



Embargoed till 1 July 2009

BINGO INDUSTRY JOINS FORCES IN TAXATION DEMONSTRATION

Lead by The Bingo Association, the UK licensed bingo industry has joined forces today with customers in a demonstration at the Houses of Parliament to protest against the increase in bingo taxation from 15% to 22%. The Association was joined by representatives from Mecca and Gala Bingo, the two largest bingo firms, seven independent operators and hundreds of customers from across the UK.

The demonstration marks the latest stage in a campaign by the industry, '*I'm Backing Bingo*', to overturn the taxation increase introduced as part of the April budget. Clubs and members across the UK have been lobbying their local MPs to garner support for their campaign.

Many MPs covering all the main political parties have proved sympathetic to the campaign. Parmjit Dhanda, MP for Gloucester, recently tabled an Early Day Motion calling on the Government to work with the bingo industry to consider the impact of the tax increase.

The Budget vs The Truth, The Numbers Don't Add Up

At the budget in April, the Government abolished VAT on bingo but **increased** duty from 15% to 22% of revenue. HM Treasury calculated that these changes would deliver a £15m benefit TO the bingo industry and claimed that they were "welcome to the industry".

However, what the Government did not say was that the abolition of VAT benefits less than one-third of bingo games (by value) whereas an increase in bingo duty impacts all games of bingo and will cost the industry around £35m per year.

HM Treasury is claiming that this move is actually a reduction in bingo's tax rate, from a composite rate of 24-25% before the Budget, to the new rate of 22%. They claim that the industry would save approximately **£50m** through this change, yet when challenged as to how this figure was arrived at Government admitted that it had made its calculations based upon estimated VAT and bingo duty returns.

As the industry has not been paying VAT on two-thirds of its bingo revenue since July 2008, following the abolition of VAT on interval bingo, this makes their calculations **fundamentally flawed**.

Taxation Increase: The Consequences

In the longer term, this increase could result in club closures, particularly the small, independent clubs, which often play a vital role in the local community, and stop millions of people from enjoying one of their favourite pastimes.

Since 2003, approximately 4,000 jobs have been lost in the bingo industry and over 90 clubs have closed in the last three years alone. Yet the Government doesn't recognise the potential negative fall-out of closures as it has stated that jobs lost will be compensated for by employment creation elsewhere in the economy. So with the unemployment figures creeping up on a monthly basis, where will these new jobs be coming from?

Paul Talboys, Chief Executive of The Bingo Association commented, "What the Government is trying to do to our industry is scandalous. If the increase in duty is passed as part of the Finance Bill then it will cripple the industry and small independent operators will go out of business. Larger companies have already been forced to issue profits warnings as a result of the increase so it beggars belief that the Government claims the changes are 'welcome' to our industry.

"With the country in the grips of an economic crisis you would think that it would do what it could to protect industries, not introduce moves that will drive businesses to the wall.

"It's vital that the Government listens to us and the **x** MPs who support our campaign and keeps bingo duty at 15% as there's a real danger that the great British Bingo club will be a thing of the past if the increase is approved in the Finance Bill."

- ends -

For further information please contact:

Donna Black 01582 860921

A list of MPs attending is available.

Images of the day, including attending MPs and industry executives are also available.

Notes to Editors:

- The Budget statement of 22 April 2009 gave rise to an increase in the tax burden for the licensed bingo industry, this included:
 - An increase in Gross Profits Tax from 15% to 22% - an actual increase of 46%
 - A 9% increase in the rate of amusement machine licence duty.
- These changes have had a negative impact for all Bingo clubs, large and small, and were implemented without prior warning or consultation. HM Treasury has tried to claim that these changes have benefited Britain's licensed bingo industry – a claim that has been refuted by The Bingo Industry.
- As a consequence of the Government's decision to increase the rate of Gross Profits Tax from 15% to 22%, bingo continues to be the most heavily taxed form of gambling in Britain (as the table below illustrates).

Activity	Duty
Bingo (in a licensed club)	22%
Bingo (online)	15%
Casino & poker (online)	15%
Sports betting (betting shops)	15%
Betting Exchanges	15%
Football Pools	15%

- Over the last two years 46 Bingo clubs have closed.
- Over the last two years the Bingo Industry has been significantly affected by a number of Government decisions most notably the Smoking Ban and the removal

of popular Gaming Machines. Both decisions have had a material impact on admissions and profitability.

PR-0055-BA