

## Fiscal and Accounting Aspects Regarding the Gambling

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### Abstract

*The purpose of the paper is to analyse the main fiscal and accounting aspects of gambling. The main objectives considered were the presentation from a theoretical point of view of the concept of gambling, the classification of gambling, the presentation of fees for the issuance of organization licenses and authorizations for the operation of gambling. It then continues with the presentation from a fiscal point of view of the aspects regarding the taxation and the declaration of the tax resulting from the development of these activities. Accounting for gambling operations is the next issue.*

**Key words:** gambling, accounting, fiscality

**J.E.L. classification:** M41, Q40, Q56

### 1. Introduction

The topic deals with the issue of gambling in terms of accounting and taxation. From an accounting point of view, we highlighted the main accounting monographs on the registration of these operations in the accounting of economic operators. The fiscal treatment highlights the aspects related to the taxation of gambling according to the regulations of the Fiscal Code.

The main purpose of this article is to highlight accounting and fiscal aspects in terms of gambling activity in Romania.

The objectives of the paper are:

- presentation of the concept of gambling
- gambling classification
- the tax rates imposed by the Romanian Fiscal Code regarding the winnings obtained by a natural person from gambling
- the annual declaration of gambling winnings by drawing up the Declaration 205
- presentation of the accounting registration of the operations resulting from the participation in a game of chance.

Both the accounting and fiscal aspects presented are based on the national legislation in the field.

### 2. Theoretical background

What does mean gambling? We find the answer in Ordinance no. 77/2009 article 3 the licensed gambling operator, traditional games of chance, remote gambling or online gambling etc.

Gambling means that activity that cumulatively meets the conditions: material winnings are awarded, in cash of a potential win and acceptance by the participant, with the collection of a direct participation fee or disguised, the winnings being attributed based on the game regulations approved by the National Gambling Office.

According to the Government Emergency Ordinance no. 77/2009, in Romania organization and operation of the gambling activity is considered monopoly by the National Office for Gambling and is subordinated to the Romanian Government (<http://onjn.gov.ro/>).

According to Government Emergency Ordinance no. 20/2013, the Office aims to comply with the following principles (GEO no. 20/2013, art .2 par. 2): unitary, correct and non-discriminatory application of the legal provisions in force in the field of gambling, taking into account the principles of legality, impartiality, active role and availability; the protection of minors or other vulnerable groups, from a social and economic point of view, in order to avoid their dependence on gambling; the protection of the participants so that the games of chance are organized in an honest; ensuring the observance of the incident legal provisions in the field and the prevention of possible interferences in the sports results in order to protect the sports movement.

The Office fulfils the following main attributions ((GEO no. 20/2013 art.3):

a) coordinates the unitary, correct and non-discriminatory application of the legal provisions in force in the field of gambling;

b) analyses and solves the requests submitted by the operators who wish to carry out gambling activities according to the legal provisions in force;

c) supervises the activities in the field of gambling directly or together with other state institutions, in accordance with the law;

d) exercises technical control of computer systems, monitoring and surveillance for traditional and remote gambling;

e) controls the application of the specific legislation, ensuring its unitary application, ascertains contravention facts and applies the sanctions provided by law or notifies the competent bodies, as the case may be;

f) analyses the received notifications, verifies the signalled aspects and solves or notifies the competent bodies, as the case may be;

g) solves the previous complaints formulated by the operators on the measures ordered in the exercise of the attributions, according to the competences and the legal provisions in force;

h) analyses and solves the requests formulated by other authorities, operators and other interested parties, according to the competences and legal provisions in force that regulate the field of gambling;

i) issues the administrative acts related to the activity carried out and administers the evidence of the documents necessary for granting the right of organization and functioning and of the issued decisions;

j) ensures the management of the database related to the activity and ensures the publication of the information on its own website;

k) performs the risk analysis for performing verification and control actions in the field of gambling for each license and authorization holder, establishing the risk associated with each one;

l) ensures the archiving of the documentation related to the activity according to the legal provisions in force; m) participates in the activities of specialized international bodies and may be a member thereof, based on the mandate received from the Government of Romania;

n) ensures collaboration, exchange of information and representation in the field of gambling. In the exercise of its powers, the Office may conclude protocols for cooperation and collaboration with similar institutions, profile associations or with other authorities and institutions;

o) concludes under the law, contracts in order to monitor gambling;

p) at the request of other specialized institutions of the state, may participate, as a specialized body, in carrying out checks in the field of gambling, together with them.

