture, Media and Sport (DCMS) (the department is responsible for the law regulating gambling). Local authorities license premises and provide advice on the gaming industry. The Responsibility in Gambling Trust (RIGT) (a charity committed to minimizing gambling-related harm); GamCare (a non-profit organization that provides help line support, face to face counseling and online counseling); Gordon House Association (an association that offers treatment program for problem gamblers). Responsible Gambling Strategy Board (RGSB) (an independent organization that provides advice to the Gambling Commission and via the Gambling Commission, DCMS on the strategy and priorities for research education and treatment).
Casino gaming legislation	The Gambling Act of 2005 ("The Act") replaced most of the laws in the gaming industry and changed the overall structure of gambling regulation.
Money laundering legislation	<ul style="list-style-type: none"> The Money Laundering Regulations 2007 require the financial, accountancy, legal and other sectors to apply risk-based customer due diligence measures and take other steps to prevent their services being used for money laundering or terrorist financing. The Proceeds of Crime Act 2002 and the Terrorism Act 2000 also implement AML/CTF standards. The UK is a member of the Financial Action Task Force (FATF).

Germany

Criteria	Description
Authority bodies	Ministry of the Interior or Ministry of Finance, depending on a state.
Other Institutions	Financial Intelligence Unit (FIU); and Federal Criminal Police Office.
Casino gaming legislation	<ul style="list-style-type: none"> Article 12 of German Constitution protects commercial betting and gaming activities. Article 56 of TFEU protects commercial cross-border betting and gaming activities Gaming sector is mainly governed by the legislation of the 16 German regional entities.
Money laundering legislation	<ul style="list-style-type: none"> Article 40 (1) a of Directive 2005/60/EC of the European Parliament and the Council of 26 October 2005 on the prevention of the financial system use for the purpose of money laundering and terrorist financing (OJ L 309, p. 15); Money Laundering Act. Germany is a member of the Financial Action Task Force (FATF).

Asia-Pacific

South Africa

Criteria	Description
Authority bodies	The National Gambling Board monitors the issuing of national licenses by the provinces; oversees the National Gambling Act compliance, and measures the socio-economic impact of gambling. The Provincial Gaming Boards are responsible for issuing national and provincial Licenses; monitoring compliance with national and provincial; and combating illegal gambling.
Other Institutions	<ul style="list-style-type: none"> The South African Responsible Gambling Foundation (SARGF) (an entity that supervises the National Responsible Gambling Programme (NRGP). The South African Police Service (SAPS) and National Prosecuting Authority (NPA).
Casino gaming legislation	<p>Gambling Acts:</p> <ul style="list-style-type: none"> National Gambling Act (act no 7 of 2004); National Gambling Amendment Act (Act no 10 of 2008); National Gambling Regulations Part 1, National Gambling Regulations Part 2, National Gambling Regulations Part 3; LPM regulations of 2000. <p>Notices:</p> <ul style="list-style-type: none"> Interpretation of Provisions of Regulation 8(5); (6) And (7) – Exempted Machines and/or Devices; Notice to Licensees of an Account Details Relating to Payment of Unlawful Winnings; Notice from National Gambling Board - Interactive Gambling Revised.
Money laundering legislation	South Africa has developed a comprehensive legal framework to tackle money laundering with the Prevention of Organized Crime Act 1998 (POCA) and the Financial Intelligence Centre Act 2001 (FICA) as the main statutes.

Australia

Criteria	Description
Authority bodies	States and territories issue licenses and regulate the casino gaming industry in the country.
Other Institutions	<ul style="list-style-type: none"> The Australian Productivity Commission (an independent research and advisory body that provides the Australian government with information to support its decisions on gambling policy); the Australian Gambling Research Centre (AGRC) at Australian Institute of Family Studies (a center that conducts research on problem gambling). AUSTRAC (an AML/CFT regulator).
Casino gaming legislation	<p><i>Federal level:</i> Interactive Gambling Act (2001); Gambling and Racing Control Act 1999; Unlawful Gambling Act 2009.</p> <p><i>State/territory level.</i></p>
Money laundering legislation	Casinos are subject to casino-specific legislation as well as general regulation including the Criminal Code Act 1995, the Anti-Money Laundering and Counter-Terrorism Financing Act (2006) and the Trade Practices Act (1974).

