

**DRAFT TEXT**

**Act .....**  
**of 2015 on the amendment of Act No XXXIV of 1991 on gambling operations and Act No XVI of 1991 on concessions**

***1. Amendment of Act No XXXIV of 1991 on gambling operations***

**§ 1**

(1) The text of § 3(1) of Act No XXXIV of 1991 on gambling operations (hereinafter referred to as the 'Act') shall be replaced with the following:

'(1) Except for the organisation of remote gambling, the organisation of non-liberalised gambling.'

(2) Article § 3(1a) of the Act shall be replaced with the following:

'(1a) Remote gambling may be operated

*a)* for sports betting, exclusively by the gaming service provider Szerencsejáték Zrt., wholly owned by the Hungarian state;

*b)* for casino and card games; the Hungarian state may only grant a right of exercising such activities to holders of concession rights to operate gaming casinos on Hungarian territory.'

(3) § 3(2) of the Act shall be replaced by the following:

'(2) The Minister for the State Budget (hereinafter referred to as the 'Minister') shall assume professional direction of the organisation of gambling, as well as represent the State with regard to (1)(b) and (1a)(b).'

(4) § 3(3) of the Act shall be replaced by the following:

'(3) Exclusively, the state gambling operator shall be entitled to organise numeric draws and betting – except for horse-racing and fixed-odds betting.'

**§ 2**

§ 6(2) of the Act shall be replaced by the following:

'(2) Concession fees shall be paid by the signatory of concession contracts or a concession company as per (1) or a third party upon the consent of the granter of such concession. Concession companies shall be entitled to deduct concession fees as set forth in § 35(3), even if such fees are paid by the concession company, a signatory of the concession contract or a third party.'

**§ 3**

(1) § 27(3) of the Act shall be replaced by the following:

'(3) Gaming casinos may only operate in buildings dedicated for this purpose or building wings securely separable from other activities and forming a closed unit where gaming and card tables, slot machines, devices and other equipment used for gambling can be installed safely and players and equipment may be monitored continuously. The state tax authorities

may authorise the organisation of card games approved in the game plan of a casino at different venues on a case-by-case basis, for a maximum period of 30 days. Gaming casinos may be operated by way of telecommunications devices and systems. During the course of gaming casino operation, casino games may be also conducted by way of telecommunications devices and systems.'

(2) § 27(6) of the Act shall be replaced by the following:

'(6) Concession fees stipulated in concession contracts and exceeding the minimum set by law shall be updated annually in a manner that concession fees to be paid for a given year shall be calculated using the consumer price index published by the Hungarian Central Statistical Office for the previous year. Such obligation to update the fees shall not apply when concession fees exceeding the minimum set by law are stipulated in the concession contract in relation to current minimum concession fees. For the first two full years of the concession contracts, annual concession fees shall be paid in four equal instalments on 15 January, 15 April, 15 July and 15 October of the year in question; for the remaining period of concession contracts, fees shall be paid in full until 15 February of the year in question. For concession periods starting or ending in the middle of a year, a time-proportionate part of concession fees shall be paid for that year.'

#### § 4

§ 29/C of the Act shall be replaced with the following:

'§ 29/C 'Remote gambling' shall mean all sports betting, card games and casino games if organised exclusively by way of telecommunications devices or systems. The provisions laid down in § 28/A(1) shall apply to the concept of the betting event. Sports betting organised as remote gambling shall include greyhound and horse racing and sports event betting.'

#### § 5

§ 29/D of the Act shall be replaced with the following:

'§ 29/D In the case stated in § 3(1a)(a), the economic company wholly owned by the state gambling organiser or – in the case stated in § 3(1a)(b) – the concession company shall have a subscribed capital equivalent of at least HUF 50 million.'

#### § 6

§ 29/E(1) of the Act shall be replaced with the following:

'(1) In the case stated in § 3(1a)(b), the minimum concession fees of remote gambling for the current year shall be determined by the Act on the central budget for that year. For years following 2013, the minimum concession fees for the year prior to the current year shall be determined in consideration of the minimum concession fees laid down in the Act on the central budget for the previous year and the planned economic environment for the current year.'

#### § 7

§ 29/F(4) of the Act shall be replaced with the following:

'(4) If such request complies with the conditions set forth herein and in other legal provisions and, for sports betting permits, the remote gambling organiser has demonstrated that he has

concluded a usage contract with the right-holders for the rights concerned by the games organised by the former, the state tax authorities shall issue such permit for a determined period of time not exceeding five years.'

## § 8

§ 29/G(2) of the Act shall be replaced with the following:

'(2) In the case stated in § 3(1a)(a), servers shall be kept in Hungary.'

## § 9

(1) § 32(5) of the Act shall be replaced by the following:

'(5) The game tax of remote gambling to be paid monthly shall be 15 % of the net game income determined as per § Article 37, point 2.1.'

