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REFORMING OF GAMBLING TAXATION IN UKRAINE IN THE CONTEXT OF THE EUROPEAN INTEGRATION

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Abstract. The article is devoted to studying the reforming of gambling taxation in Ukraine in order to choose the most optimal model of taxation for Ukraine, taking into account the foreign experience of European countries, Ukraine's commitments to the EU.

By signing the Association Agreement with the EU, Ukraine has committed itself to bringing its national legislation in line with EU law. There are no direct commitments of Ukraine to the EU to establish some regulation of the gambling business in Ukraine. However, all European countries regulate gambling at the level of national legislation.

Gambling has been allowed in Ukraine since 2020, but the current model of gambling taxation creates an excessive tax burden on the industry and contributes to the spread of illegal gambling.

The article analyzes the current model of gambling taxation in relation to the cost of the license and in comparison with the tax models of other European countries. The authors conclude that European countries use a simple approach: "expensive" licenses – low taxes or "cheap" licenses – high taxes. However, Ukraine regulates gambling on the principle "expensive" licenses – high taxes, which does not contribute to the development of the legal gambling market, but on the contrary, the gambling business operates illegally.

The authors also analyzed existing proposals to change the gambling tax system, as proposed in Bill №2713-d, and concluded that the proposed model contains a number of gaps that, if passed, could be used to commit crimes related to with the gambling business, and, as a consequence, to the growth of crime in Ukraine as a whole.

Among the crimes related to the gambling business, the authors include: legalization of proceeds from crime (arms, drugs, smuggling, etc.); legalization of corrupt income; tax evasion, etc.

In this article, the authors provide specific suggestions for improving the provisions of the bill, which will significantly reduce the risk of gambling-related crime.

Key words: gambling business, European integration, taxation, gaming gross revenue (GGR), winnings taxation, gambling crimes, corrupt income, money laundering.

Introduction. From 2009 to 2020, gambling was banned in Ukraine. The organization and conduct of gambling was a crime and punishable by criminal liability under Art. 203-2 of the Criminal Code of Ukraine.

Nevertheless, by signing an Association Agreement with the EU, Ukraine has made a number of commitments to bring its national legislation into line with EU law. The Agreement does not explicitly contain obligations on the rules and conditions of legalization of gambling. However, gambling in the EU belongs to the field of legal regulation of company law, which according to the Law of Ukraine "On National Program of Approximation of Ukrainian Legislation to European Union Law" 2004 No. 1629-IV is one of the priority areas in which the legislation of Ukraine is being adapted to the legislation of the European Union. In addition, the gambling business is a permitted activity in every European country.

In addition, on March 2, 2017, Ukraine reaffirmed its commitments to implement the policy and objectives of the economic program supported by the agreement with the International Monetary Fund on the Extended Fund Facility (EFF). The country identified further policy steps to implement these objectives in the Memorandum on Economic and Financial Policy (MEFP) of February 27 and July 21, 2015, September 1, 2016, March 2017. In particular, paragraph 19 of Section D "Fiscal Policy" of Annex 1 to the Memorandum on Economic and Financial Policy states that we "legalize amber mining and gambling, which will contribute to additional budget revenues no later than in 2018."

In 2020, Ukraine allowed gambling to fulfill its international obligations under the Law of Ukraine "On State Regulation of Activities Concerning the Organization and Conduct of Gambling" №768-IX of July 14, 2020. After the legalization of the gambling, there was a problem with the need to bring national legislation on gambling taxation to EU requirements and standards. However, these issues have not been studied in Ukraine yet.

D. O. Getmantsev in his monograph examines the general issues of legal regulation of contracts on games, concepts and types of games, the main principles of regulation of the gambling market in Ukraine and foreign countries (Getmantsev, 2008, p. 40). S. G. Osyka devoted his work to the study of issues of legal regulation of gambling and lottery activity in individual states and at the interstate level (Osyka, 2011, p. 343). These works are very valuable, the general theoretical positions set forth by the authors underlining the research, but since the writing of works in virtually all foreign countries, the state policy on regulation of the gambling market and taxation legislation has changed, which stipulates the need for further scientific research.