According to the Government Emergency Ordinance no. 77/2009 gambling are (GEO no.77/2009, art. 10): lotto games - traditional game, bets, gambling characteristic of casinos, games of chance characteristic of poker clubs - traditional game, slot-machine games; bingo games played in game rooms - traditional game, bingo games organized through television networks - traditional game, lotto games – remote, fixed odds betting – remote, mutual bets – distance, bets on the counterparty – remote, bingo and keno games, raffle is the activity of extracting numbers.

### 3. Research methodology

The scientific approach is based on information from the national literature, as well as from the practical documentation made through the case study presented. In the elaboration of the paper, we chose to combine quantitative research with qualitative research in order to obtain the expected results. Following the research undertaken, the research tools belong to the two categories of methods, namely: review of the literature, comparison, descriptive analysis, case study method, data interpretation.

In carrying out the case study, we presented the way of recording in accounting the different types of games of chance. The treatment of the topic from the fiscal point of view was approached by presenting the approach that a natural person who obtains income from gambling must do, namely by completing a Fiscal Declaration, namely the 205 Declaration.

### 4. Findings

#### 4.1. Tax issues regarding gambling

In Romania, the taxation of gambling is regulated by the Law of the Fiscal Code no. 227/2015.

The tax calculated for gambling is a tax withheld at source, meaning that the obligation to calculate, withhold and pay the tax falls on the organizers or payers of income (Fiscal Code Law 227/2015, art. 110)

It is determined on each payment on the gross income received by the participant, from an organizer or payer of gambling income, as follows:

*Tabel no. 1 Taxes Gambling*

Gross income tranches - RON -	Tax - RON -
Up to 66.750, including	1%
over 66.750 - 445.000, including	667,5 + 16% for what exceeds the amount 66.750
over 445.000	61.187,5 + 25% for what exceeds the amount 445.000

*Source:* Law 227/2015 regarding Fiscal Code, article 110

Under current law, individuals who participate in remote or online gambling, and earn income, the tax is determined and withheld at source on each transfer from the account on the gaming platform to the bank account or similar.

The winnings or prizes obtained from a game of chance represent the amounts of money, goods or services provided by the organizer to the participant in the game declared the winner by the organizer of the game of chance.

The incomes obtained as a result of participating in gambling in casinos, poker clubs, slot machines and lotteries, whose value is below 66,750 lei inclusive, are non-taxable incomes.


The calculated and withheld tax is paid to the state budget until the 25th of the month through the Declaration 100.

Annually, the payers of such income who have to calculate and transfer the tax on income with withholding tax submit the Declaration 205 Informative declaration on withholding tax, gambling income and investment gains / losses, on income beneficiaries.

Both declarations are submitted by electronic means of remote transmission, by using the online declaration submission service, existing on the e-guvernare.ro portal.

The company GAME SRL, having as object of activity the games of chance, calculates and withholds in December 2020 a tax on the incomes from the games of chance in the amount of 7,000 Ron. In December, it declares and pays the tax due to the state budget.

GAME SRL declares the tax on gambling income calculated, withheld and paid for 2020. One of the participants in gambling was Popescu Mihai, CNP 1800525019034, who obtained a taxable income of 65,000 Ron.