Singapore

Criteria	Description
Authority bodies	The Casino Regulatory Authority of Singapore (CRA), a statutory board of the Singapore Government, regulates casinos in the country.
Other Institutions	The National Council on Problem Gambling (NCPG) (a council that raises awareness of problem gambling and support treatment programmes to help individuals with gambling disorders); the National Addiction Management Centre (NAMS) (a centre that provides treatment for people with addiction).
Casino gaming legislation	<ul style="list-style-type: none"> The key casino gaming legislation: the Casino Control Act 2006, amended in 20013; Betting Act; The Common Gaming Houses Act. The Casino Control (Surveillance) Regulations 2009; the Casino Control (Licensing of Special Employees) Regulations 2009 (“Special Employees Regulations”); Casino Control (Junkets) Regulations 2009 (“Junkets Regulations”); Casino Control (“Casino Layout Regulations”); Casino Control (Gaming Equipment) Regulations 2009 (“Gaming Equipment Regulations”); Casino Control (Credit) Regulations 2010 (“Credit Regulations”); Casino Control (Advertising) Regulations 2010 (“Advertising Regulations”); Casino Control (Patron Dispute Resolution) Regulations 2009 (“Patron Dispute Resolutions”); Casino Control (Casino Tax) Regulations 2010; Casino Control (Casino Licence And Fees) Regulations 2009; and Casino Control (Casino Contracts) Regulations 2010 (“Casino Contracts Regulations”).
Money laundering legislation	The key regulation in controlling money laundering in casinos is the Casino AML Regulations. The other legislation is the Casino Control (Prevention Of Money Laundering And Terrorism Financing) Regulations 2009 (“Casino AML Regulations”). Singapore’s money laundering offences cover the conversion or transfer, concealment or disguise, possession and acquisition of property in a manner that is largely consistent with the 1988 United Nations (UN) Convention against Illicit Traffic in Narcotic Drugs and Psychotropic Substances (Vienna Convention) and the 2000 UN Convention against Transnational Organized Crime (Palermo Convention).

Macau

Criteria	Description
Authority bodies	<ul style="list-style-type: none"> The Macau government. The Gaming Commission is responsible to survey and monitor the development of gaming operations and the relevant regulatory framework and to supervise and design policies for gaming operations. The Gaming Inspection and Coordination Bureau (<i>Direcção de Inspeção e Coordenação de Jogos</i>) of the Macau Special Administrative Region regulates the casino gaming industry.
Other Institutions	The Resilience Center (a division of the Social Welfare Bureau (IAS), engaged in treatment, prevention, and research concerning problem gaming); the Education and Youth Bureau and the Tertiary Education Service Office (government agencies, engaged in responsible gambling promotion).
Casino gaming legislation	<ul style="list-style-type: none"> Law No. 16 /2001. Administrative Regulation no. 26/2001 “Stipulating the Open Bidding for the Operation of Casino Games of Fortune and the Eligibility and Financial Capability of the Companies that participated in the Tendering Process”, in supplementary to Law 16/2001.
Money laundering legislation	Law No. 2/2006, Law No. 6/97/, Law No. 3/2006 and Administrative Regulation No. 7/2006 govern money laundering combating activities in Macau.

LATAM

Argentina

Criteria	Description
Authority bodies	<ul style="list-style-type: none"> Provinces authority. <i>Asociación de Loterías, Quinielas y Casinos Estatales de Argentina</i> (ALEA) is the governing body responsible for gambling and sports betting regulatory matters. <i>Dirección General de Juegos de Casino y Máquinas Tragamonedas</i> of the Ministry of Foreign Trade and Tourism (MINCETUR).
Other Institutions	<ul style="list-style-type: none"> Financial Intelligence Unit (<i>Unidad de Información Financiera</i> (UIF)). National Lottery (<i>Lotería Nacional</i> (LNSE)); Ministry of Health of the Nation (<i>Ministerio de Salud de la Nación</i>).
Casino gaming legislation	Ley N° 29907 (2012); Law N°29829 (2012); DS 015-2010 (2010); DS 006-2008 (2008); Directa 001-2009-DM.
Money laundering legislation	<ul style="list-style-type: none"> Law 25.246 (<i>Ley 25.246 – 26.683</i>) contains general requirements in relation to customer identification, record keeping and unusual transaction reporting. Law 26.268 (<i>Ley 26.268</i>) is focused on the Suppression of the Financing of Terrorism; Resolution 52/2012 by Financial Intelligence Unit (<i>Resolución UIF 52/2012</i>) is directed towards Politically Exposed Persons (PEPs); Resolution 199/2011 (<i>Resolución UIF 199/2011</i>) by Financial Intelligence Unit regulates gambling activities. Argentina is a member of the Financial Action Task Force (FATF) and the Financial Action Task Force on Money Laundering in South America (GAFISUD).

