

INSIDER TELECOM AND TECHNOLOGY

E-GAMBLING IN BELARUS 2018: NEW PLAYING FIELD

In August 2018 in Belarus the Edict "On Improving the Legal Regulation of the Gambling Business" (**the Edict**) has been signed. The Edict provides an opportunity to open virtual gambling establishments and sets requirements for such activity.

SUMMARY: OPPORTUNITIES AND RISKS

- Organization of e-gambling (including poker) is a licensed activity;
- we expect that foreign operators will be technically blocked in Belarus in case of non-obtaining the license;
- obtaining the e-gambling license “from scratch” is complicated - it requires at least 2 years of work under “traditional” gambling license or searching for the partner, who already has this license;
- obtaining the license gives an access not only to the Belarusian market, but also to the market of the Eurasian Union directly (Russia, Kazakhstan, etc.);
- opening an opportunity for the migration of the gamblers due to beneficial tax regime (4%).

TYPES OF E-GAMBLING IN BELARUS

Online gambling can be organized in 2 forms: through a virtual gambling establishment (**VGE**) or in a live-mode (**Live-mode**).

The difference between the two is that the VGE-games are conducted using websites and software, and live-games are carried out with the help of VGE (website, software) and a traditional casino - the place for live-stream. Moreover, the Edict directly provides the exact types of VGE and Live-gambling that can be conducted online.

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VGE	Live-mode
Bookmaker's online game	Online dice games
Bingo	Playing slot machines
Playing cards online	Roulette (cylindrical game)
Online totalizers	
Online slot-games	

A virtual gambling establishment

VGE – is a complex consisting of a website and a software that allows to organize online gambling.

Only Belarusian companies, which already have had a gambling license and have been working for at least 2 years on a market, will be able to obtain the VGE-license.

It means, that to establish e-gambling in Belarus will be possible via:

- obtaining the gambling license for an offline company and registering its presence in Belarus + 2 years of work with the subsequent obtaining the VGE-license;
- cooperating with existing companies in order to obtain the VGE-license without 2-year waiting;
- purchasing an existing company that has been undertaking licensed activities for at least 2 years.

Bookmaker's and totalizator's office, which currently operate in Internet, are obliged to obtain the license by 1 April 2021 according to the rules provided for the VGE.

Live-games

In order to organize Live-games it is necessary to obtain a double license: for VGE and for the maintenance of a casino and/or slot machines. It is required for arranging live-stream of the games, organized in the casino or hall of slot machines via the VGE web-site.

At the same time, gaming tables or slot-machines, used for Live-games can be located both in Belarus and abroad. To organize Live-game in Belarus it is necessary to meet the following requirements:

- Live-games must be held only at the place, specified in the license;
- the games must be organized and held only by the employees of the licensee.

HOW TO OBTAIN THE LICENSE

To obtain the license, there is a number of requirements that potential licensee must match:

“In August 2018 Belarus has introduced an opportunity to open e-gambling establishments legally with a prior obtaining the license.”

VGE-license	
Criteria	Description
License	holding the gambling license for at least 2 years
Management	the head or the deputy must have at least 3 years of working experience in the gambling business
Deposit	having a deposit, placed on a special account to ensure timely payments of the gains and taxes (Deposit)
Good standing	absence of administrative offences related to money laundering and terrorism financing for the last 2 years
	shareholders and the head of the company have no unexpunged or outstanding conviction for economic crimes
Live-games license	
Premises	concluded agreement for rent of premises for conducting the games
Regulatory	obtaining an approval of local authorities to place a gambling establishment
	certificate of inspection of premises, issued by the local internal affairs authority

The license applicant should confirm all specified requirements by the documents. For example, the supporting documents for VGE-license are as follows:

- bank extracts or any other documents, confirming the placement of a deposit on a special account in the amount, established by the law (to be expected);
- documents, confirming the registration of a domain;
- expert report, confirming the compliance of the VGE with the requirements, established by the legislation;
- certificate of a compliance of the VGE's information system with information protection requirements;
- documents, confirming that the head of the company and the deputy has no administrative offences related to money laundering and terrorism financing.

