



## HOSPITALITY | CLUBS | Issue No. 13 | *Gaming tax reduction for community clubs with multiple gaming sites*

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The Queensland Government has announced a proposal to reduce gaming tax for community clubs that operate multiple gaming sites. At this stage the Government has only committed to engaging in targeted consultation on the proposal, but it is expected that changes will be implemented in due course.

Currently community clubs pay tax on their monthly metered win on a sliding scale and clubs do not hit the top tax rate of 35% until their monthly win exceeds \$1.4 million. In comparison, hotels pay a flat tax rate of 35% on all monthly metered wins, plus an additional health services levy depending on their turnover.

Clubs are only entitled to hold one gaming licence, but they can have up to three different sites falling under a single gaming licence. Clubs may have up to 500 gaming machines in total under a single licence, and up to 300 gaming machines at any one site.

Gaming revenue from all sites under a single club gaming licence is consolidated for gaming tax purposes, and therefore tax is applied to a club's entire gaming revenue, rather than each individual gaming site receiving the benefit of the sliding scale.

This tax model has made the financial viability of many of these smaller secondary sites more difficult to achieve and resulted in a lower than expected take up of multi-site opportunities. In the meantime, many struggling clubs have closed their doors and there has been a decline in the actual number of operating gaming machines in clubs in Queensland over the past few years.

It is expected that these proposed changes will deliver an overall net benefit for the Government, because whilst gaming tax will reduce for existing additional club gaming sites in the short-term, there is significant potential for this to trigger growth in the number and scale of

additional club gaming sites resulting in an overall larger tax base, as well as other ancillary benefits such as increased employment opportunities, increased club profits to distribute back to local communities and other indirect economic benefits from the growth of multiple club sites.

This change also brings the club gaming taxation model into line with various other jurisdictions including New South Wales, Victoria and the Northern Territory.

It is expected that these gaming tax changes will further stimulate growth in this area and provide for further consolidation of club sites and new partnership opportunities for struggling clubs in strategic locations.



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