Mexico

Criteria	Description
Authority bodies	<ul style="list-style-type: none"> The National Institute of Gaming (<i>Instituto Nacional de Juegos y Sorteos</i>) will be responsible for regulating the gaming industry in Mexico, granting licenses and ensuring the industry compliance with the law. The Ministry of Interior (<i>Secretaría de Gobernación</i>) will continue to control the opening and closing of all casinos and other gaming establishments, including sports betting centers and race tracks.
Other Institutions	The Consultative Council (an organization that will assist the Gaming Institute on areas of gaming policies, transparency, accountability safety and health measures and attention to vulnerable groups).
Casino gaming legislation	Gaming Law (<i>Ley Federal de Juegos y Sorteos</i>), 2014
Money laundering legislation	The Anti-Money Laundering Law (<i>Ley Federal para la Prevención e Identificación de Operaciones con Recursos de Procedencia Ilícita</i>) establishes rules and procedures to prevent and detect transactions or activities involving illegal proceeds or terrorism financing. Gaming Law (<i>Ley Federal de Juegos y Sorteos</i>), 2014 includes anti-money laundering measures.

Chile

Criteria	Description
Authority bodies	<i>Superintendencia de Casinos de Juego</i> (SCJ) is the body responsible for the oversight and management of casinos in Chile.
Other Institutions	Chilean Financial Intelligence Unit (<i>Unidad de Análisis Financiero</i> (UAF)).
Casino gaming legislation	Law 19.995 (<i>Ley N° 19.995</i>), 2005 creates the SCJ and sets guidelines for the approval, operation and supervision of casino gaming in Chile. Its provisions regulate a variety of aspects: Supreme Decree No. 211, comprises rules to process and award operation permits to casinos; Supreme Decree No. 287, comprises Regulation for operation and supervision of casinos; Supreme Decree No. 329, comprises the bylaws of the Gaming Control Board of the Superintendence of Casinos; and Supreme Decree N°547, comprises gambling Regulation for casinos and a standardization system.
Money laundering legislation	<ul style="list-style-type: none"> Law 19.913, as gazetted on December 18, 2003 updates the legal definition of the money laundering offence, imposes AML/CFT reporting obligations on a wider range of institutions, and provides the legal basis for creation of a Financial Analysis Unit to function as the financial intelligence unit, with authority to issue regulations and monitor compliance. Chile is a member of the Financial Action Task Force of South America (GAFISUD).