(2) § 32(6) of the Act shall be replaced by the following:

'(6) In order to establish, report and pay game tax for draws, betting and remote gambling, gambling organisers shall calculate the amount of game tax as per (1)–(5) and then be entitled to deduct the time-proportionate amount of the value paid according to the usage contract for the right laid down in the Act on sports from the total sum of game taxes to be paid as per (1)–(5) and remaining after payment obligations stipulated in separate legal provisions have been met.'

## § 10

§ 35(3) of the Act shall be replaced by the following:

'(3) Gambling organisers shall establish the amount of tax in the current month by adding up net game income from the first day of the tax year to the last day of the current month, and then determining the amount of tax in the current month as per (1) and deducting the amount of tax paid for the periods prior to the current month within the tax year, as well as the amount of gross concession fees due for the current year proportionately for the current month.'

## § 11

§ 36/C(2)(h) of the Act shall be replaced with the following:

*(The obligated party shall pay a supervision fee of)*

'h) 2.5 % of the net game income for the quarter but at least HUF 100 000 and at most HUF 10 million for remote gambling.'

## § 12

(1) § 37, point 2.1 of the Act shall be replaced with the following:

'2.1. *Net game income for remote gambling*: the sum of bets paid in the period in question less prizes paid out, unless betting occurs in a system where the organiser does not assume any risk for bets (bet exchange). In this case, net game income shall be constituted by the fees charged to players by the organiser or commissions, falling in the same category.'

(2) § 37(30) of the Act shall be replaced with the following:

'30 *Except for remote gambling organisations, trusted gambling organisers shall include gambling organisers that are transparent organisations as per § 3(1)(1) of Act No CXCVI of 2011 on national wealth and*

*a) have fulfilled all obligations to report and pay common charges kept on record by the state tax authorities and in excess of HUF 500 000, and have never fallen in arrears exceeding 90 days in fulfilling such obligations,*

*b) no immediate collecting note has ever been issued on any of their bank accounts in excess of HUF 500 000 by the tax authorities and no proceedings have ever been launched against them in excess of HUF 500 000,*

*c) during the course of their operations, no legal violation has ever been committed in connection with their operations for which a penalty exceeding in each case HUF 5 million was imposed,*

*d) have been performing activities related to gambling operations for at least 10 years in Hungary,*

*e) have fully complied with all rules related to the establishment of players' identity and related data management if obliged to do so."*

(3) § 37(31) of the Act shall be replaced with the following:

'31. For remote gambling organisations, trusted gambling organisers shall include gambling organisers that are transparent organisations as per § 3(1)(1) of Act No CXCVI of 2011 on national wealth and

*a) are in compliance with § 30(a)–(e), and*

*b) are entitled to a concession to operate a gaming casino on Hungarian territory in the case of § 3(1a)(b).'*

### **§ 13**

§ 38(2)(i) of the Act shall be replaced by the following:

*/(2) The Minister shall be granted authorisation to establish in a decree the detailed rules related to the following: /*

*i) authorisation and control of remote gambling organisations, personal, material, technical and economic conditions and conducting the organisation, conditions of participation in remote gambling, obligations of providers of gambling not requiring authorisation and the tasks of the state tax authorities.'*

### **§ 14**

§ 41 of the Act shall be replaced with the following:

'41. The requirement for the preliminary notification of this draft Act [...], as stipulated in § 8–10 of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services, as amended by Directive 98/48/EC of the European Parliament and of the Council, has been met.'

### **§ 15**

§ 29/L of the Act shall be repealed.

## ***2. Amendment of the Act No XVI of 1991 on concessions***

### **§ 16**

§ 10/C(3a) of Act No XVI of 1991 on concessions (hereinafter referred to as the 'Act of 1991' shall be replaced with the following:

'(3a) Provisions under (3) shall be applied to offers of remote gambling organisation with the following differences:

- a)* offers may only be made by trusted organisers as per § 37(31) of the Act,
- b)* offers shall include an annual concession fee at least equivalent with the one laid down by the Act on the central budget for game types.'

### **§ 17**

§ 14 of the Act of 1991 shall be replaced with the following:

'14. § (1) The state or a municipality may only change the valued position (exclusivity), paid for by a concession fee or otherwise, of the right-holder without such right-holder's consent during the period of the concession contract in the geographical or administrative territory set forth in the contract in a manner disadvantageous to such right-holder, if the parties have agreed thereupon in the concession contract.

(2) In case of concession contracts concluded based on § 10/C, the state or a municipality may only change the valued position of the right-holder during the period of the concession contract in the geographical or administrative territory set forth in the contract in a manner disadvantageous to such right-holder, if the parties have agreed thereupon in the concession contract.'

## ***3. Harmonisation of the draft decree***

### **§ 18**

The requirement for the preliminary notification of this draft act, as stipulated in § 8–10 of Directive 98/34/EC of the European Parliament and of the Council of 22 June 1998 laying down a procedure for the provision of information in the field of technical standards and regulations and of rules on Information Society services, has been met.

## ***4. Closing provision***

### **§ 19**

The Act shall enter into force on [...].