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# **The participation of local authorities in gambling taxes**

In Polish literature, the issue of gaming taxes is rarely raised in the context of local government revenues. This seems to stem firstly from the fact that since the restoration of local self-government in 1990 , revenues from this source have not constituted the income of local government units. Secondly, from the fact that the gambling tax, by its very nature, is a much less efficient source of revenue than general taxes or excise duty. And last but not least, from the attitude of public authorities to gambling itself, which is still perceived in Poland as an undesirable, dangerous or even morally reprehensible activity. It should also be stressed that, there have been proposals in recent years to boost local government budgets with revenue from various taxes, such as the Senate proposal to grant local governments lump-sum income tax receipts or proposals concerning participation in the goods and services tax (VAT). The concept of providing local government units with a share of indirect taxes has also been considered in the scholarship on tax law, however, it concerned only VAT and excise duties.

Poland has experience in feeding local government budgets from gambling taxes dating back to the interwar period. In 1923, under the Provisional Regulation of Municipal Finance Act, the taxation of gaming and betting rates was introduced as part of a tax on public amusements, entertainment and shows. It is also worth noting that, although self-government did not function during the People’s Republic of Poland, gambling games organized by gaming companies set up by provincial-level state administration bodies were very popular. At the height of their popularity there were 17 such enterprises, with some of them, such as Silesia’s ‘Karolinka’, Krakow’s ‘Lajkonik’ and Wrocław’s ‘Liczyrzepka’ were achieving significant turnover.

Local gambling taxes are also known today. Examples include gaming machine taxes and taxes on betting shops in Germany, as well as local gaming taxes in the United States of America. As far as Germany is concerned, there has been a noticeable increase in the number of local authorities introducing such taxes, in particular the state of North Rhine-Westphalia. In the United States of America the taxes are determined by individual states and vary throughout the country. For example, in Washington the state does not collect a gambling tax but the state law allows local cities, counties or town to tax gambling revenues. The maximum rates in those taxes are set forth in the state law. From a Polish perspective, however, of particular interest are those solutions aimed at feeding local budgets with gambling proceeds that have been introduced in the Czech Republic, Slovakia and Latvia. This is because these countries have adapted modern legal frameworks for the operation of both land-based and online gambling companies, while at the same time introducing interesting solutions for the distribution of gaming tax revenues between central and local governments.

The purpose of my presentation is to answer the question whether, against the background of the gambling regulatory system in place in Poland, it would be justified to transfer a portion of gaming tax revenue to local government units. The first part of the presentation will summarise the solutions adopted in this area in the Czech Republic, Slovakia and Latvia. In the second part, I will attempt to assess whether comparable solutions could be introduced in Poland.