North America

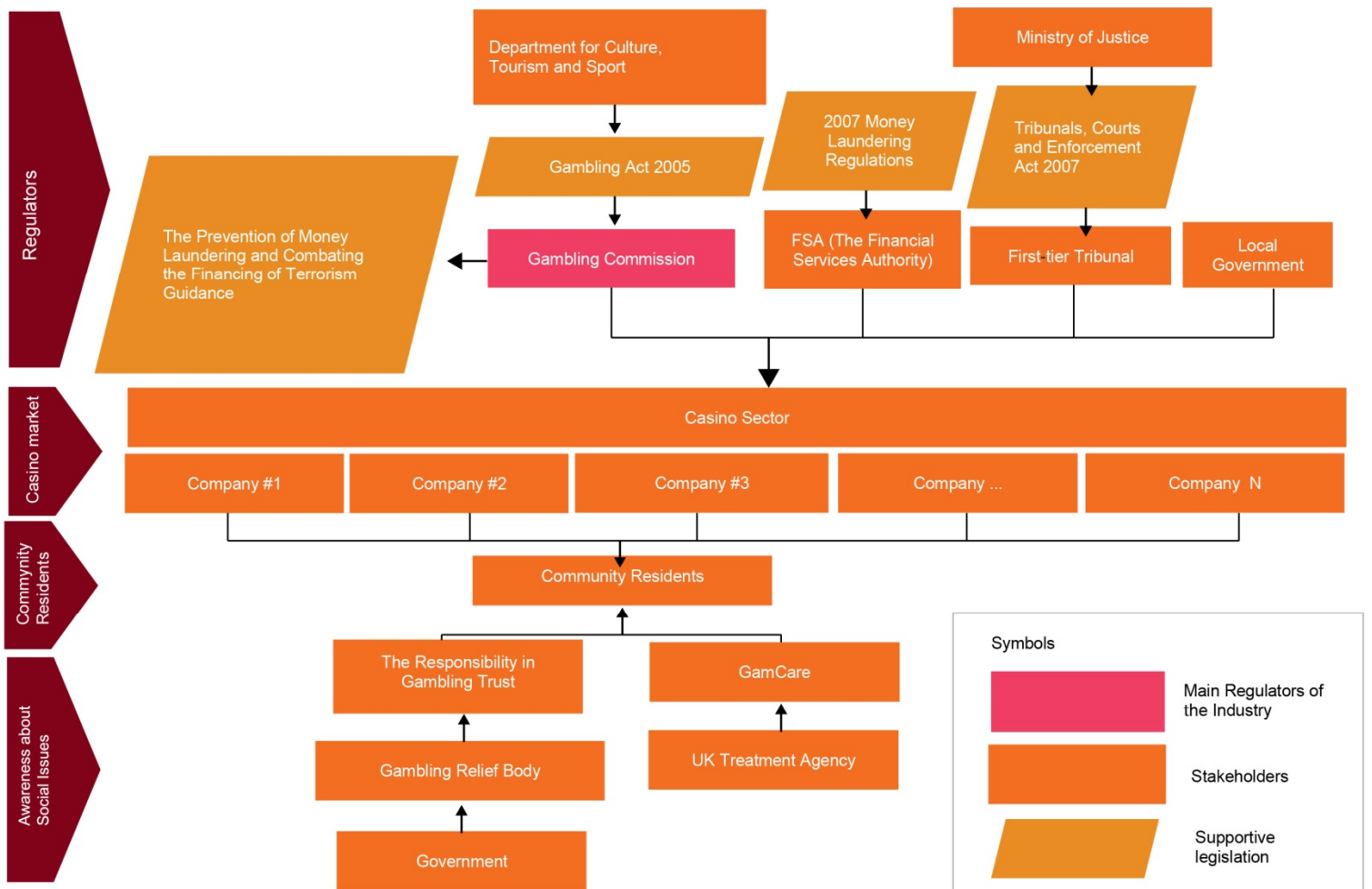
USA

Criteria	Description
Authority bodies	The industry is regulated on the federal as well as state level.
Other Institutions	<ul style="list-style-type: none"> The institutions responsible for combating money laundering: (1) U.S. Department of the Treasury; (2) U.S. Department of Justice (DOJ); (3) State Department; (4) Law Enforcement Agencies. Other financial sector and DNFBP supervisors/regulators i.e. casino industry supervisors/regulators: (1) IRS Small Business and Self-Employment Division (IRS-SBSE); (2) National Indian Gaming Commission (NIGC). Many tribal gaming commissions have been established by the tribes to oversee tribal gaming. The National Council for Problem Gambling & its affiliates on a state-level, such as the California Council on Problem Gambling, the Massachusetts Council on Compulsive Gambling, etc.
Casino gaming legislation	<ul style="list-style-type: none"> <i>Federal level:</i> (1) Gaming Devices Act of 1951; (2) 1961 Wire Communications Act (“Wire Act”); (3) Travel Act (1961); (4) Interstate Transportation of Wagering Paraphernalia (“ITWP”), 18 U.S.C. §1953. <i>State level.</i>
Money laundering legislation	<p><i>Federal level:</i> (1) The Bank Secrecy Act; (2) Money Laundering Control Act of 1986; (3) Money laundering, 18 U.S.C. §1956. Additionally, 38 of the 50 states and three US territories have enacted money laundering statutes.</p> <p>USA is a member of the Financial Action Task Force (FATF) and The Asia/Pacific Group on Money Laundering (APG). Besides, it is an observer of Eurasian Group (EAG), the Eastern and Southern Africa Anti-Money Laundering Group (ESAAMLG), the Financial Action Task Force on Money Laundering in South America (GAFISUD), Middle East and North Africa Financial Action Task Force (MENAFATF), and <i>Conseil de l'Europe</i> (MONEYVAL).</p>

