

PETERKA PARTNERS

THE CEE LAW FIRM

OVERVIEW OF CEE ON-LINE GAMBLING LEGAL REGULATIONS 2019

PETERKA & PARTNERS provides complex legal services in the area of Gaming for the entire CEE region.

Our legal services encompass, among others, namely the following areas:

- Advising on entry into CEE markets (licensing conditions, tax aspects, AML/KYC requirements, etc.)
- Regulatory & Compliance – licensing, legislative monitoring
- Advertising matters and sponsorship agreements
- Data Protection advisory
- Litigation (unfair competition, protection of good reputation).

Please find below a brief overview of the local legal regulations related to on-line gambling in selected CEE countries.

For more details, please contact Mr. Zdeněk Beránek, Leader of the Sport, Media and Gaming Practice in PETERKA & PARTNERS, on beranek@peterkapartners.cz

Country	Access to market for foreign operators	Basic licensing conditions	Tax matters	Specific notes
Czech Republic	Yes, if licensed by the Czech regulator (Ministry of Finance).	<p>Only EEA-based operators are allowed to obtain licences to offer online gambling services in the Czech Republic.</p> <p>A licence is issued for a maximum period of six years.</p> <p>An applicant for a licence is obliged to provide a surety (by way of depositing funds into a special account or by way of a bank guarantee).</p>	<p>Tax rates of 35 percent on GGR from casino games containing a random number generator (includes online poker).</p> <p>A 23-percent tax rate on GGR from sports wagering and lotteries.</p> <p>A 19-percent corporate tax rate applies on top of this.</p>	<p>Legislation provides for a blacklist of webpages with unauthorized online games.</p> <p>Internet service providers in the territory of the Czech Republic are obliged to block webpages included in the blacklist and payment service providers are forbidden from executing payment transactions to or from any payment accounts included in the blacklist.</p>

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				<p>The operator shall offer to, and enable for, a gambling participant the ability to either set him/herself individual self-restricting measures or individually refuse these.</p> <p>A register of individuals barred from participating in gambling, as a non-public information system of the public administration, serving to prevent access to gambling by any barred individuals shall be introduced (not yet in place).</p>
<p>Slovakia</p>	<p>Yes, if licensed by the Gambling Regulation Authority (<i>Úrad pre reguláciu hazardných hier</i>) (established on 1 June 2019).</p> <p>A licence for online gambling and wagering/betting games can be obtained by EU companies.</p> <p>New licences for operating online betting games can only be obtained from 1 July 2020; other licences for online gambling from 1 July 2019.</p>	<p>The legal form of the applicant must be a joint stock company, limited liability company having a supervisory board or similar legal entity under foreign law.</p> <p>Several financial conditions apply (minimum amount of registered capital, etc.).</p> <p>A licence holder has to have a seat in one of the EU member states (a foreign licence holder has to establish a foreign representative office (<i>zahraničné zastúpenie</i>) registered by the Authority. The shareholders of the licence holder with the registered seat</p>	<p>Gambling levy: - 22% of the difference between the bets and paid up wins (<i>výťažok</i>), however, in the case of online betting, this amount cannot be less than 11% of all wins paid to the players in the calendar month - 22% of the fees paid by the players for participating in games played against other players</p> <p>Wins from games operated under the Gambling Act are tax exempt. The rate of corporate income tax is 21% of taxable profits.</p>	<p>A blacklist of unlicensed gambling websites is published by the Financial Directorate; the Financial Directorate regularly applies to courts for site blocking orders and for account blocking orders.</p> <p>Upon receiving site blocking orders, internet service providers are required to block access to blacklisted websites.</p> <p>Upon the account blocking orders, payment service providers are ordered to prevent execution of payment operations or payment services in relation to bank accounts used by the unlicensed operators.</p>