V. M. Dorohykh in the candidate's thesis investigates the issues of administrative and legal regulation of gambling business in Ukraine (Dorohykh, 2004, p. 19), however, in 2009 gambling business is prohibited, in connection with which the state policy in this area has changed.

M. O. Lyskov in his doctor's thesis investigates the issues of public administration of the lottery sphere, focusing on public administration means (Lyskov, 2017, p. 272).

Thus, scientists in Ukraine have devoted little attention to the issues of legal regulation of gambling and lottery business. There are no scientific papers on gambling taxation in Ukraine. Most of the modern research is devoted to the fight against illegal gambling and to the problems of investigation in the criminal proceedings against gambling (which has been prohibited in Ukraine since 2009).

For example, N. O. Petrychko examines the criminal law and criminological problems of illegal gambling (Petrychko, 2010, p. 73). She focuses on the need to select victims of this crime, because gambling creates gambling addiction, which manifests itself in uncontrollable and often repeating episodes of the game. R. O. Pinyaga devoted his candidate's thesis to the crimes related to gambling (Pinyaga, 2015, p. 21). In this work, the author emphasizes that gambling is a risky activity that is always associated with financial fraud, including in banks and money laundering from this crime. M. A. Pohoretskyi and Z. M. Toporetska consider the peculiarities of the investigation of the gambling business (Pohoretskyi, Toporetska, 2015, p. 250). In this monography the authors cite modern ways of disguising gambling business, as well as paying attention to the peculiarities of legalization of criminal proceeds from gambling business using the banking system. V. V. Vysotska considers the issue of criminal-legal analysis of the crime of occupation by gambling business (Vysotska, 2016, p. 172).

Foreign scientific publications are devoted to the taxation of gambling in certain countries or for certain types of gambling, while the authors estimate the tax rate on certain types of gambling and the amount of revenues from gambling to the state budget. K. S. Philander compares fixed taxes in gambling and taxes on gaming gross, the author believes that fixed taxes in gambling is better government solution (Philander, 2013, p. 23). Paul M. Mason & Harriet Stranahan studied the impact of gambling on tax revenues from other taxes to the state budget, they concluded that the legalization of gambling in casinos lead to a decrease in lottery revenue (Mason, Stranahan, 1996, p. 346).

Douglas M. Walker, John D. Jackson also studied the impact of different types of gambling on state revenue, the author concludes that lotteries and races tend to increase state revenue, while casinos and greyhound races reduce state revenue (Walker, Jackson, 2011, p. 101)

Julie Smith analyzed the impact of gambling taxation on government revenue; the author concludes that the government can increase gambling revenue by expanding the tax base rather than by raising tax rates. Gambling tax rates have been declining in recent decades, and gambling tax revenues have risen sharply (Smith, 2000, p. 120).

Unsolved aspects of the general problem. The analysis of the above-mentioned works testified that in scientific researches general issues of choice of models of regulation of the gambling market in different countries were covered. The considerable attention of scientists is devoted to questions of criminal struggle against illegal gambling. Problems of the taxation of gambling in the scientific literature have not yet been investigated, which, together with the intensification of discussions in the state on this issue in the context of the European integration, has led to the need for in-depth study.

The **aim of the article** is the study the issue of reforming gambling taxation and finding the most optimal model of gambling taxation, taking into account the foreign experience of European countries, Ukraine's international obligations and the need to reduce the risk of gambling crime with using tax gaps.

The **object** of the study is public relations in the field of state regulation of taxation and implementation of gambling taxation.

The **subject matter** of the study is the requirements to the taxation of gambling in the current legislation of Ukraine, the study of Ukraine's international obligations to the EU on state regulation of gambling taxation and the study of foreign legislation of European countries on this issue.