 <b>DECLARAȚIE PRIVIND OBLIGAȚIILE DE PLATĂ LA BUGETUL DE STAT</b> <small>(vers. valabilă din 12/2020)</small>		100
<input type="checkbox"/> Declarație depusă după anularea rezervei verificării ulterioare ? Temeiul legal pentru depunerea declarației		Declarație depusă potrivit art.90 alin.(4) din Legea nr.207/2015 privind Codul de Procedură fiscală Cod de identificare fiscală a succesorului
Cota de impozitare pe veniturile microintreprinderilor (daca este cazul) ?		<b>Perioada de raportare:</b> Anul: 2020    Luna: 12 <input checked="" type="radio"/> D100 <input type="radio"/> D710
A. Date de identificare ale contribuabilului/ plătitorului Cod de identificare fiscală: RO 2 6 5 9 9 7 3 7 Denumire: GAME SRL Adresa (județ, localit., str., bl., scara, ap., cod poștal, sector): ALBA IULIA, ALBA		Atentie ! Obligațiile care au scadența 25.12 se vor declara și plăti până la 21.12.



**III. DATE PRIVIND NATURA VENITURILOR - Tip de venit** ?

1. Venituri cu regim de retenere la sursa a impozitului, potrivit tit. IV din L.227/ 2015 privind Codul fiscal

1.a)  08. Venituri din dividende 5%      1.e)  12. Venituri din premii 10%

1.b)  09. Venituri din dobânzi 10%      1.f)  18. Venituri din jocuri de noroc

1.c)  11. Venituri din lichidarea persoanei juridice 10%      1.g)  16. Venituri din alte surse 10%

1.d)  13. Venituri din pensii 10%

2.  22. Câștiguri/pierderi din transferul titlurilor de valoare, și orice alte operațiuni cu instrumente financiare, inclusiv instrumente financiare derivate, precum și din transferul aurului financiar, definit potrivit legii, cu excepția veniturilor neimpozabile

\*) Se va completa "Neimpozabil" în col.6 din secțiunea IV, numai în cazul persoanelor fizice nerezidente care obțin venituri din transferul titlurilor de valoare pentru care, în convenția de evităre a dublei impuneri încheiată între România și statul de rezidență al persoanei fizice nerezidente, nu este menționat dreptul de impunere pentru România și respectiva persoană prezintă Intermediarului certificatul de rezidență fiscală.

?  **Calcul automat impozit (fără zecimale)** - lei -

**IV. DATE INFORMATIVE PRIVIND IMPOZITUL REȚINUT LA SURSĂ ȘI CÂȘTIGURILE/PIERDERILE DIN INVESTIȚII, PE BENEFICIARI DE VENIT (altele decât cele de la cap.V)**

**V. DATE INFORMATIVE PRIVIND IMPOZITUL PE VENITURILE DIN DIVIDENDE**

18. Venituri din jocuri de noroc					
Nr.crt.	1. Nume și prenume beneficiar de venit			2. Rezident/ Nerezident	6. Regimul fiscal:
(ID înregistrare)	3. Statul de rezidență (pt. nerezident)	4. CNP/ NIF din România	5. CIF din străinătate pt. nerezident (emis de autorit. fiscală din statul al cărui rezident este PF nerezident)		0- Nu se completează (cat.2) 2- Impozit final (cat. 1.a-g) / 3- Neimpozabil potrivit conv. dublei imp. (cat. 2)
	7. Castig/ Divid. distribuite	8. Pierdere/ Divid. platite	9. Baza de calcul al impozitului	10. Impozit reținut	
1	1. Nume și prenume POPESCU MIAHI			2. Rezident/ Nerezident 1. Rezident	6. Regimul fiscal 2. Impozit final
(1)	3. Statul de rezidență Alege statul	4. CNP/ NIF din România 1800525019034	5. CIF din străinătate		
Sterge	7. Castig	8. Pierdere	9. Baza de calcul a impozitului 65.000	10. Impozit reținut 650	Adauga beneficiar

**4.2. Accounting aspects regarding gambling accounting**

Regarding the accounting treatments applied to the operations resulting from the conduct of gambling, they are subject to the Accounting Regulations approved by Order no. 1802/2014, with subsequent amendments and completions.

According to Law no. 227/2015 on the Fiscal Code, gambling revenues are not subject to VAT.

The income of the gambling organizer is the income, which is recorded in the accounting, based on supporting documents, represented by the commission collected and/or the difference between the income fee from and the prizes constituted / granted from it, including the fund. reserve, where applicable. Therefore, the income of gambling organizers may come from a fixed commission, collected directly from the participant, and / or a variable commission, as a result on difference between the game stake collected and the prizes awarded to players (Zăgrea Anchiș, 2015).

