

**Appeal of the Polish Chamber of Commerce for the Entertainment and Bookmaking Industry  
To PZPN, Ekstraklasa S.A. and the Minister of Finance**

**In connection with the current crisis in Poland and around the world related to the spread of the SARS-Co V-2 virus, the Polish Chamber of Commerce for Entertainment and Bookmaking Industry is asking for quick actions that will allow the survival of legally operating entities and in the long run will enable support rebuild Polish sport and ensure higher revenues for the Treasury. Urgent actions and changes are necessary to not only allow the survival of legally operating bookmakers and preserve jobs, but also to continue the reduction of the gray economy in Poland.**

- We appeal to the Polish Football Association and Ekstraklasa S.A. with an appeal to completely refrain from collecting fees from companies accepting bets resulting from contracts for consent to use the results of football matches in bookmaking activities.
- In connection with the occurrence of an extraordinary situation, on March 14, 2020, the Minister of Health introduced an epidemic threat throughout the entire territory of the Republic of Poland, and then, on March 20, 2020, an epidemic condition was introduced throughout the country. The above caused that for an indefinite period of time a number of bans and restrictions were introduced that significantly hinder or even prevent normal business operations. The situation caused a significant decrease in turnover among entrepreneurs in many industries. Also, entities organizing betting have seen a dramatic drop in revenues in recent days. The above is related in particular to the fact that currently individual sporting events are not organized, both Polish and international.
- At least until April 26, 2020, the Polish Ekstraklasa games as well as I, II and III leagues and other classes were canceled.
- Despite this, legal bookmakers are still forced to pay to PZPN and Ekstraklasa a salary of 0.5% of current revenues, not less than PLN 10,000 a month. These fees are currently calculated as a percentage of the revenues of companies from other sporting events, betting virtual, e-sport and other events. In other words, regardless of the fact that PZPN and Ekstraklasa do not provide any bookmakers' benefits, they collect from all companies "receivables", which is very high.
- This situation cannot be accepted. Currently, it is fully justified to completely refrain from downloading the abovementioned payments by PZPN and Ekstraklasa S.A.
- Therefore, the Chamber of Commerce calls for full withdrawal from downloading by PZPN and Ekstraklasa S.A. the fee calculated as a percentage of the revenues currently earned by Polish bookmakers. The cessation of charging this fee should take place at least for a period until the crisis situation has stabilized, i.e. at least until the football games have resumed fully. A more complete argument in this respect was presented in a letter from the Chamber of Commerce addressed to PZPN and Ekstraklasa recently.
- At the same time, we urge the Minister of Finance to remove the provision of art from the Gambling Act. 31 section 2, which provides for the obligation to obtain the consent of national sports competition organizers to use sport results in bookmaking activities. This provision is a huge economic burden for Polish bookmakers, significantly hindering obtaining constant financial liquidity. According to the Chamber of Commerce, the

obligation to obtain the consent of national organizers of sporting competition of people or animals for the use of its results violates the principle of free competition and discriminates against legally operating bookmakers.

- During the epidemic of coronavirus, it is particularly important for Polish entrepreneurs to obtain economic assistance from the State in this extraordinary situation. We are aware that the State Treasury does not have unlimited financial possibilities. Additional revenues for the Treasury could also largely come from companies operating in the field of betting.

- An increase in budget revenues in this area could be caused, among others, by a change in the form of taxation of such bets with gaming tax. The current method of determining this tax, taking as the tax base the sum of revenues paid in connection with the organized establishment mutual (turnover tax), at a rate of 12%, is not a favorable solution for the development of the legal betting market. In addition, in the long run it is ineffective for the Treasury. This form of taxation is conducive to the functioning of the black economy. It would be reasonable to introduce solutions known in many other European Union countries in this respect, i.e. the assumption of the gross income as the tax base, which is the sum of the rates paid by game participants, minus payment of winnings (so-called GGR). Expert calculations indicate the appropriate tax rate in this case as 20%.

- The current situation means that despite the adoption of the amendment to the Gambling Act of 2016 very well received by Polish bookmakers, we are still facing a situation where the majority of the market consists of entities operating without the required license (data from the indicated National Control Committee report dated September 2019 estimate the size of the shadow economy at over 50%). It is obvious in this context that without legislative changes that would implement solutions changing the current 12% rate of taxation on games to the GGR tax generally applicable in Europe, in the amount of approx. 20%, the gray zone shrinking rate, observed from April 2017, unfortunately it will drop drastically.

- The Chamber of Commerce also calls for a change in the current statutory definition of virtual events. The current definition contained in art. 2 clause 2 point 2a of the Act does not meet the needs of the market. There is also no legal justification for limiting it to events that should be understood only as computer-generated events related to the sporting competition of people or animals. We propose to extend the definition to "other virtual events", which would include any other virtual events not related to the sporting competition of people or animals.

- From the point of view of budget revenues, it would also be highly desirable to allow Polish bookmakers to take bets using the Internet also via terminals at stationary bookmakers' outlets. At present, the Ministry of Finance does not allow such action despite the fact that the applicable law does not introduce any restrictions on the devices with which bets can be offered via the Internet.

The implementation of the proposed solutions by the Minister of Finance, in particular in the scope of changing the form of gaming taxation and enabling betting also through internet terminals, would allow bookmaking companies to maintain financial liquidity, while providing your budget with significant revenues.

- The Chamber of Commerce appeals to the Minister of Finance to consider the problems signaled in this speech, and to familiarize with their development in a special Law and Economics study prepared with the participation of prof. Witold Modzelewski from the Institute for Tax Studies. [Studium Prawno-Ekonomicznym przygotowanym z udziałem prof. Witolda Modzelewskiego z Instytutu Studiów Podatkowych.](#)

- The extraordinary situation we are currently dealing with prompts in-depth reflection in this respect. It seems that every possibility of obtaining an additional source of income for the Treasury is worth considering, especially when it comes to solutions tested by many European Union countries.