Methodology. In scientific research were used general scientific and special methods of research (system-structural, formal-logical (dogmatic), comparative, sociological, statistical). Formal-legal (dogmatic or legal-technical) method was used to study and interpret the norms of legislative acts of foreign countries, which regulate the issue of gambling taxation. The comparative legal method was used to study the legal models of gambling taxation in foreign countries.

In addition, authors used the special legal methods: specific sociological and system-structural methods. The specific sociological method allowed to study the practice of applying certain tax models and draw conclusions about the effectiveness of certain tax rates for different types of gambling, as well as the impact of certain tax systems on the level of crime related to gambling. The system-structural method (method of generalization) made it possible to consistently bring together certain facts and formulate sound conclusions of scientific research aimed at reforming the taxation of gambling in Ukraine.

Economic methods were used to calculate the economic feasibility of setting a certain tax rate on gambling in comparison with the cost of the license and other costs of organizers and to calculate the economic benefits of the state from the introduction of a particular model of taxation.

1. Ukraine's commitment to gambling taxation in the context of European integration

Treaty establishing the European Community does not contain provisions on gambling, and the EU therefore has no legal basis for regulating gambling at Union level. In the European Union, there is a debate about the level of regulation of gambling markets: leave gambling regulation at the national level within the legislation of each country or create regulation at the European level. Market participants support the regulation of gambling at the EU level, as this will set the same rules for them throughout the territory, so they will be able to expand in other countries. The national legislation in the field of gambling business in the European Union is based on the principles of restricting gambling markets.

In 2004, the European Commission tried to include gambling in the scope of Directive On services in the internal market, recognizing gambling as a service. But already in 2006 the Directive

was amended, one of which (no. 59) provided a direct rule that: "This Directive does not apply to gambling involving betting in monetary terms, including lotteries, betting".

By signing the Association Agreement with the EU, Ukraine has made a number of commitments to bring its national legislation in line with EU law.

Although the Agreement did not explicitly contain obligations on the rules and conditions of legalization of gambling, but gambling in the EU belongs to the field of legal regulation of company law. According to the Law of Ukraine On the National Program for the Adaptation of the Legislation of Ukraine to the Legislation of the European Union 2004 regulation of company law is one of the priority areas in which the legislation of Ukraine is adapted to the legislation of the European Union.

EU countries recognize and agree that although each state has the right to establish its own national legislation governing gambling. Only some EU Directives apply to gambling, including: distance trade and consumer protection, prevention and combating legalization proceeds of crime; taxation of separate taxes. In addition, all players in the gambling market that are subject to licensing and regulation must comply with the uniform rules established for EU companies. This is provided in EU company law. However, other aspects of gambling activities are currently regulated by the national legislation of the participating countries, which are obliged to comply with the EU Treaty within the framework of such regulation.

With regard to the taxation of gambling, Annex XXVIII to Chapter 4 "Taxation" of Chapter V "Economic and Sectoral Cooperation" provides that Ukraine undertakes to gradually approximate its legislation to EU legislation on the application of EU Council Directive 2006/112/EC of 28.11.2006. year on the common system of value added tax for 5 years from the date of entry into force of this Agreement, except for Articles 5–8, 20, 33, 40–42, 79, 100–101, 123–130, 140–142, 145, 146 (1 («B)), 147, 155, 164–166, 170–171, 175, 203, 205, 209, 210, 212, 219, 238–240, 245, 254, 258, 274–280, 293–294, 370–395, 396–400, 402–410, 411–413 (provisions applicable to EU Member States), Articles 281–294, 295–305, 306–325, 326–332, 333–343, 348–349, 358–369 (concerning special tax regimes).

Directive 2006/112/EC on the common system of value added tax does not provide for a VAT exemption for the supply of gambling. At the same time, the issues of corporate income taxation of business entities in the organization and conduct of gambling and lottery activities and activities, gambling licensing, as well as issues of personal income taxation in the European Union are regulated at the national level by legislation of the Member States.

