

## **Betting, Lotteries and Gaming Act (2016) Cap 131**

### **Introduction**

Under the Betting, Lotteries and Gaming Act (2016) Cap 131, sets out the rules and regulations of betting, lotteries, gaming and competition in Kenya. The Act has been amended several times since inception. The following is a brief outline of the taxes that are applicable under CAP 131.

### **Betting**

In Kenya, according to the Act, betting transactions “includes the collection or payment of winnings on a bet and nay transaction in which one or more of the parties is acting as a bookmaker.

#### Betting tax

A betting tax is chargeable under Part III (29)(A) of the Act. The tax is on the gaming revenue. According to the Act, gaming revenue is “gross turnover less the amount paid out to customers as winnings”.

#### **Tax period**

Betting tax is accounted for a calendar month. That is from the beginning of the calendar month to the end of the calendar month.

#### **Betting tax rate**

The current betting tax rate is 50 % of the gaming revenue per calendar month. The tax rate is effective 1<sup>st</sup> January 2017.

#### **Responsibility**

Betting tax is remitted by a licensed bookmaker. According to the Act, a bookmaker is defined as any person:

- a. Whether on their own behalf or as a servant or agent carries on whether occasional or regularly the business of receiving or negotiating bets.
- b. A person who holds himself out in any manner as a person who receives or negotiates bets
- c. A person who permits himself to be held out in any manner as a person who receives or negotiates bets

#### When due

Betting tax is due by the 20<sup>th</sup> day of the following month after the tax period.

Where paid

Betting tax is paid to the Collector by the licensed bookmaker. The Collector is the Commissioner General who is appointed under the Kenya Revenue Authority Act (1995).

### **Lottery**

The act defines lottery in Kenya as “including sweepstake, raffle, and any scheme or device for sale, gift, disposal or distribution of any property depending upon or to be determined by lot or chance, whether by the throwing or casing of dice, or by withdrawing of tickets, cards, lots numbers or figures or by means of a wheel or otherwise by sohowever”

### **Lottery tax**

A lottery tax is chargeable under Part IV (44)(A) of the Act. The tax is on the lottery turnover. According to the Act, lottery turnover is gaming revenue is “gross turnover less the amount paid out to customers as winnings”.

### **Tax period**

Lottery tax is accounted for a calendar month just like betting tax. The period is from the beginning of the month to the end of the month.

### **Lottery tax rate**

Effective 1<sup>st</sup> January 2017, the current lottery tax rate is 50 % of lottery turnover for the tax period.

### **Responsibility**

The person responsible to remitting lottery tax is the person authorized to promote the lottery.

### **When due**

Lottery tax is due by the 20<sup>th</sup> day of the following month after the tax period.

### **Where paid**

Lottery tax is paid to the Collector by the person authorized to promote the lottery. The Collector is the Commissioner General who is appointed under the Kenya Revenue Authority Act (1995).

Gaming

According to CAP 131, gaming is “playing a game of chance for winnings in money or money’s worth.”

#### Gaming tax

Gaming tax is chargeable under Part V (55)(A) of the Act. The tax is on the gaming revenue. According to the Act, gaming revenue is “gross turnover less the amount paid out to customers as winnings”.

#### **Tax period**

Gaming tax is accounted for one full calendar month. The calendar month is from the beginning of the month to the end of the month.

#### **Gaming tax rate**

Current gaming tax rate is 50 % of the gaming revenue per month. The tax rate is effective 1<sup>st</sup> January 2017.

#### **Responsibility**

Gaming tax is remitted by the person carrying on gaming business.

#### **When due**

Gaming tax is due by the 20<sup>th</sup> day of the month after the tax period.

#### Where paid

The gaming tax is paid to the Collector by the person carrying out gaming business. The Collector is the Commissioner General appointed under the Kenya Revenue Authority Act (1995).

#### Prize competitions

Under CAP 131, prize competitions are when “permits are issued authorizing the promotion and conduct of prize competitions success of which depends to a substantial degree upon the exercise of skill in connection with any trade or business or sale of any article to the public”.

#### Prize competitions tax

A prize competitions tax is chargeable under Part VI (59)(B) in CAP 131. The tax is on the entry to a competition which is premium rated. The tax is levied on total gross turnover.

#### **Tax period**

The prize competitions tax is for every calendar month: from the beginning of the calendar month to the end of the calendar month.

**Prize competitions tax rate**

The current prize competitions tax rate on the cost of entry to a competition which is premium rated is 50 % of the total gross turnover. The tax rate is effective 1<sup>st</sup> January 2017.

**Responsibility**

Prize competitions tax is remitted to the Collector by a licensed person.

**When due**

The prize competitions tax is due by the 20<sup>th</sup> day of the following month after the tax period.

**Where paid**

The prize competitions tax is paid to the Collector by the licensed bookmaker. The Collector is the Commissioner General who is appointed under the Kenya Revenue Authority Act (1995).