The Gambling Business Group
Upper Deck, Admirals Quarters, Portsmouth Road,
Thames Ditton, Surrey KT7 0XA
Tel: 07860 588680
E-Mail: peter@gamblingbusinessgroup.co.uk

08/09/2026

Rt Hon John Healey MP
Chancellor of the Exchequer
1 Horse Guards Road
London SW1A 2HQ

E: public.enquiries@hmtreasury.gov.uk

Dear John Healey
The Gambling Business Group (GBG) is a representation of Business to Customer (B2C) and Business to Business (B2B) gambling organisation members from all sectors of the UK Gambling Industry but primarily focused on land-based gambling. This includes Bingo, Retail Betting, Adult Gaming Centres (AGCs), Family Entertainment Centres (FECs), Pub Retailers, and Gaming Machine Manufacturers and Suppliers. In addition to these key members, we have strong representation from supporting businesses that include legal, finance, consultancy and compliance.

GBG Members are genuinely concerned at the threat of a possible tax rise in Machine Games Duty (MGD), especially at this particular time of (pending) changes to local licensing authority powers when considering applications (such as the remove of the Aim to Permit principles in the Gambling Act and the introduction of Gambling Impact Assessments) along with an even more uncertain economic climate.

Gambling premises

Land-based gambling businesses are still struggling to recover post-Covid, and the added impact of employer NIC and NMW rises, inflation and the highest energy costs on record have led to the closure of businesses (over 500 betting shops alone since the last Budget, with more closures pending), which flies in the face of the Government's growth agenda.

From your discussions with the DCMS, I am sure that you are aware of the impact on our Members' businesses and the wider land-based community if the rates of MGD were to rise (irrespective of the above-mentioned regulatory changes):

- Marginal businesses will close when bills can't be met. We are aware that the Bingo Association is providing details of the high number of 'at risk' bingo clubs.
- This scenario also applies to all other types of licensed gambling premises too, resulting in
    - More jobs lost from the gambling industry
    - More premises on the high street will be boarded up
    - Less out of home socialising on the high street
    - A decrease in gambling revenues
    - And less tax to the Treasury, not more.

- **The gambling industry as a whole currently contributes £6.8bn in GVA and over £4bn in tax**
- The impact on the local economy will be widespread as electricians, plumbers, window cleaners to name but a few will also lose out on income if gambling premises close.
- The other big risk of regulated businesses closing is the migration to illegal gambling. If more premises are forced to close for economic reasons (or are refused to be allowed to open in the first place), then more consumers will turn to online gambling, which brings them one step closer to the growing online illegal gambling market.
- Evidence from European countries that have raised taxes on machines confirms that such action does not lead to increased tax revenues. In Italy, Romania and Holland revenues dropped and in Germany half the gambling traffic went to offshore unlicensed and unregulated markets. The previous Chief Executive of the Gambling Commission described the illegal online market as "*unsafe, unfair and criminal*" and confirmed that "*in other countries in Europe and elsewhere that had materially increased their tax rates and then seen a significant growth in illegal gambling*"
- Despite its title, there has not been a Triennial Review of Stakes and Prizes for gaming machines since 2013. Therefore, unlike other retail verticals, there is no way for our Members to increase prices to compensate for additional overheads, including any additional MGD.
- If the industry was to reduce the win rate to compensate for increased MGD (what we call return to player or RTP) it will dilute the consumer experience and eventually reduce income as players play less. This could lead to an increase in customers driven to unlicensed/black market gambling.
- Reducing payroll costs to compensate for an increase in MGD will cause redundancies and job losses. This is of particular concern to us because it reduces our ability to manage and support our consumers.
- Investment in new products will inevitably be cut, leading to job losses in the manufacture and supply chains.
- It would create a disproportionate disadvantage for land-based businesses (versus remote) who find it far more difficult to absorb higher taxes due to the existing higher level of overhead some of which are highlighted above.

Pubs and Clubs

Pubs, which are closing at a rate of at least 2 a week, and clubs, the beating heart of many communities, felt the impact of increases in National Insurance and National Minimum Wage last year. Whilst the proposed 20% reduction in business rates for pubs, social clubs and live music venues is very much welcomed, any benefits will be eroded if MGD is increased on gaming machines in these venues.

One of the lifelines for most pubs and clubs in the UK are their gaming machines which for many are making the difference between staying open or shutting the doors. Closures of these businesses will be a mean a permanent loss of tax revenues across VAT, PAYE, Corporation Tax, business rates and MGD itself, just from the pub and club sectors.

GBG is absolutely committed to the high street economy - our Members are investing in the UK high street whilst virtually every other industry is pulling out of it. We want to be talking about investment and growth and driving that forward. An MGD tax rise will cut that conversation and the accompanying investment off completely.

In summary, increasing MGD will have the direct opposite effect to the Government's growth agenda and will not increase tax revenues.

Yours sincerely

Peter Hannibal
Chief Executive