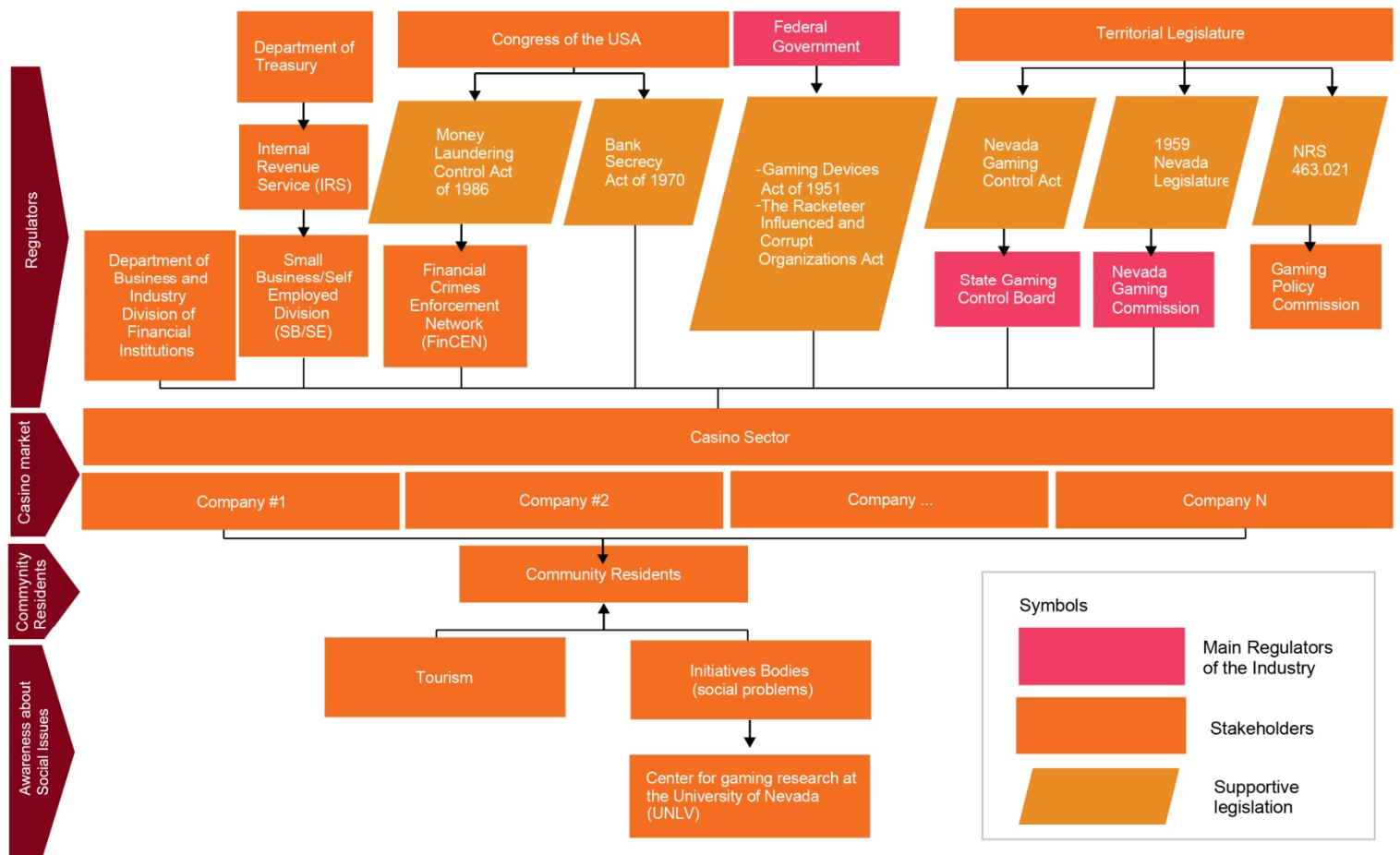
Canada

Criteria	Description
Authority bodies	The industry is regulated on the federal as well as province/territory level.
Other Institutions	<ul style="list-style-type: none"> Province and Territory Authorities. Canadian Financial Intelligence Unit (FINTRAC) (an independent agency that facilitates the detection, prevention and deterrence of money laundering and the financing of terrorist activities). Responsible Gambling Information Centre (RGIC) (a national policy think-tank to providing problem gambling response and treatment referral).
Casino gaming legislation	<ul style="list-style-type: none"> <i>Federal level:</i> (1) Criminal Code; (2) Indian Gaming Regulatory Act (IGRA) (1989). <i>Province level.</i>
Money laundering legislation	<ul style="list-style-type: none"> The FAFT evaluated Canadian anti-money laundering regime based on the Forty Recommendations 2003 and the Eight Special Recommendations on Terrorist. Canada is a member of FATF (Financial Action Task Force) and Asia/Pacific Group on Money Laundering (APG), as well an observer of Financial Action Task Force on Money Laundering in South America (GAFISUD).

