

## Gambling tax could squeeze casinos: PwC

Proposed amendments to SA's income tax laws could see a squeeze in profit margins for the casino and gaming industry and may prove to be a costly exercise, PwC warned on Monday.

By [Zeenat Mborad](#) 19 Jun 2012



(Image: GCS)

Finance Minister Pravin Gordhan announced in the February budget review that a national tax based on casinos' gross gambling revenue would be introduced next year.

This follows the 2011 budget proposal on gambling, when Gordhan suggested that all gambling winnings above R25 000 would be subject to a 15% tax.

The hotel industry may also face expenses in complying with a proposed additional 1% gaming tax with effect from April 2013, Nikki Forster, PwC's South African hospitality and gaming sector leader, said.

According to Forster the industry needs to "brace itself" for the new tax and do some preparatory work before it is implemented.

"Undoubtedly it is a relief for the industry that the government has scrapped plans to introduce a withholdir tax as this would have had a negative effect on the sector, particularly high-stakes gamblers," Forster said.

### Taxes, upon taxes, upon taxes

It was proposed that a national tax based on gross gambling revenue be introduced from April 2013, as an additional 1% levy on top of an existing provincial gambling base.

A similar base will be used to tax the national lottery. However, there is currently no detail available on how the proposed tax is to be calculated or collected.

Forster said the proposed additional gaming tax would eat into casinos' profit margins.

The industry already has a levy in place on gaming plus value-added tax (VAT) and income tax.

SA's casino sector is a major source of revenue to the fiscus through its contribution of a variety of taxes, which include provincial gambling and indirect taxes.

The gambling industry's gross revenue for 2011 increased by 5% to R17.14bn from the previous year's R16.268bn, according to statistics contained in the Casino Association of SA's eighth annual survey of Casino Entertainment.

During the same year, the industry contributed R4.5bn in taxes to central government.

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