

# New rules of the game for bookmaker gambling

Russia · 31.03.2021

Available languages: [RU](#)

---

The state regulation of the organisation and conduct of gambling and betting on sports events will drastically change in 2021 when [Federal Law No. 493-FZ\\*](#) comes into force in various stages.

The key innovations brought about by Federal Law No. 493-FZ are the creation of a unified gambling regulator and changes in the procedure for calculating earmarked contributions for gambling organisers who accept sports bets ("**Earmarked Contributions**").

The changes are comprehensive and will affect not only bookmakers and totalisators (whether operating offline or online), but also self-regulatory participant organisations in the sector, which will be liquidated.

Most provisions of Federal Law No. 493-FZ, together with the corresponding amendments to the [2006 Gambling Law\\*](#), will take effect on 27 September 2021. Some changes in the procedure for calculating Earmarked Contributions, however, came into force on 1 January 2021.

## Unified gambling regulator

From 27 September 2021, the Unified Gambling Regulator (the "**Regulator**"), which is a public company, will collect Earmarked Contributions on behalf of All-Russian sports federations and professional sports leagues.

According to the current rules, gambling organisers at bookmaker shops must make Earmarked Contributions for sports in several cases: when using the symbols or the name of a sports competition (for which an organiser accepts bets) or when providing information about the holding of such events.

Under the new rules, all gambling organisers in bookmaker shops placing bets on sports competitions will have to make Earmarked Contributions.

The Regulator will become a monitoring centre for Earmarked Contributions from sports bets and an intermediary between both sports federations and leagues of youth sports, and sector participants. These changes are expected to increase the efficiency of private financing of Russian sports and strengthen control over the gambling business in general.

The Regulator will collect almost all information about the operations of bookmakers and totalisators. For example, the Regulator will have access to information about cash transactions carried out in a gambling establishment, the form of settlements with gambling participants and bets accepted by a gambling establishment (e.g. their amount, date, time of admission, conditions and amount of winnings on bets).

The Regulator will receive this information, together with Earmarked Contributions, from the Unified Centre for Accounting for Betting Transfers of Bookmakers and Totalisators (the "**Accounting Centre**"), a non-banking credit organisation. At the same time, gambling organisers in a bookmaker betting shop or a tote betting shop will not be able to carry out activities if they do not join the special information system of the Regulator.

Once all the provisions of Federal Law No. 493-FZ have come into force, self-regulatory organisations of gambling participants, which are currently responsible for compensation funds, will be liquidated. Subsequently, the Regulator will take on the functions of forming a compensation fund for gambling organisers in addition to collecting Earmarked Contributions.

## New rules for calculating and transferring Earmarked Contributions for sports

Since 1 January 2021, Earmarked Contributions are paid, not from the positive difference between the amount of bets (whether interactive or not) and paid winnings or income, but from the entire proceeds of the gambling organiser in bookmaker shops. Starting 27 September 2021, the Earmarked Contributions rate for gambling organisers in bookmaker shops will be 1.5% instead of 5%.

From a technical point of view, all transactions and payments to sports bookmakers will be processed through the Accounting Centre. Federal Law No. 493 provides that the Accounting Centre will withhold Earmarked Contributions from all bets made on sports events, while their volume cannot be less than RUB 30m (EUR 337,526) per quarter. Previously, the minimum amount of similar fees was set at RUB 15m (EUR 168,763).

To make settlements, each gambling organiser in a bookmaker betting shop or a tote betting shop opens an account with the Accounting Centre and concludes an agreement with it on the implementation of the functions of a single betting transfer accounting centre. Previously, such accounts were not opened for each gambling organiser, but at the level of self-regulatory organisations, and gambling organisers had to be members of such an organisation.

In accordance with the new rules, from 27 September 2021, all funds in electronic form (e.g. using a payment card or any other electronic means of payment) transferred by a gambling participant to an organiser will be credited to the account at the Accounting Centre. Without such an account, organisers will not be able to conduct their business.

Until 27 September 2021, gambling organisers will independently calculate and transfer Earmarked Contributions to the addresses of All-Russian sports federations. Self-regulatory organisations of gambling organisers will exercise control over the fulfilment of the requirement to pay Earmarked Contributions. They will also report on the Earmarked Contributions made to the Ministry of Sports and the Ministry of Finance of the Russian Federation.

#### What next?

Amendments to the 2006 Gambling Law have not yet been fully implemented. At this stage, the Ministry of Finance has developed more than ten regulatory subordinate legal acts that abolish the old rules, and also to some extent clarify the existing subordinate legal acts, thereby making it possible to implement the adopted changes.

For example, a draft decree has been developed on the abolition of [Government Decree No. 1219 dated 14 August 2020\\*](#). At present, this decree establishes the rules for determining the basis for calculating Earmarked Contributions from gambling. However, taking into account the changes made to the 2006 Gambling Law, Decree No. 1219 will be cancelled on 27 September 2021.

Other subordinate legal acts are also expected to clarify aspects such as:

- the rules on licensing activities for organising and conducting gambling in bookmaker betting shops or tote betting shops;
- additional requirements for gambling organisers; and
- the rules for bookmaker betting shops and tote betting shops to submit accounting data to the Federal Tax Service.

At the same time, legislative work in this area continues. For example, the State Duma is currently considering a [bill\\*](#) to eliminate loopholes in the legislation on gambling and prevent gambling under the guise of lotteries by bookmakers and totalisators.

#### Comments

As a whole, the changes are not just a pinpoint adjustment in the regulation of gambling for betting on sports events but represent full-fledged reform in this area. The changes will make the activities of bookmakers and totalisators transparent for the regulator, creating a well-developed monitoring system to identify illegal activities in the organisation of gambling (e.g. illegal bookmakers and online casinos).

At the same time, the mechanism chosen to support sports federations at the expense of gambling organisers demonstrates that the development of the professional and youth sports sector remains an important direction for state policy.

The long-term effect of the changes remains to be seen. Creating a rigid framework (i.e. increased regulations and financial pressure) in the gambling sector already hard hit by the pandemic could prove unbearable for market players. Everyone could lose out: gambling organisers will not be able to adapt to new realities and will cease activities, and sports federations will lose an additional source of funding.

If you have any questions on this eAlert, do not hesitate to contact CMS Russia experts [Hayk Safaryan](#), [Anna Osmakova](#), [Alexey Shadrin](#), [Vladislav Eltovskiy](#) or your regular contact at CMS Russia.

\* *In Russian*

#### KEY CONTACTS

---



**Hayk Safaryan**

Partner | Tax, Moscow





**Anna Osmakova**

Associate | Tax, Moscow



**Alexey Shadrin**

Associate | Commercial, Moscow



**Vladislav Eltovskiy**

Associate | Intellectual Property, Moscow

