

EXPLANATORY NOTE

CLAUSE 1: TOBACCO PRODUCTS DUTY

SUMMARY

1. Clause 1 provides for an increase in the rates of excise duty on tobacco products (cigarettes, cigars, hand-rolling tobacco and other smoking tobacco and chewing tobacco) with effect from 6pm on 9 April 2003.

DETAILS OF THE CLAUSE

2. Subsection (1) substitutes a new Table of rates of duty into Schedule 1 to the Tobacco Products Duty Act 1979. The duty rates on all tobacco products are increased as follows:

(a) cigarettes – the ad valorem element is unchanged at 22 per cent; the specific duty is increased by 2.8 per cent from £94.24 to £96.88 per 1000 cigarettes;

(b) cigars – increased by 2.8 per cent from £137.26 to £141.10 per kilogram;

(c) hand-rolling tobacco – increased by 2.8 per cent from £98.66 to £101.42 per kilogram; and

(d) other smoking tobacco and chewing tobacco – increased by 2.8 per cent from £60.34 to £62.03 per kilogram.

3. Subsection (2) provides for the new Table of duty rates to be made effective from 6pm on 9 April 2003.

BACKGROUND

4. Keeping tobacco prices high is one of a number of measures set out in the Government White Paper on tobacco, *Smoking Kills*, intended to help existing smokers quit the habit and help children and young people not to become addicted in the first place.

5. Research has consistently shown that the price of cigarettes affects demand. Cigarette prices in the UK are now at historically high levels.

6. This clause increases excise duty on all tobacco products in line with inflation, thereby helping to maintain their real price, as well as maintaining their contribution to government revenues.

7. The duty increase, together with consequential VAT, is equivalent to:

8 pence on a typical packet of 20 cigarettes;

3 pence on a pack of 5 small cigars;

8 pence on a 25 gram pack of hand-rolling tobacco; and

5 pence on a 25 gram pack of pipe tobacco.

8. The estimated revenue yield from these changes is nil against an indexed base. The RPI impact of the changes is estimated to be + 0.05 per cent (nominal effect).

EXPLANATORY NOTES

CLAUSE 2: RATE OF DUTY ON BEER

SUMMARY

1. This clause provides for an increase in the rates of excise duty charged on beer to take effect from midnight on 13 April 2003.

DETAILS OF THE CLAUSE

2. Subsection (1) substitutes a new rate of excise duty for beer other than small brewery beer in section 36(1) of the Alcoholic Liquor Duties Act 1979. The previous rate of £11.89 is replaced by £12.22. This change has a knock-on effect on the rates of excise duty applicable to small brewery beer.

3. Subsection (2) makes the change take effect from midnight on 13 April 2003.

BACKGROUND

4. This increase in line with inflation, does not represent an increase in real terms and is necessary to maintain the revenue. Compared to rates of duty in 1995, excise duty on beer has fallen by 7% in real terms.

5. The increase will take effect from midnight on 13 April 2003.

6. The estimated cost of the revalorisation of beer and wine duties is nil on an indexed base in 2003/2004. The estimated cost of the freeze on spirits, sparkling wine and cider is £35m (£30m spirits, £5m cider and sparkling wine) on an indexed base in 2003/2004. The RPI impact for the whole alcohol package is estimated to be 0.1 percentage points.

EXPLANATORY NOTES

CLAUSE 3: RATES OF DUTY ON WINE AND MADE-WINE

SUMMARY

1. This clause provides for an increase in the rates of excise duty charged on still wine and still made-wine to take effect from midnight on 13 April 2003.

DETAILS OF THE CLAUSE

2. Subsection (1) provides for the replacement of Part 1 of the Table of rates of duty on wine and made-wine in Schedule 1 to the Alcoholic Liquor Duties Act 1979 with a new Part 1, showing the following rates of duty on still wine and still made-wine:

In Part 1

(a) Wine or made-wine of a strength not exceeding 4 per cent: £48.91

(b) Wine or made-wine of a strength exceeding 4 per cent but not exceeding 5.5 per cent: £67.25

(c) Wine or made-wine of a strength exceeding 5.5 per cent but not exceeding 15 per cent and not being sparkling: £158.69

(d) Sparkling wine or sparkling made-wine of a strength exceeding 5.5 per cent but less than 8.5 per cent: £166.70

(e) Sparkling wine or sparkling made-wine of a strength of 8.5 per cent or more, but not exceeding 15 per cent: £220.54

(f) Wine or made-wine of a strength exceeding 15 per cent but not exceeding 22 per cent: £211.58

3. Subsection (2) makes the change take effect from midnight on 13 April 2003.

BACKGROUND

**CUSTOMS AND EXCISE
RESOLUTION 4**

**FINANCE BILL 2003
CLAUSE 3**

4. This increase in line with inflation, does not represent an increase in real terms and is necessary to maintain the revenue. Compared to duty rates in 1995, excise duty on wine has fallen by 7% in real terms.