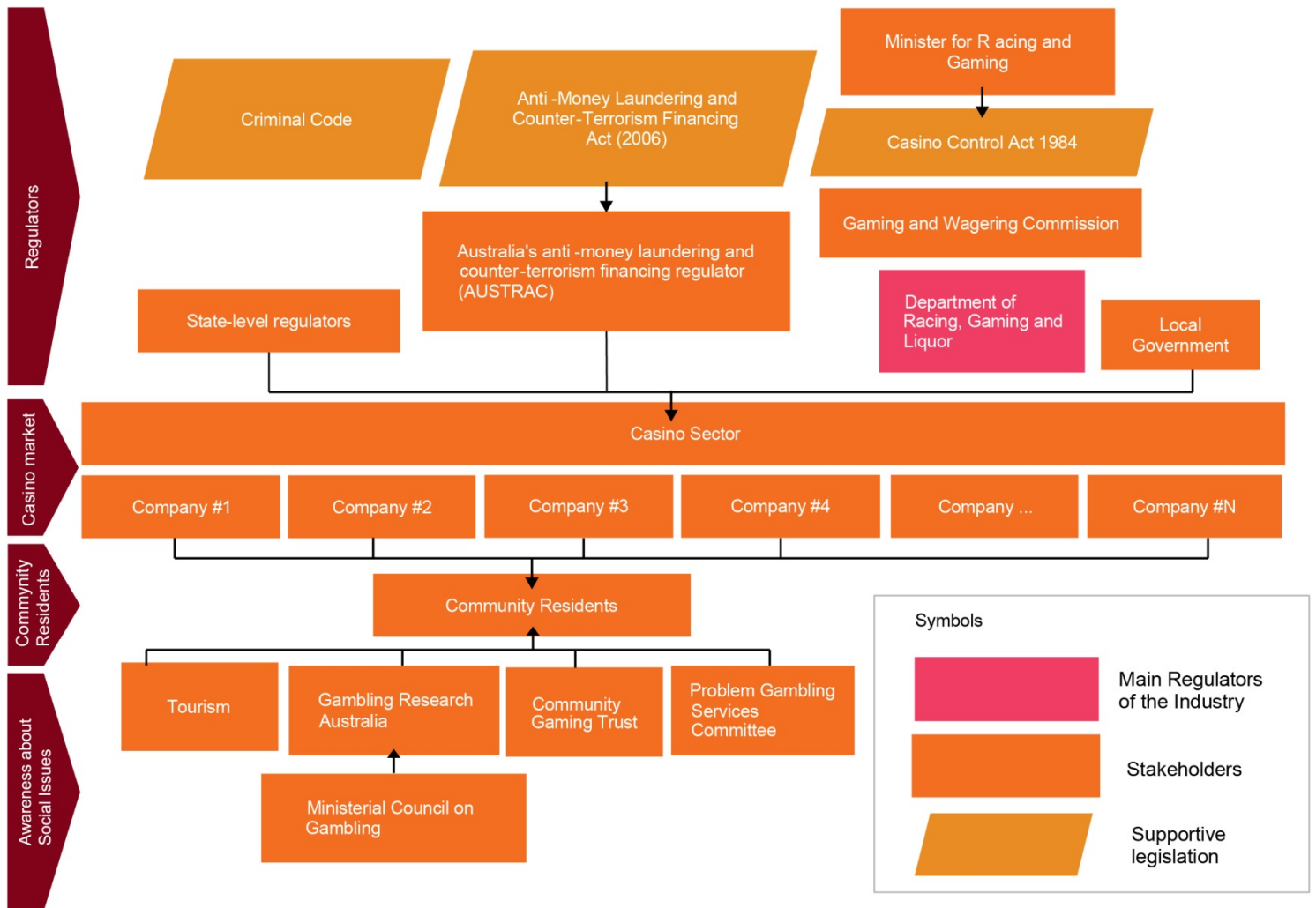
Model “Federal Government as A Main Regulator” (Great Britain)



Model 'Federal & State Government as Main Regulators of the Casino Gaming Industry' (USA, Nevada)



Model “State Government as a Main Regulator” (Australia)



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