However, the current Tax Code of Ukraine in paragraphs. 196.1.4 § 196.1 art. 196 determines some operation, that are not subject to taxation, such as: the operations of issuing, circulation and redemption of lottery tickets and other documents certifying the right to participate in lotteries; purchase of chips, tokens, payment in another way for the right to participate in gambling, payment (transfer) of winnings by a business entity that conducts gambling; placing a bet for the purpose of making a bet and paying out the winnings to the betting entity (betting bet, betting bet). Therefore, the provisions on VAT taxation of gambling transactions need to be finalized.

2. Foreign experience of European countries in gambling taxation

In European countries, the cost of licenses is taken into account when choosing a gambling tax system. In the EU, a simple approach is used: "expensive" licenses - low taxes, or "cheap" licenses and high taxes.

In Estonia, for casinos EUR 51,200 one-time state fee and fee for operating license, betting and betting services – EUR 35,200 one-time state fee and fee for operating license, tax rate 5–10% of revenue.

In Romania, fees for applying for and obtaining a license are 2,500 euros and for file analysis, and 8,500 euros for issuing a license, taxes at 16% of GGR.

In Montenegro, a tax rate of 10% of the GGR is set for all activities. However, the high cost of the license is for the casino and low for other types of business: casino – one-time payment of 2,000,000

EUR and 50,000 EUR – annual payment; bookmaking – 500 EUR monthly payment from one point, slot machines – 50 EUR monthly payment from one 2 slot machines, online gambling – 10,000 EUR monthly payment for all types of games.

In Sweden, the cost of licenses for online casinos – 39,600 EUR, bookmaking – 39,600 EUR, poker tournaments – 2,475 EUR (depending on the number of tournaments) and an additional 43,650 EUR – for the first year for each license, with a tax rate of GGR 18%.

In Bulgaria, the tax rate for gambling, lotteries and sports betting is 10% of revenue, and for lotto and bingo – 12% of revenue. At the same time, the license fee for a slot machine in the gaming hall and gambling casino, respectively, each slot – 500 levs. every three months. For roulette in the casino for the gaming table – 22,000 levs per quarter at each gaming table. For other gaming equipment in the casino 5000 levs. per quarter for each piece of gaming equipment (for example roulette table, poker table).

3. Current model of gambling taxation in Ukraine

The current model of gambling taxation in Ukraine is based on the principle: "expensive" licenses and high taxes, which greatly complicates the development of the legal market and makes it unprofitable compared to the illegal gambling market, which contributes to the illegal market.

The Tax Code of Ukraine sets different tax rates for different types of gambling business.

For casino games (except slot machines), online casinos and bookmaking, one object is taxed several times. Thus, the organizer of gambling pays income tax, reduced by the amount of winnings paid to players, at a rate of 18%. In addition, the organizer pays profit tax at the rate of 18%, but the accrued income tax is not a difference and does not reduce the financial result to taxation by profit tax.

From the organization and conduct of gambling on slot machines, the organizer pays 10% income tax on all revenues from bets on slot machines. In addition, the organizer pays profit tax at a rate of 18%, but the accrued income tax is not a difference and does not reduce the financial result to taxation by profit tax.

Also, all winnings in gambling (regardless of its size) are taxed by personal income tax at the rate of 18% and military duty at the rate of 1.5%.

In addition, Ukraine has one of the most expensive gambling licenses in Europe. The Law of Ukraine "On State Regulation of Activities Concerning the Organization and Conduct of Gambling" provides for the issuance of licenses for the organization and conduct of various types of gambling and establishes an annual fee for its use. The most expensive license for the organization and conduct of gambling in land-based casinos, it is equivalent to 2 million euros for Kiev and 1 million euros for other cities.

The license for bookmaking costs 1 million euros per year, but before the introduction of the State Online Monitoring System, it is set at three times the amount of 3 million euros per year.