5. The increase will take effect from midnight on 13 April 2003.

6. The estimated cost of the revalorisation on beer and wine is nil on an indexed base in 2003/04. The estimated cost of the freeze on spirits, cider and sparkling wine is £35m (£30m spirits, £5m cider and sparkling wine) on an indexed base in 2003/2004. The RPI impact for the whole alcohol package is estimated to be about 0.1 percentage points.

EXPLANATORY NOTES

CLAUSE 4: RATES OF HYDROCARBON OIL DUTIES

SUMMARY

1. This clause increases the rates of excise duty applicable to the main hydrocarbon oils and biodiesel. These increases are in line with inflation, apart from biodiesel, where the duty rate has been increased to maintain the 20 pence per litre duty differential with ultra low sulphur diesel. These changes will come into effect from 1 October 2003.

DETAILS OF THE CLAUSE

2. Subsection (1)(a) amends section 6(1A)(a) of the Hydrocarbon Oil Duties Act 1979 to increase the duty on a litre of ultra-low sulphur petrol to £0.4710 (that is, 47.10 pence per litre).

3. Subsection (1)(b) amends section 6(1A)(b) of the Hydrocarbon Oil Duties Act 1979 to increase the duty on a litre of light oil other than ultra-low sulphur petrol to £0.5620 (that is 56.20, pence per litre). This amendment also affects the rate of duty on aviation gasoline (AVGAS), which is charged at one half of the rate specified for light oil other than ultra-low sulphur petrol.

4. Subsection (1)(c) amends section 6(1A)(c) of the Hydrocarbon Oil Duties Act 1979 to increase the duty on a litre of ultra-low sulphur diesel to £0.4710 (that is, 47.10 pence per litre).

5. Subsection (1)(d) amends section 6(1A)(d) of the Hydrocarbon Oil Duties Act 1979 to increase the duty on a litre of heavy oil other than ultra-low sulphur diesel to £0.5327 (that is, 53.27 pence per litre).

6. Subsection (2) amends section 6AA(3) of the Hydrocarbon Oil Duties Act 1979 to increase the duty on a litre of biodiesel to £0.2710 (that is, 27.10 pence per litre).

7. Subsection (3) amends section 13A(1) of the Hydrocarbon Oil Duties Act 1979 to increase the rate of rebate on unleaded petrol to £0.0601. This means that the amended effective rate of duty on a litre of unleaded petrol is £0.5019 (that is, 50.19 pence per litre).

8. Subsection (4) provides for the new rates to come into force on 1 October 2003.

BACKGROUND

9. This change increases excise duty rates on the main hydrocarbon oils in line with inflation. Changes in oils duty rates would normally take place on Budget day, but, owing to the recent high and volatile level of oil prices as a result of military conflict in Iraq, the increase has been deferred until 1 October.

10. The decision to defer the increase until 1 October 2003 is expected to cost £300 million in terms of revenue forgone in 2003-2004.

EXPLANATORY NOTES

CLAUSE 5: REBATES ON HYDROCARBON OIL DUTIES

SUMMARY

1. This clause increases the effective rates of excise duty on rebated gas oil, rebated ultra low sulphur diesel, fuel oil, and light oil delivered as furnace fuel, with effect from 6 pm on 9 April 2003.

DETAILS OF THE CLAUSE

2. Subsection (1)(a) amends section 11(1)(a) of the Hydrocarbon Oil Duties Act 1979 to increase the effective rate of duty on a litre of fuel oil to £0.0382.

3. Subsection (1)(b) amends section 11(1)(b) of the Hydrocarbon Oil Duties Act 1979 to increase the effective rate of duty on a litre of gas oil delivered for use other than as road fuel to £0.0422.

4. Subsection (1)(c) amends section 11(1)(ba) of the Hydrocarbon Oil Duties Act 1979 to increase the effective rate of duty on a litre of ultra low sulphur diesel delivered for use other than as road fuel to £0.0422.

