

Gaming Law in Malta

A Brief Overview

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Malta is currently and positively being perceived as the veteran within the EU for having been the first to regulate remote gaming way back in 2004.¹ In a preliminary ruling, the European Court of Justice had memorably referred to the Maltese gaming law framework as being sophisticated.² The Lotteries and Gaming Authority (the 'Authority') is the independent and efficient regulatory body responsible for the licensing of gaming operators in Malta. It caters for the following forms of gaming in Malta (online and land-based): amusement machines, casino gaming, commercial bingo games, commercial communication games, gaming devices, remote gaming, sports betting, the national lottery and other lotteries, and non-profit games.

Although the gaming industry is split into two further sub-categories that may be viewed as occupying a balanced plateau, the category of remote gaming is the most dynamic and fastest growing within the Maltese gambling industry, if not globally. It has taken centre-stage in comparison to its land-based counterparts, the latter of which, however, still generate substantial revenues. In relation to remote gaming, which encompasses any type of gaming using a means of distance communication (including internet, telephone and fax, digital TV and mobile phone technology), the Authority's regulatory regime aims to be both technology neutral and game neutral.³

Malta has successfully established four main classes of licences for remote gaming:

- **Class 1:** Risk-taking on repetitive games generated by random events (Casino-style games);
- **Class 2:** Risk-taking by creating a market and backing that market (Fixed-odds betting, sweepstakes);
- **Class 3:** Promoting and/or abetting gaming from Malta (Live Poker);

¹ Remote Gaming Regulations 2004, Legal Notice 176 of 2004 of the Lotteries and other Games Act

² Case C-347/09 (Preliminary Ruling from the Bezirksgericht Linz) [2011] 98

³ Lotteries & Gaming Authority Malta, 'Remote Gaming'

<<http://www.lga.org.mt/content.aspx?id=86949>> accessed 30 September 2013

- **Class 4:** Provides a Remote Gaming System to another licensee (Platforms hosting and managing Operators of Betting, Bingo or Skill Games, amongst others).⁴

It is highly interesting that Malta currently hosts approximately 10% of some of the world's most profitable online gaming operators, boasting an attractive taxation framework that is built around the categories of different classes.⁵ This taxation framework is operator-friendly, capped at €466,000 per annum. Malta's corporate tax regime is also immensely beneficial, and it generally provides an effective corporate tax rate of only 5% on distribution of dividends to shareholders.

The land-based gambling industry in Malta is also highly economically productive and competitive, with local casinos forming the larger part of it. Through a concession granted by the Maltese Government, the Authority licenses casinos in Malta. Commercial bingo, or *tombola* as the game is known locally, is also licensable in Malta with the Commercial Bingo (Tombola) Regulations.

It is safe to say that the remote gaming industry has had scant impact on land-based revenues. Instead, the land-based and remote gaming industries have thrived side-by-side.⁶ Nevertheless, more land-based operators today are striving for a presence on the Internet for the obvious reasons of additional revenue at lesser costs and enhanced popularity of their land-based establishment. It is also interesting to note that while a physical game of blackjack in a Maltese land-based casino permits only those who are over twenty-five years of age to play it, the online live-room game will probably only require that the player be eighteen years of age.

It is also noteworthy that land-based operators in Malta, partaking of the colloquial street-gaming scene, will have to comply with various zoning policies issued by the Malta Environmental and Planning Authority.

In conclusion, the Maltese legislator has focused on producing a well-controlled and transparent gambling industry. The primary objective has been none other than that of establishing a market that is clean and securely regulated: an objective that has been reached and is currently being developed and maintained.

⁴ Lotteries & Gaming Authority Malta, 'Investing in Malta... Brings the Odds to Your Favour' <<http://www.snapadministration.com/snapdatafiles/files/lga/634527410962233750.pdf>> accessed 30 September 2013

⁵ KPMG, 'Remote Gaming in Malta' (July 2013) <<http://www.kpmg.com/MT/en/IssuesAndInsights/Doing%20Business%20in%20Malta/Documents/Remote%20Gaming.pdf>> accessed 20 September 2013

⁶ Johann Schembri, 'Land-based gaming in Malta – an untapped well?' Maltatoday(21 November 2012) <<http://www.maltatoday.com.mt/en/businessdetails/business/bigtalk/Johann-Schembri-Land-based-gaming-in-Malta-an-untapped-well-20130103>> accessed 29 September 2013