The license for the online casino is set at 200 thousand euros per year, but before the introduction of the State online monitoring system, it is set at three times the amount of 600 thousand euros per year.

The license for slot machine halls is 250 thousand euros per year and gives the right to open five slot machine halls.

The license for online poker is 170 thousand euros per year.

Also, gambling organizers in land-based gambling establishments also pay for a license for each unit of gambling equipment. The such a license is 30 thousand euros for a table with roulette, 15 thousand euros for a gaming table without roulette, 1 thousand euros for a slot machine (before the commissioning of the State Online Monitoring System, it is set at three times the amount of 3 thousand euros per year), 5 thousand euros for one land-based bookmaker.

As of the beginning of 2022, Ukraine has already issued more than thirty licenses for organizing and conducting gambling in Ukraine: eight licenses for casinos, twelve – for slot machine halls (each

gives the right to open up to five halls), three – for organizing and conducting bookmaking activities, and also earned fifteen online casino sites.

In 2021, the budget received 1.3 billion hryvnias in license fees¹, and given that the payments are annual, and in 2022 the Commission on the Regulation of Gambling and Lotteries still issued licenses, the amount of revenue should increase.

In contrast, in 2021, gambling organizers paid very little tax on gambling activities, due to the high workload of the industry compared to other activities, as well as the very high cost of licenses. In fact, the existing tax burden contributes to the fact that gambling organizers violate special legislation in the field of gambling and commit crimes related to gambling, including tax evasion, money laundering, etc. All this requires reforming Ukraine's existing tax system and bringing it in line with existing European principles.

4. Directions of gambling taxation reform in Ukraine

Reforming gambling taxation in Ukraine should include the implementation of the European principle of gambling regulation: "expensive" licenses – low taxes, or "cheap" licenses and high taxes.

We support Julie Smith's approach that reducing the gambling tax rate can increase gambling tax revenues to the state budget (Smith, 2000, p. 120). At the same time, such an increase is realized not by increasing the number of players, but by stepping out of the shadows of gambling organizers, who today abuse the gaps in the law and hide the real turnover from the gambling business.

Also, given the possibility of "migration" of some types of gambling to other, as well as the need to implement a single state policy of public management of the gambling market, a single approach to taxation in this area and uniform tax rates for all businesses.

When choosing a tax rate should also take into account the rates of taxes on gambling, which exist in countries close to Ukraine. Establishing the same tax burden with these countries will help both attract investment to Ukraine from neighboring countries (when gambling organizers in Bulgaria, Georgia, Poland decide to invest in the same business in Ukraine) and attract more foreign players who want to play for such the same rules as they play in their countries. In addition, for example, the complete abolition of taxes on winnings promotes the development of tourism in order to participate in gambling and the development of the hotel business. However, we are against the complete abolition of taxes on winnings, as it will contribute to the development of crime related to gambling: legalization of proceeds from crime; payment of wages due to alleged winnings in the casino (and thus tax evasion), etc. In our opinion, winnings for small amounts (equivalent to 1–2 thousand euros) should be exempt from taxation, while large winnings must be taxed with personalized reports on the winner, the amount of winnings and the amount of tax paid, it will also avoid concealment corruption crimes due to winnings in the casino (illegal enrichment. Obtaining illegal benefits, declaring inaccurate information).

Working in the Office of the Verkhovna Rada of Ukraine (Secretariat of the Committee on Finance, Tax and Customs Policy), one of the authors was able to implement some of the proposals in the draft laws on reforming gambling taxation. However, the people's deputies of Ukraine are the subjects of the right of legislative initiative, and the Parliament is the only legislative body, so the final decision is up to the Verkhovna Rada of Ukraine.

The Verkhovna Rada of Ukraine is currently awaiting consideration in the second reading of the draft Law on Amendments to the Tax Code of Ukraine and Other Laws of Ukraine on Taxation of Income from the Organization and Conduct of Gambling and Lotteries Register. No. 2713-d, a comparative table for which was prepared with the participation of one of the authors.