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		<p>in Slovakia must be seated or must have residence in an OECD state; the licence cannot be transferred.</p> <p>A licence is issued for a maximum period of ten years for online gambling and wagering/betting games.</p> <p>For online gambling and wagering/betting games, the applicant must provide a financial surety in the amount of EUR 750,000. The funds for the financial surety may not be obtained from loans.</p>		<p>Individuals registered in the Register of Barred Individuals (<i>Register vylúčených osôb</i>) are barred from participating in gambling activities.</p>
<p>Poland</p>	<p>Yes, but only wagering and promotional lotteries, if licensed by the Polish regulator (Ministry of Finance) are allowed.</p> <p>Online casinos are prohibited.</p>	<p>Only EEA-based operators which are limited liability companies or joint-stock companies are allowed to obtain licences to offer online wagering or promotional lotteries in Poland. They shall open a branch on the territory of Poland.</p> <p>A licence for online wagering is issued for a maximum period of six years.</p> <p>An applicant for a licence is obliged to provide a surety by</p>	<p>A 2.5-percent tax rate on sports wagering on animals and a 12-percent tax rate on other wagering.</p> <p>A 15- or 19-percent corporate tax rate applies on top of this.</p>	<p>Legislation provides for a blacklist of webpages with unauthorized online games.</p> <p>Internet service providers in the territory of Poland are obliged to block webpages included in the blacklist and payment service providers are forbidden to execute payment transactions to or from any payment accounts included in the blacklist.</p> <p>The operator shall verify the age of the player, require registration, and offer to, and enable for, a</p>

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		way of depositing funds into a special account or by way of a bank guarantee).		gambling participant the ability to either set him/herself individual self-restricting measures or individually refuse these.
Hungary	Yes, if licensed by the Hungarian regulator (the Gambling Supervisory Authority).	The operator needs (i) a valid concession from the Hungarian State (The Hungarian State has the exclusive right to provide gambling services (through a state-owned gaming operator), which can temporarily assign it to another party under a concession agreement.) and (ii) a licence issued by the Gambling Supervisory Authority, which it will only grant if the applicant has a valid concession.	<p>Drawing games: 30% of the net monthly revenue.</p> <p>Lottery games: 24% of the monthly prize pool.</p> <p>Casinos: the gaming tax percentage depends on the net annual gambling revenue.</p>	In February 2018, the European Court of Justice ruled that the Hungarian requirement to have an offline casino in order to be allowed to offer online casino games is in clear violation of EU law.
Romania	Yes, if licensed by the Romanian regulator (the National Office for Gambling).	<p>Only operators based within the EU, EEA or Swiss Confederation are allowed to obtain licences to offer online gambling services in Romania.</p> <p>A licence is granted for 10 years and authorization is granted on an annual basis.</p> <p>For online gambling, the licence fee is calculated based on the operator's turnover (€6,000 per year to €120,000); authorization fees vary depending on the type</p>	<p>Online gambling operators are subject to corporate tax if they are Romanian legal entities, or if they have a permanent establishment in Romania.</p> <p>Otherwise, a non-resident gambling operator must only pay its annual licence and authorization fees in Romania.</p> <p>Starting with 1st January 2019, all gambling operators must pay a monthly 2% tax calculated from the total of participation</p>	<p>The blacklist contains the internet domain names through which unlicensed gambling activities were carried out and/or for which the operators did not pay the licence and authorization fees.</p> <p>The operator must establish safe and mirror servers in the Romanian territory for the National Gambling Office which can monitor activity relating to the Romanian market and verify any incidents.</p>