**4.3. Accounting treatments for the accounting of transactions for a slot machine operator**

The company Game SRL, is a Romanian legal entity that holds a license on the operation of slot-machine gambling. The access ticket to the game device is 15 Ron/ individual. In January 2021, the company collects income in the amount of 150,000 Ron and pays the tax in the amount of 70,000 Ron.

- Recording of receipts from individuals

<b>5311</b> „House in Lions”	=	<b>704.1</b> „Revenue from services rendered. slot machine”	150.000 Ron
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- *Recording expenses with winnings made by players*

<b>6588.1</b> „ Other operating expenses. slot machine”	=	<b>462</b> „Various creditors”	70.000 Ron
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Calculation of the tax due

$$\begin{aligned} \text{Tax} &= 667,5 + 16\% \text{ for what exceeds the amount } 66.750 \\ &= 667,5 + 16 \% (70.000 - 66.750) \\ &= 1.187,5 \text{ Ron} \end{aligned}$$

- Recording the payment to the players after withholding the tax

<b>462</b> „Various creditors”	=	<b>5311</b> „House in Lions”	68.812,5 Ron
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- *Registration of the gambling tax*

<b>462</b> „Various creditors ”	=	<b>446.1</b> „Other taxes and fees. slot machine”	1.187,5 Ron
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- Payment of gambling tax to the state budget

<b>446.1</b> „Other taxes and fees. slot machine”	=	<b>5121</b> „Bank accounts in Lions”	1.187,5 Ron
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#### 4.4. Accounting treatments for the accounting of transactions for a bookmaker

Bets SRL is a commercial company that operates in the field of gambling, respectively sports betting. In January 2021, the company collects income from sports bets amounting to 90,000 Ron and pays winnings to players after withholding the tax amounting to 65,000 Ron.

- *Recording of receipts from individuals*

<b>5311</b> „ House in Lions”	=	<b>704.2</b> „Revenue from services rendered. Sport bets”	90.000 Ron
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- Recording expenses with winnings made by players

<b>6588.2</b> „ Other operating expenses. Sport bets”	=	<b>462</b> „Various creditors”	65.000 Ron
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Calculation of the tax due

$$\text{Tax} = 1\% \times 65.000 = 650 \text{ lei}$$

- *Recording the payment to the players after withholding the tax*

462 „Various creditors”	=	5311 „House in Lions”	64.350 Ron
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- *Registration of the gambling tax*

462 „Various creditors”	=	446.1 „ Other taxes and fees. Sport bets”	650 Ron
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- *Payment of gambling tax to the state budget*

446.1 „Other taxes and fees. Sport bets”	=	5121 „Bank accounts in Lions”	650 Ron
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#### 4.4. Accounting treatments on joint ventures for gambling

The company Alfa SRL concludes a joint venture contract for gambling with the company Game SRL, which holds a license to organize games of chance. The participation fee is 50% for each company. The company Alfa SRL provides the location for the placement of gambling by the company Game SRL. Monthly, Game SRL sends the statement to Alfa SRL, and will pay 50% of the profit obtained.

The company Alfa SRL will register in its own accounting the following operations, for the value of 500,000 Ron:

458 „ Settlements from participation operations”	=	708 „Income from various activities”	500.000 Ron
5121 „Bank accounts in Lions”	=	458 „ Settlements from participation operations”	500.000 Ron

#### 5. Conclusions

According to the legislation in force, the gambling in Romania is a monopoly. The gambling license is granted to the economic operator if he meets certain conditions and is valid for 10 years. The granting of the organization license to operate gambling is granted with the collection of certain fees.

The organizers of gambling have the obligation to prepare and submit to the National Office for Gambling, a monthly statement, approved by order of the President of the Office.

Gambling income not include VAT.

Gambling companies pays: fee for gambling licenses and access fee, in the form of a ticket valid for 24 hours, paid by each person, a minimum level of the share capital subscribed and paid by the economic operators organizing games of chance.



## 6. References

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