The bill proposes to establish a single tax rate for all types of gambling – 10% of income less winnings paid to players. We consider the rate of 10% of income less paid winnings (GGR) reasonable

¹ The information was received by one of the authors from the Commission on the Regulation of Gambling and Lotteries while working in the Secretariat of the Verkhovna Rada Committee on Finance, Tax and Customs Policy.

and sufficient, given the ratio of the cost of licenses and the tax rate on similar games in countries close to Ukraine.

As an alternative, we propose to consider the option of taxing gambling revenue at a rate of 5%. This model simplifies the administration of taxes on the gambling business, as all revenue to the organizer of gambling is taxed. In addition, in the case of such a model of taxation, the gambling organizer will not be interested in artificially increasing the amount of winnings (to lower the tax base), and therefore it will be "unprofitable" to participate in money laundering and corruption through gambling, which will significantly reduce gambling-related crime.

In addition, according to the draft no. 2713-d, all gambling organizers must pay 18% profit tax on the activities of organizing and conducting gambling, but the accrued income tax is a difference and reduces the financial result before profit tax. In the case of profit from other activities, profit tax is accrued and paid according to the general rules. We consider this approach is incorrect, as there is a de facto taxation of one object of taxation twice: revenue tax and profit tax. Therefore, we propose to leave only the revenue tax on the organization and conduct of gambling, and pay profit tax on other activities.

Regarding the taxation of winnings, winnings in the amount of more than 10 times the minimum wage (in 2022 it is more than 65 thousand hryvnias) are subject to taxation, and the difference between the winnings and the non-taxable amount is taxed. For players in casinos or slot machine halls, the player's expenditure on the game incurred within 24 hours of winning is also taken into account when determining the amount to be taxed. The tax rate on the amount of the excess is 18% personal income tax and 1.5% military tax.

We support this concept, because in most European countries there is a tax-free amount of winnings. To be able to compete with these countries, Ukraine must have the same model. At the same time, we believe that the amount equivalent to 1–2 thousand euros should not be taxed, because the EU Directive no. 2015/849 provides for financial monitoring in gambling if the amount of the transaction (including several transactions with one client) is 2 thousand euros or more. That is, the EU recognizes risky transactions of 2 thousand euros or more and provides for a number of financial monitoring measures. Given that financial monitoring involves the identification of the client, and therefore the selection and storage of identity documents and documents proving the origin of funds, as well as the same documents required for tax control, the amount of winnings should be taxed equivalent to 2 thousand euros.

In addition, the Law of Ukraine "On prevention and counteraction to legalization (laundering) of proceeds from crime, financing of terrorism and financing of the proliferation of weapons of mass destruction" 2019 provides the proper screening of gambling and lottery customers if the threshold amount of the transaction is equal to or exceeds UAH 55,000 (Article 21), which corresponds to the provisions of the Directive no. 2015/849.

At the same time, we believe that this amount of winnings should not be taxed as a one-time win. The amount of winnings should be taxed as the amount income from one tax agent for a certain period: a month or a year. Taxation of one-time winnings, as well as accounting for the cost of the game in land-based gambling establishments allows a person to receive non-taxable winnings every day, which will be a significant amount per month. Since such funds are paid without tax, it is thus possible to pay wages or to pay work and thus evade taxes.

It should be noted, that the project no. 2713-d gives gambling organizers as tax agents the right to keep impersonal reporting on the winnings of non-residents. Residents are required to indicate in the income statement that is subject to tax information about the person who received income, as well as the amount of winnings and the amount of accrued and paid income tax. This initiative is very correct, because the impersonal reporting of organizers as tax agents allows them to legalize corrupt income through winnings, receiving checks for winnings from other players or certificates of winnings from the gambling organizer. Today lottery operators have the right to file depersonalized reports. Ukraine

already has a practice of declaring big winnings in the lottery. In particular, several years ago there were examples when a People's Deputy of Ukraine declared three lottery winnings for large sums during the month, another People's Deputy declared a lottery winnings worth more than one million hryvnias (Toporetska, 2019, p. 400).