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		<p>of game.</p> <p>An applicant for a licence is obliged to provide a surety (by way of depositing funds into a special account or by way of a bank guarantee).</p>	<p>fees paid by the players, in addition to all other taxes and fees that they are already subject to.</p>	
<p>Bulgaria</p>	<p>Yes, if licensed by the Bulgarian regulator (State Commission on Gambling).</p>	<p>Only operators based in EU/EEA and Switzerland may apply for a licence. Several conditions apply (amount of investment, financial resources, etc.).</p> <p>An application and licence issuance fee are required.</p> <p>A licence is issued for a period of 5 years. However, a maximum duration of 10 years is possible if investments exceed approx. €1,000,000.</p>	<p>Corporate income tax on gambling activity (including on slot machines games and casino games, organized online) – 10 percent.</p> <p>Specific taxation rules apply to certain activities of gambling companies (alternative tax instead of corporate income tax).</p> <p>No fee for the issuance and maintenance of an online gambling licence is payable if the relevant gambling activity is subject to alternative tax.</p>	<p>Electronic registers of licensed operators, as well as a black list for operators which have been denied a licence are publicly available.</p> <p>An annual “Socially responsible behaviour” fee in the amount of approx. €25,000 for all types of online gambling.</p> <p>Communication equipment must be located in Bulgaria or another EU/EEA country or Switzerland.</p> <p>An operator’s central computer system must be connected to the servers of both the National Revenue Agency and the State Commission on Gambling.</p>

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<p>Russia</p>	<p>Yes, but only for on-line sporting bets, if licensed by the Russian regulator (Federal Tax Service).</p> <p>No, in the case of online casinos (prohibited on the territory of the Russian Federation).</p>	<p>The term of the licence is unlimited.</p> <p>An applicant for a licence must set up a legal entity in the Russian Federation.</p> <p>Several financial conditions apply (minimum amount of net assets, of registered capital, etc.).</p> <p>An applicant must have a bet processing centre registered by the Federal Tax Service, bet acceptance points and must provide a bank guarantee.</p>	<p>Specific fixed tax rates apply; the tax period is one calendar month.</p> <p>A 20-percent corporate tax rate applies on top of this.</p>	<p>If an operator accepts online bets, it must be connected with an Online Bets Processing Recording Centre (OBPRC).</p> <p>An applicant must join a self-regulated organization of companies conducting gambling business activities within 30 calendar days after a licence has been obtained.</p>
<p>Ukraine</p>	<p>No. Gambling, sporting bets, casinos, etc. (including on-line) are prohibited in Ukraine.</p>	<p>There are exclusively state lotteries in Ukraine.</p> <p>Recently the Ministry of Youth and Sports has included “sports poker” on the official list of sports. However, a definition of “sports poker” has not been provided, and there are still discussions regarding which type of poker exactly was allowed (any offline poker or tournament poker?), thus, legislative regulation is still in the process of optimization.</p>		<p>Regardless of the EU-Ukraine Association Agreement and the IMF Memorandum of 02/03/2017, Ukraine has not yet legalized gambling.</p>

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		Consequently, all the information contained in this table concerns only lotteries.		
Belarus	No. Activities in the sphere of gambling are carried out only by legal entities/ residents of the Republic of Belarus.	<p>Several specific requirements for the licence applicant (issued by the Ministry of Taxes and Duties of the Republic of Belarus).</p> <p>For example, to open a virtual gambling establishment the company must have a licence to carry out gambling activities and carry out this activity in the territory of the Republic of Belarus for at least two years.</p>	The total amount of tax for online gambling activities is a fixed rate and 4% of the difference between the made bets and the paid-out wins.	<p>Since August 2018, online gambling has been legalized. The licensed activities include the activity of a virtual gambling establishment allowed to organize and (or) conduct a betting online game; online card games; and online bookmaking games.</p> <p>The activity of the virtual gambling establishment must be carried out using information networks, systems and resources, as well as hierarchical names of the national segment of the Internet. A foreign segment of the Internet can only be used for collecting, and storing on servers physically located in the territory of the Republic of Belarus a certain set of information (logins, information about the identification of persons, IP-addresses, etc.)</p>

This general overview is for information purposes only and you should not rely on its content as a source of legal advice. We would be happy to provide tailor-made legal advice addressing any unique facts or circumstances you might need considered.