5. Subsection (2) amends section 14(1) of the Hydrocarbon Oil Duties Act 1979 to increase the effective rate of duty on a litre of light oil delivered for use as furnace fuel to £0.0382.

6. Subsection (3) provides for the new rates to come into force at 6 pm on 9 April 2003.

BACKGROUND

7. The use of rebated oils – which can have higher levels of sulphur than road fuels – continues to contribute to problems with local air quality. This increase of 1 penny per litre above revalorisation is the first in rebated gas oil (red diesel) and fuel oil rates since Budget 2000. It will raise £80 million in additional revenue in 2003-2004.

EXPLANATORY NOTES

**CLAUSE 6: GENERAL BETTING DUTY AND POOL BETTING
DUTY – RELIEF FOR LOSSES**

SUMMARY

1. This clause makes provision to add two new sections to the Betting and Gaming Duties Act 1981, 5AA changes the treatment of negative net stake receipts and 7ZA changes the treatment of negative net pool betting receipts. It also makes other consequential amendments. The changes have effect in relation to accounting periods beginning on or after 1st September 2003.

DETAILS OF CLAUSE

2. Subsection (1) provides for the Betting and Gaming Duties Act 1981 to be amended.
 3. Subsection (2) makes a consequential amendment to section 5(3).
 4. Subsection (3) inserts a new section 5AA providing that if the amount of a person's net stake receipts in respect of a given class of bets are negative for an accounting period, this amount may be carried forward to the next accounting period to be offset. Provision is also made for when there are insufficient net stake receipts in the following accounting period to offset previous losses.
 5. Subsection (4) provides for the repeal of section 5A.
 6. Subsection (5) inserts a new section 7ZA providing that if the amount of a person's net pool betting receipts are negative for an accounting period, this amount may be carried forward to the next accounting period to be offset. Provision is also made for when there are insufficient net pool betting receipts in the following accounting period to offset previous losses.
 7. Subsection (6) provides for the changes to take effect for accounting periods beginning on or after 1st September 2003.
-

BACKGROUND

8. Following the evaluation of the gross profits tax on betting, and taking into account requests from small bookmakers, the Government has decided to make a small change to the accounting arrangements for general betting duty.

9. At present if a bookmaker makes a loss over an accounting period, whilst no duty is payable, that loss cannot be carried forward to the next accounting period to be offset. This means that bookmakers affected pay a higher rate of duty than bookmakers who make no losses over the same period.

10. For example, if over 4 months a bookmaker made a loss of £5,000 in one month and gross profits (i.e. stakes less winnings) of £10,000 in each of the other months, if he could not carry forward the loss then he would pay £4,500 (18 per cent of gross profits) in duty. Another bookmaker, who also made a gross profit of £25,000 over the same period, but without any losing months, would pay £3,750 (15 per cent of gross profits).

11. This measure, which will also apply to promoters of pool betting, will come into effect in relation to accounting periods that begin on or after 1 September 2003.

12. A full report about the evaluation of the gross profits tax on betting will be published in the spring.

EXPLANATORY NOTES

**CLAUSE 7: LIABILITY TO GENERAL BETTING DUTY OF
BETTING EXCHANGES**

SUMMARY

1. This clause makes provision for the Betting and Gaming Duties Act 1981 to be amended providing a new charge to general betting duty on the amounts that parties to a bet are charged for using the facilities of a betting exchange. It also provides for other consequential amendments to the Act and transitional arrangements. The changes have effect in relation to accounting periods beginning on or after 1st June 2003.

DETAILS OF CLAUSE

2. Subsection (1) provides for the Betting and Gaming Duties Act 1981 to be amended.

3. Subsection (2) inserts a new section 5AB providing for the definition of a betting exchange, the basis for the charge to duty and the rate, and determines for the purposes of the section and section 5B(4) who is regarded as providing the betting facilities.

4. Subsection (3) substitutes section 5B(1) which states when general betting duty falls due, and makes other consequential amendments.

5. Subsection (4) provides for consequential amendments to the bet broker provisions in section 5C.

6. Subsection (5) provides for the changes to take effect for accounting periods beginning on or after 1st June 2003.

7. Subsection (6) states that the changes will not apply to a “straddling bet” and defines what is meant by that term.

8. Subsections (7) and (8) provide for the transitional treatment of “straddling bets”.

BACKGROUND

8. Following the evaluation of the gross profits tax on betting, and taking into account submissions from bookmakers, betting exchange operators and others, the Government has decided to change the way it taxes betting exchanges.

