

30 November 2023

The Swedish Trade Association for Online Gambling

By email: fi.remissvar@regeringskansliet.se
cc: erica.pettersson@regeringskansliet.se

Dear Sirs/Madam

Re: Fi2023/02665 - Increased gambling tax

Introduction to Betway

Betway Limited ('**Betway**') holds casino and sports betting licences issued by the Swedish Gambling Authority, both of which are issued under licence number 18Li9238.

Betway is a subsidiary of Super Group (SGHC) Limited, a Guernsey based company listed on the New York Stock Exchange and regulated by the Securities and Exchange Commission in the United States of America, offering B2C online sports betting (including Esports) and casino products.

Betway holds in excess of 20 licences throughout Europe, the Americas and Africa. Within the nascent US sports betting market, the Betway brand is now live in 9 US states. This is testimony to our experience, and regulatory approach, in this industry.

Please see the following corporate link for further information on SGHC:

<https://www.sghc.com/>

Submission

We are opposed to the government's proposal to increase the gambling tax in Sweden from 18 to 22 percent as of 1 July 2024 for the reasons outlined herein.

Rationale based on the goals of regulation

Our opposition to the increased gambling tax is based on our understanding of, and support for, the goals of a regulated market generally, and specifically in Sweden, as promoted by the Swedish government.

The goals of regulation are broadly two-fold:

1. Player protection
2. Local fiscal revenue collection

More specifically, a regulated regime aims to provide a safer gambling environment where players are protected through engaging with licensed operators, and where any negative

impact of gambling is minimised through various policies aimed at consumer protection and combatting criminal activity.

Additionally, regulation aims to raise fiscal revenue in the form of sustainable and affordable gambling taxes.

Operators are eager to embrace a regulated regime which is fair, transparent and commercially viable.

Where taxes are unfavourably increased, operators' profit margins are lower, the market tends to become unaffordable, and operators are likely to withdraw, leaving it exposed to market dominance by unlicensed operators, otherwise known as the 'Black Market'.

By extension therefore, Super Group (SGHC) Limited, invariably considers the relevant tax rate when assessing the commercial viability of whether to either enter into, or remain in, a relevant market.

In the event that a tax rate detracts from the marginal commercial viability of conducting its business in that territory, this will increase the chances of electing to surrender such license and withdrawing its online products from that market.

In such instance part of that decision is whether investment (based on available funding) could be made in other regulated markets with a more fair, and commercially viable, gaming tax rate.

Accordingly, the proposed tax increase is a threat to the foundation and goals of regulation, ultimately risking a failure of the regime.

Perhaps even more concerning for the relevant territorial industry is the reality that this will invariably lead to less competition and greater movement towards the Black Market.

Additional considerations

Prior to Swedish re-regulation in 2019, an extensive investigation by Copenhagen Economics into the optimal tax rate for the Swedish market was concluded to be between 15-20 percent of GGR. A tax rate above 20 percent was predicted to result in weaker channelisation and reduced tax revenue long term.

If, and while, licensed operators can afford to remain in the market, their budget for sponsorships and advertising will be negatively impacted by the tax increase, inevitably leading to a loss of income for sports and media institutions.

In the same regard, advertising of licenced operators keeps such operators front of mind for players and decreases their risk of engaging with illegal, inferior offerings.

We therefore believe that a tax rate of 22 percent is, in itself, and in the circumstances, inappropriate, and that it will, medium to long term, work against licensed operators, players, institutions and the government.

Concluding remarks

Licensed operators are committed to integrity, social responsibility and responsible gambling practices.

This social responsibility extends to an acceptance that we, as operators, believe in fiscal contributions to the relevant tax authority, provided however that such tax rate is commercially viable.

The proposed tax increase on licensed operators will considerably negatively impact the affordability of the Swedish online gambling regime and may have the effect of driving licensed operators out of the market, thereby not only limiting local fiscal revenues from operators, but creating additional opportunity for Black Market operators, notorious for nefarious illegal practices and failure to contribute fiscally to local economies.

The ultimate effect of this is to threaten the very existence of the regime and its goals.

Betway is therefore strongly opposed to the government's proposal to raise the gambling tax from 18 to 22 percent as of 1 July 2024.

Yours sincerely,

Anthony Werkman

CEO