GAMBLING DUTY HARMONISATION
IMPACT ON BRITISH HORSERACING

BHA
BRITISH HORSERACING AUTHORITY

OVERVIEW:

HM Treasury is consulting on remote gambling duties, proposing to replace the current three-tax structure with a single Remote Betting and Gaming Duty [RBGD]. This move threatens to significantly impact the financial sustainability of British horseracing, our country's second best-attended sport.

Taxing bets on racing at the same rate as online games of chance will increase costs for betting operators and disincentivise them from promoting the sport in favour of more profitable online slots and casino games. Fewer people betting on racing will impact funding for the sport and threaten its future – putting jobs at risk, stalling economic growth and jeopardising a much-loved British institution which supports 85,000 jobs and contributes £300m a year in taxation.

British racing strongly opposes the proposed changes and calls for a separate, lower duty rate for horseracing to be maintained, which recognises racing's economic and cultural contribution and that betting on racing represents a far lower risk of gambling harm than online games of chance, with levels as low as those associated with some National Lottery products .

Current Tax Structure:

The current system comprises three distinct tax rates on gambling operators:

Pool Betting Duty:
15% on bookmakers' profits from pool betting.

General Betting Duty:
15% on bookmakers' profits from sports betting, including horseracing.

Remote Gaming Duty [RGD]:
21% on remote gaming profits (e.g. casino and slots).

Proposed changes to gambling duty:

HM Treasury proposes consolidating these taxes into a single RBGD. **The new duty rate is likely to align closer to RGD's 21% rate**, which would increase tax liabilities for bets placed on horseracing.

Horseracing's unique relationship with betting:

Racing has a uniquely symbiotic relationship with betting. The Horserace Betting Levy (the Levy), paid by bookmakers on their profits, is the central funding mechanism for the sport. It funds prize money, jobs, equine welfare, and veterinary research. **In total, the betting industry contributes £350 million annually via the Levy**, media rights and sponsorship. Reductions in income received from gambling will significantly harm the financial viability of racing, **which is not only a major economic contributor but a key part of the social fabric and identity of towns and rural areas right across Britain**.

Impact of changes on horseracing:

Taxing horseracing bets the same as online gaming products will make horseracing a significantly more expensive product for operators due to the higher overhead costs associated with sports betting compared to forms such as online slots. Online gaming products do not require the same staffing, infrastructure or operational costs, making them a more attractive proposition to operators than sports betting, like horseracing.

Harmonising remote gambling taxes will further incentivise gambling operators to promote betting on cheaper online gaming products, which have far higher levels of problem gambling associated with them, **at the expense of sports like horseracing**. It will also reduce incentives to bet on horseracing, as bookmakers will seek to maintain their profit margins by giving customers worse offers, which risks bettors being driven to the black market. **As such, the changes risk having the reverse effect of what the Government intends by promoting more harmful forms of gambling and increasing black market activity**.

This will further reduce racing betting turnover and lead to a subsequent decrease in the amount of money flowing into the sport via the Levy. For context, a new single RBGD of 21% will cost operators of online horserace betting over £40 million annually.

A Triple Whammy:

Horseracing is already under significant financial strain. In 2024 the sport had secured a modest Levy increase intended to stabilise its finances, but its implementation was halted by the general election and subsequent negotiations have stalled. Meanwhile, affordability checks on bettors introduced in advance of – and since – the 2023 Gambling White Paper have led to a **£1.6 billion decline in online betting turnover on racing over the past two years**, further eroding the sport's economic viability. Duty harmonisation would be the third leg of a triple whammy.

As Britain's second-largest spectator sport, horseracing is a vital cultural and economic asset that adds over £4bn to the economy. Online gaming, meanwhile, is regulated differently to reflect its greater potential for harm and higher societal costs. Racing should not therefore be undermined by measures that erroneously equate its risks with those of more harmful forms of online gambling.

British Racing is asking the Government to:

Maintain a separate, lower tax rate for horseracing betting to reflect that it is inherently less harmful than other forms of gambling.

Assess the financial impact of duty harmonisation on British Racing, which supports 85,000 jobs and contributes £300 million in taxation annually.

Avoid further financial strain on the sector, particularly given that the Levy Review and Gambling White Paper proposals remain unresolved.

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