9. Currently betting exchanges pay duty based on the aggregated gross profits (stakes less winnings) of one set of their customers' (the 'layers'). The evaluation found that there were a number of problems with this approach. It leads to volatility for the exchanges in their duty payments and has the potential to generate a liability in excess of their own profits in a given accounting period. Importantly, the current methodology of aggregating the losses and winnings of all 'layers' has meant that on average betting exchanges have paid only 5% duty on the commission they have received for facilitating betting.

10. This measure moves betting exchanges onto a level playing field with bookmakers. In future they will pay 15% duty on the commission they receive.

11. This measure will come into effect in relation to accounting periods that begin on or after 1 June 2003.

12. A full report about the evaluation of the gross profits tax on betting will be published in the spring.

EXPLANATORY NOTES

**CLAUSE 8: GENERAL BETTING DUTY – RESTRICTION FOR
ON-COURSE BETS**

SUMMARY

1. This clause makes provision for the Betting and Gaming Duties Act 1981 to be amended to restrict the definition of “on-course bet”. The change has effect in relation to bets made on or after 1st September 2003.

DETAILS OF CLAUSE

2. Subsection (1) provides for the definition of “on-course bet” in section 12(4) to be restricted to horse or dog race meetings.
 3. Subsection (2) states when the change shall take effect.
-

BACKGROUND

4. In 1987 on-course betting was taken out of the scope of general betting duty. The intention was to promote a healthy on-course betting market for horse and greyhound racing, important in supporting the industry starting price mechanism. But increasingly these provisions have been used at other venues, for example football grounds.
5. This measure means that from 1 September 2003 the on-course exemption to betting duty will apply only to bets made at horse and dog race meetings.

EXPLANATORY NOTES

CLAUSE 9: BINGO DUTY

SUMMARY

1. Clause 9 makes provision for the Betting and Gaming Duties Act 1981 to be amended by substituting new provisions for bingo duty. Bingo duty will be charged on a person's bingo profits. The change will apply to bingo that is played on or after 4 August 2003.

DETAILS OF THE CLAUSE

2. Clause 9(1) substitutes new sections 17 to 20C for existing sections 17 to 20 of the Betting and Gaming Duties Act 1981.

3. New section 17(1) charges bingo duty on the playing of bingo in the UK. The rate of duty is 15 per cent of a person's profits which he derives from providing bingo in an accounting period.

4. New section 17(2) provides for bingo specified in Part I of Schedule 3 to the Betting and Gaming Duties Act 1981 to be exempt from bingo duty if the relevant conditions are fulfilled.

5. New section 17(3) defines a person's bingo promotion profits as the difference between the amount he receives from providing bingo and the amount he pays out as prizes in any accounting period.

6. New section 17(4) makes the person who promotes bingo that is chargeable to bingo duty liable to pay the duty that is due.

7. New section 17(5) provides for a person not to pay bingo duty if the amount due in any accounting period is less than £1.

8. New section 18 provides for an accounting period to run from the first Monday of a calendar month until midnight of the Sunday before the first Monday of the next calendar month.

9. New section 19(1) provides that, where payments that entitle players to play bingo fall due to a person in an accounting period, for the purposes of bingo duty, he has bingo receipts for that period.

10. New section 19(2) provides for the sum of all payments falling due in any accounting period to be the person's bingo receipts for the purpose of bingo duty.

11. New section 19(3) supplements subsections (1) and (2) by-

(a) stipulating that the accounting period in which a payment falls due shall be determined by the date in which the game of bingo to which the amount relates was played; and

(b) providing for the amounts that should, and should not, be treated as bingo receipts.

13. New section 20(1) defines a person's expenditure on bingo winnings as the total value of prizes he pays out to other persons as winnings won at bingo promoted by him during the accounting period.

14. New section 20(2) values for the purpose of subsection (1) above vouchers and non-cash prizes obtained from a person with whom he is not connected as the cost to the promoter.

15. New section 20(3) provides that, for the purposes of subsection (1) above, the value of a voucher is its face value where it is issued by the bingo promoter (or a person connected with him), may be used in the place of money to pay (in whole or in part) for goods or services, and has a specified face value.

16. New section 20(4) values as nil for the purposes of subsection (1) above vouchers that do not satisfy the conditions laid out in subsection (3) above or where conditions or limitations relating to the voucher's use may make its value significantly lower to the winner of the bingo than its face value.