WHAT RULES ARE TO BE FOLLOWED BY THE LICENSEE?

Having the VGE-license obtained, the licensee must adhere to the following requirements:

- do not allow persons under the age of 21 and those, who are limited to visit gambling establishments;
- to pay gains from BY accounts or a special account;
- to maintain the Deposit in the amount, which will be later established by the Council of Ministers;
- to provide remote access to the VGE to tax authorities and the monitoring center;
- to connect the VGE to the special computer cash registering system that provides control over turnover in the gambling business (CCRS);
- to register information on the accepted bets and paid gains in the CCRS;
- to carry out activities only through web-sites with domains, specified in the license;
- to pay gambling taxes in time.

Live-gambling licensee should adhere to the following requirements:

- to ensure that premises comply with requirements, set by the law;
- to connect slot-machines, ticket offices, totalizator's cash desks, gambling tables to the CCRS;
- use gambling equipment, owned by the licensee;
- to pay gains or refund unplayed bets only upon presentation of an identity document;
- to ensure personal safety of visitors, as well as gambling establishment and its equipment.

IDENTIFICATION OF GAMBLERS AND DATA STORAGE

Technical capabilities of the VGEs must ensure the collection, processing, storage, transfer and protection of the information related to gambling. The VGE should collect the visitors' personal data, as well as fulfill a number of regulatory requirements:

- to identify the visitors;
- to store copies of gamblers' identity documents;
- to register gamblers' actions and IP-addresses in a special register;
- to store records of the games for at least 30 days since the date of the game (exceptions – bookmaker's and totalizator's offices).

VGE should be registered on -.by or -.бел domains. It is allowed to use foreign domains, but the information about logins and IP-addresses of the gamblers must be stored on servers, physically located in Belarus.

“Virtual gambling establishment should be connected to the computer cash registering system (CCRS), which will provide the access to tax authorities to the information about the licensee's turnover.”

NEW TAXATION RULES

Currently gambling establishments should register each object of gambling taxation – gambling tables, slot-machines, totalizator’s/bookmaker’s cash desks with tax authorities with a subsequent obtaining of a registration certificate.

From 25 March 2019 the registration of the objects of taxation in CCRS will be introduced instead. The tax will be calculated based on the amount of registered objects.

VGE TAXATION

According to the existing rules an object of taxation consists of 2 parts:

- gambling equipment: gambling tables, slot-machines, totalizator’s and bookmaker’s cash desks;
- positive difference between bets and gains.

At the moment, for VGE only positive difference between accepted bets and paid gains will be considered as a tax base. Current tax rate is 4%.

(200 BYN	– 100 BYN)	x 4%	= 4 BYN
Gains	Bet	Tax rate	Tax

“Virtual gambling establishment should have a deposit, placed on a special account to ensure payment of the gains and taxes.”

WHAT TO EXPECT

The newly introduced Edict has established basic regulation for e-gambling in Belarus. In future we expect more detailed regulation, in particular:

- update of the conditions of calling to criminal and administrative liability for violation of gambling legislation;
- establishing an amount of the deposit to be placed on a special account to ensure timely payment of the gains and taxes;
- regulation of expertise of VGE compliance with legislation requirements;
- rules of attestation of VGE’s data protection system. Expected, that the rules will be similar to the rules, applicable to confidential information.

If you have any questions or need additional information regarding e-gambling in Belarus, please contact Roman Shpakovsky, Partner of VILGERTS in Belarus. (+375 29 3815163 (Telegram, WhatsApp, Viber), roman.shpakovsky@vilgerts.com).

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We are proud to be recognized by such international legal rankings as Chambers & Partners, Legal500, IFLR1000.

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