Personalized reporting with the indication of the person who received income in the form of winnings in gambling, the amount of winnings and the amount of tax paid will significantly complicate the possibility of legalizing corrupt revenues by issuing certificates of winnings by gambling organizers, if such winnings are not specified in the declaration.

5. Proposals to improve the model of gambling taxation in order to reduce the risk of increasing gambling crime

As we mentioned above, gambling is a high-risk activity, which is why the EU is setting stronger requirements for the financial monitoring of all gambling financial transactions.

Directive 2015/849 regulates financial monitoring of gambling services, which means services that involve accepting cash gambling bets, including games that have an element of skills such as lotteries, casinos, poker and betting, and take place at a specific physical address, or remotely, by electronic means or any other technology to facilitate communication, and at the individual request of the recipient of services.

In particular, Article 11 of Directive 2015/849 – Member States shall ensure that obligated entities apply measures to fully verify the customer in the following circumstances: and another, for transactions of EUR 2,000 or more, whether such an operation is carried out within a single operation or within several operations which appear to be linked.

We agree that the current model of gambling taxation creates excessive tax pressure on gambling organizers, which contributes to the development of the illegal gambling business. Therefore, the existing model of gambling taxation needs to change.

At the same time, the initiative of the draft law №2713-d, proposed to the Parliament, needs to be finalized, as it carries the risk of developing gambling-related crime.

Among the crimes related to the gambling business, we include such crimes that are committed or concealed using the gambling business, in particular: Art. 366-2 (declaring false information), 368 (accepting an offer, promise or receiving an illegal benefit by an official), 368-5 (illegal enrichment), 369-2 (abuse of influence), which are hidden by concealing the facts of receiving an illegal benefit under the guise of winning gambling or lottery; Art. 209 (legalization (laundering) of property obtained by criminal means), Art. 222 (fraud with financial resources), which provide for the provision of inaccurate information about income in the form of winnings in gambling; as well as a number of other crimes that may be committed by players in gambling establishments by prior agreement with employees of gambling establishments or without such – Art. 190, 191, 212, 212-1 of the Criminal Code of Ukraine.

Thus, the bill no. 2713-d needs to be finalized in part:

- setting the tax rate on the organization and conduct of gambling at 5% of the revenues from the acceptance of rates;

- exclusion of provisions on taxation of profits of gambling organizers from activities related to the organization and conduct of gambling, but taxation of profits from other activities according to the general rules;

- exempt from taxation winnings in the amount of up to 10 minimum wages, but at the same time charge tax on the entire amount of winnings, not the difference;

- to exclude the provision on taking into account the costs of the game to calculate the amount of winnings before tax;

- provide for the taxation of all winnings in the amount of 10 minimum wages from one tax agent for a certain period, at least one month;

– introduce mandatory identification of players who receive winnings to keep track of accumulated winnings over a period of time.

Conclusions. By signing the Association Agreement with the EU, Ukraine has committed itself to bringing its national legislation in line with EU law. There are no direct commitments of Ukraine to the EU to establish some regulation of the gambling business in Ukraine. However, in all European countries, gambling is allowed and regulated at the level of national legislation.

Gambling has been allowed in Ukraine since 2020, but the current model of gambling taxation creates an excessive tax burden on the industry and contributes to the spread of illegal gambling.

The new model of gambling taxation proposed by bill no. 2713-d significantly reduces the tax burden on the industry and brings the market taxation model closer to the models currently in force in European countries close to Ukraine. However, the bill contains a number of shortcomings that create risks of gambling-related crime: money laundering; legalization of corrupt income; tax evasion, etc.

The authors make specific proposals to revise the provisions of the bill, which will significantly reduce the risk of gambling-related crime.

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