17. New section 20(5) values for the purposes of subsection (1) above prizes that are neither cash nor vouchers supplied by the promoter or a connected person at their open market value. Where such a value cannot be reasonably determined such prizes shall have no value.

18. New section 20(6)(a) stipulates two persons are connected if they would be connected under section 839 of the Income and Corporation Taxes Act 1988

19. New section 20(6)(b) specifies that the cost of prizes and vouchers obtained from a third party shall include the value added tax the promoter pays to acquire these prizes or vouchers.

20. New section 20A(1) defines combined bingo for the purposes of this section as a game where two or more bingo promoters either jointly provide or administer a game of bingo played simultaneously in two or more premises.

21. New section 20A(2) specifies that any payment a player makes to participate in a game of combined bingo shall be treated as bingo receipts for the bingo promoter who receives the payment.

22. New section 20A(3)(a) excludes from a bingo promoter's bingo receipts any stakes he receives from another bingo promoter if the sum is the latter's receipts by virtue of subsection (2) above.

23. New section 20A(3)(b) allows the bingo promoter forwarding stakes to another bingo promoter to treat such payments as winnings in the accounting period he forwards the stakes.

24. New section 20A(3)(c) excludes any subsequent payment of the stakes referred to section (3)(a) above (whether as winnings to players or passed on to another bingo promoter) from being expenditure on bingo winnings of the bingo promoter who made the payment.

25. New section 20A(4) limits the application of this section to combined bingo wholly played within the United Kingdom.

26. New section 20B(1) provides that where a bingo promoter makes a loss in any accounting period there shall be no bingo duty liability and he shall be able to offset this loss against any profits made in the next accounting period.

27. New section 20B(2) enables a bingo promoter where he cannot fully offset his loss against his profits in the accounting period specified in subsection (1)(b) above, to carry forward any residual loss to subsequent accounting periods until the loss has been fully offset.

28. New section 20C(1) provides for Part II of Schedule 3 to the Betting and Gaming Duties Act 1981 to have effect.

29. New section 20C(2) defines 'bingo', 'licensed bingo' 'prize' and 'United Kingdom' for the purposes of bingo duty.

30. New section 20C(3) provides that, a person promotes licensed bingo if he holds a licence from the Gaming Board of Great Britain, and

promotes non-licensed bingo if he provides facilities for the playing of bingo.

31. New section 20C(4) provides that, those responsible (in whole or in part) for organising a game of combined bingo, or providing facilities for it, are to be treated as promoting that game of bingo.

32. New section 20C(5) provides for references to taking part in bingo to include an opportunity to take part in a game of bingo in return for a charge. This charge may consist of a fee to participate, the payment of stake money, or both.

33. New section 20C(6) makes provision concerning evidence in legal proceedings about what constitutes a game of bingo.

34. Clause 9(2) makes a consequential amendment to paragraph 1 of Schedule 3 to the Betting and Gaming Duties Act 1981 (bingo duty: exemptions: domestic bingo).

35. Clause 9(3) substitutes new paragraphs 2 and 2A for the existing paragraph 2 of Schedule 3 to the Betting and Gaming Duties Act 1981.

36. New paragraph 2 exempts from bingo duty bingo played by a group or an organisation where to play a person must be a member, a guest of a member, or a guest of the group or organisation.

37. New paragraph 2A(1) exempts bingo played in other non-licensed venues from bingo duty, subject to (2) to (6) below.

38. New paragraph 2A(2) removes the exemption for the accounting period in which it occurs and the next two accounting periods if total winnings on any one day exceed £500.

39. New paragraph 2A(3) removes the exemption for the accounting period in which it occurs and the next two accounting periods if total stakes on any one day exceed £500.

40. New paragraph 2A(4) removes the exemption for that accounting period and the next two accounting periods if total winnings for an accounting period exceed £7,500.

41. New paragraph 2A(5) removes the exemption for that accounting period and the next two accounting periods if total stakes for an accounting period exceed £7,500.

