

TRUCY SATISFIED ON SOME POINTS OF THE ONLINE GAMBLING REGULATION... BUT IRRITATED ON OTHERS

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On the occasion of the publication of his information report “Should the online gambling law be reviewed”, Senator Trucy organised a press conference to explain his position.

Firstly, Senator Trucy showed much satisfaction with some of the evolutions brought by the new French regulation, including obviously its main evolution, the legalization of the online gambling market which brought more than 1 million poker players into the legal market.

Additionally, Trucy declared his full satisfaction with the work done by ARJEL, the independent authority that managed to be strongly reactive straight after the 2010 law’s adoption.

However, Trucy recognized that some priorities of the law still need to be worked on. As an example, the Senator found quite “irritating” the uncertainty of the destination of the sums supposedly affected to the fight against addiction. Indeed, Trucy declared that these sums, around 150 millions Euros, are directly deposited in the social security budget and that no one is able to prove that such money will serve one way or another the initial target which is the fight against addiction to gambling.

Another issue concerns the limitation applicable to the French poker players who can only play with other players on .fr platforms. It seems, as Trucy said, that such limitation is not representative of the reality, where French players are looking for games against players from abroad.

Trucy suggests the opening of cash games to .com operators, and ideally operators settled in countries signatories of cooperation agreements with France.

Only, the Government report refused such proposition of amendment which is a shame, according to Trucy, because the current situation incites French gamblers to play poker with illegal operators. One of the main arguments in the Government report was the fact that if poker tournaments were opened to international tournaments, there would be a by-pass risk for the players prohibited from gambling.

What also worries Trucy is the economic situation of some operators in France. On the one hand, the two incumbents (PMU and the Française des Jeux) have comfortable seats in the French gambling market as they managed easily to gain a significant part of the online market share. On the other hand, Trucy underlines the new operators’ incapacity to raise good money from their activity in France. The Senator goes even further and declares that the operators do not win a single dime in France; they win money abroad but are currently losing money in France (regarding the expenses done the first year of the market opening).

Such observations illustrate the emergency to review some provisions of the French gambling regulation, and more particularly the texts applicable in terms of taxation.

Thus the taxation issue or more precisely, the tax base issue is one of the main challenges of the gambling sector. All the

actors of the French gambling industry have their sight on French authorities to know whether the tax base will change or not in the next few months.

Currently, operators are taxed on players' stakes. But operators ask for a taxation based on the gross gambling revenue (PBJ). As the PBJ is the difference between the operators' revenue and expenses, it takes part in the operators' income.

Trucy explained that during the discussion on the 2010 law, the Senate was not convinced by a taxation based on the players' stakes. More than one year later, Trucy still suggests that such taxation is not adapted and should be modified.

Yet, the French minister of Budget, Mrs Pécresse, raised an issue related to the potential taxation on the PBJ. Indeed, she considers that, pursuant to applicable existing non-double taxation agreements, these revenues could be taxable in the

country of establishment of the operators and not in France. As a consequence, the result of such amendment would be catastrophic in terms of tax revenues for France.

In addition, the French government refuses to suffer a reduction of its revenue if the tax base is amended. Trucy declared that if such amendment is implemented, it shall be under the condition that, meanwhile, it is certified that the French state will gain the same amount of revenue as it is today.

As a consequence, the deputy Lamour shall hand back within 6 months a report providing a proposition of amendment of the tax base offering to the French state the same amount of revenue. As a conclusion, Trucy has largely confirmed the concerns expressed for months by the operators. Now, will the support of a Senator be sufficient to tip the scale, and warrant the adoption of the necessary amendments to the law?

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