42. New paragraph 2A(6) provides for the ‘winnings at bingo’ referred to in paragraph 2A to be valued in accordance with the new section 20.
43. Clause 9(4) inserts a new Paragraph 2B of Schedule 3 to the Betting and Gaming Duties Act 1981 (non-profit making bingo).
44. The new paragraph 2B exempts games of bingo from bingo duty where the promoter is prohibited from charging a player any levy or fee to participate in a game of bingo.
45. Clause 9(5) makes a consequential amendment to paragraph 5 of Schedule 3 to the Betting and Gaming Duties Act 1981 (bingo duty: exemptions: commercial amusements).
46. Clause 9(6) makes a consequential amendment to paragraph 6 of Schedule 3 to the Betting and Gaming Duties Act 1981 (bingo duty: exemptions: machine bingo).
47. Clause 9(7) makes a consequential amendment to paragraph 10(1) of Schedule 3 to the Betting and Gaming Duties Act 1981 (notification and registration of bingo-promoters).
48. Clause 9(8) provides for paragraphs 11 (announcement of prizes), paragraph 12 (records) and paragraph 15 (disputes) of Schedule 3 to the Betting and Gaming Duties Act 1981 to cease to have effect.
49. Clause 9(9) makes consequential amendments to paragraph 16(2) of Schedule 3 to the Betting and Gaming Duties Act 1981 (enforcement).
50. Clause 9(10) introduces the changes for games of bingo played on or after 4th August 2003.

BACKGROUND

51. Currently bingo duty, comprising a 10 per cent duty on the stakes hazarded by players, and a duty totalling 1/9th of any money a bingo promoter adds to the prize fund (added prize money), is charged on the playing of bingo and VAT is charged on the fees (commonly known as par fees) a bingo promoter charges players for the entitlement to participate in a game of bingo.
52. This clause abolishes bingo duty on player’s stakes and added prize money and replaces it with a 15 per cent duty on a bingo

promoter's gross profits, which is the difference between the amount due from players to entitle them to participate in a game of bingo and the amount of prizes paid out as winnings. This reform will cost £25 million in the first full year.

53. The clause also rationalises the exemption for those small bingo promoters who are not licensed under the Gaming Act 1968 or the Betting, Gaming, Lotteries and Amusements (Northern Ireland) Order 1985. Under the current exemption rules these small promoters could have to register for a minimum of 12 weeks if in any calendar week the value of stakes or winnings for bingo which they promote exceeds £1,500, even if this is the only occasion in the calendar year when this happens.

54. To reduce the chance of this occurring, this clause amends the law so that such small bingo promoters would become liable to bingo duty if the stakes or winnings for games of bingo they promote exceed £7,500 in any accounting period.

55. The clause also introduces a new exemption for bingo where the promoter is prohibited from charging any fee or levy to players for the right to participate in a game of bingo. Under the current system, if a promoter of such bingo exceeds the £1,500 weekly limit bingo duty is chargeable on the stakes hazarded by players.

56. Further the clause repeals provisions the Government believes are no longer required.

57. Finally as a duty on profits is being substituted for a duty on turnover the clause makes consequential amendments to the current legislation.

58. The changes will be introduced on 4 August 2003.

EXPLANATORY NOTES

**CLAUSE 10: AMUSEMENT MACHINES NOT OPERATED BY
COINS OR TOKENS**

SUMMARY

1. This clause makes provision concerning amusement machines for which payment to play may be effected by inserting things that are neither coins nor tokens. It comes into effect upon Royal Assent.

DETAILS OF THE CLAUSE

2. Subsection (1) substitutes a new definition of the term ‘fifty-penny machine’ for the existing definition in section 21 of the Betting and Gaming Duties Act 1981.

3. Subsection (2) amends the definition of an amusement machine in section 25 of the Betting and Gaming Duties Act 1981 so as to specifically include machines for which payment to play may be effected by inserting things that are neither coins nor tokens.

4. Subsection (3) substitutes a new definition of the term ‘two-penny machine’ for the existing definition in section 26 of the Betting and Gaming Duties Act 1981, and provides for the terms ‘five-penny machine’ and ‘ten-penny machine’ to have corresponding meanings.

5. Subsection (4) amends the Value Added Tax Act 1994 to make provision for gaming machines for which payment to play may be effected by inserting things that are neither coins nor tokens.

BACKGROUND

6. The Government White Paper ‘A Safe Bet for Success’ proposed a relaxation of the current restrictions on the use of certain payment methods for playing machines. For example, in future as well as using coins and tokens it may be possible to use bank notes, debit cards and stored value cards.

**CUSTOMS AND EXCISE
RESOLUTION 10**

**FINANCE BILL 2003
CLAUSE 10**

7. The changes made by this clause will ensure that the provisions dealing with the duty on amusement machine licences can cope with a changing market, and with changes that may be made in the future to the social regulation of amusement machines (particularly gaming machines).