



HOUSE OF COMMONS

LONDON SW1A 0AA

Rt Hon Rachel Reeves MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

24<sup>th</sup> September 2025

Dear Chancellor,

**Re: A targeted levy on online gambling to fund investment in child poverty**

As you prepare for the Autumn Budget, we are writing to encourage you to explore the introduction of a targeted levy on harmful online gambling products, with revenue ringfenced to help address child poverty and related harms. We propose this policy as a means to redress the relatively light taxation of online gambling, supporting our shared goals of delivering sustainable public finances alongside improved public health outcomes. Such a policy would support the government's manifesto pledge to reduce gambling-related harm and enable vital action to alleviate child poverty.

**HM Treasury consultation on tax treatment of remote gambling**

We note that the core proposal of HM Treasury's recent consultation on the tax treatment of remote gambling is to merge General Betting Duty, Pool Betting Duty, and Remote Gaming Duty into a single Remote Betting and Gaming Duty (RBGD). However, the consultation's focus on structural uniformity risks overlooking the substantial differences between gambling products and their associated harms. The proposal we write to recommend takes a different approach.

The Gambling Reform All-Party Parliamentary Group and others have submitted responses cautioning against the proposed harmonisation. Treating all remote gambling activities under one duty fails to reflect well-established differences in risk and harm.

A single, undifferentiated tax regime risks removing important fiscal levers that currently incentivise lower-risk product design and behaviour. It would also weaken the broader public health goal of reducing gambling-related harm; an objective to which this government has rightly committed.

**An increased levy on remote gambling**

The government's introduction of a statutory footing for the current levy on gambling operators was an important reform that begins to align the funding of research, prevention, and treatment with the principle of independence from industry interests. However, a statutory levy does not increase the revenue generated beyond the voluntary contributions in place for some time. This is despite the latest Gambling Commission data showing that levels of harm, including among online gamblers, are significantly higher than previously understood.

In light of the levy's limited fiscal reach and unchanged contribution levels, there is a compelling case for an additional online gambling levy. This would be a proportionate and appropriate response to evolving public health and fiscal challenges.



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There is strong international precedent for such a tax structure. As set out in the Social Market Foundation report *Fiscally Responsible Gambling Reform*, the UK's effective tax rate on remote gambling is significantly lower than in many comparable jurisdictions. For example:

- Online casino is taxed at 29% of GGY in the Netherlands (set to rise to 37.8%), 40% in Austria, and 55% in Pennsylvania, compared to 21% in the UK.
- Sports betting is taxed at 36% in Pennsylvania, 51% in New York, and 55% in France.

The same report also notes that UK online gambling operators often avoid VAT and base operations offshore, contributing less in UK tax despite significant domestic profits. The online gambling sector contributes relatively little to UK employment and research suggests that consumer spend on gambling brings little value to the UK economy as a whole.

At the same time, UK-based gambling firms remain highly profitable. According to recent industry figures, remote gambling accounts for around 44% of Gross Gambling Yield in the UK, far exceeding land-based gambling. Since 2016, the yield from remote gaming has grown by over 60%, while premises-based gambling has declined. Online slots alone accounted for over £4.3 billion in GGY in 2023/24.

Given these international comparisons and the scale of domestic profitability, it is clear that online gambling in the UK is taxed lightly relative to both its growth and its social cost.

We note that the Institute for Public Policy Research (IPPR) *Commission on Health and Prosperity* proposed raising Remote Gaming Duty from the current 21% to around 50% and increasing General Betting Duty from 15% to approximately 30%. IPPR estimated that these combined reforms could raise approximately £2.9 billion in the first year, rising to around £3.4 billion by 2030.

### **Protecting British Horseracing**

We do not advocate for an increase in betting duty on the British horseracing sector. As outlined in the Social Market Foundation's report, horseracing is not only a sport of cultural and historical significance but also supports approximately 85,000 jobs. Increasing taxes on horseracing risks driving consumers toward more harmful gambling products. To safeguard this unique industry, horseracing should be protected through a differentiated tax approach that reflects its social and economic importance, as outlined in the SMF's recent report - which also received the "full backing" of the National Trainers Federation.

### **Generating ringfenced funding for child poverty alleviation**

A principled "polluter pays" approach better aligns tax with product harm and public cost. The introduction of an additional, differentiated levy on online gambling would help to fill part of the fiscal gap while enhancing the fairness and purposefulness of our tax system. Revenue from such taxation should be ringfenced to support the abolition of the two-child benefit cap and the wider goal of reducing child poverty.

The need for action is urgent. You will be only too aware that 4.3 million children in the UK - nearly one in three - are living in poverty. The Joseph Rowntree Foundation's *UK Poverty 2025* report warns that, without policy change, this figure is projected to rise in England to 31.5% by 2029; in Wales, to 34.4%; and in Northern Ireland, to 26.2%.

These figures underline a broader reality: economic growth alone will not reduce child poverty. The JRF is clear that sustained progress depends on deliberate government action, particularly reforms to the tax and



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benefit system. Removing the two-child benefit cap, improving family support, and addressing structural disadvantage will require targeted, sustainable investment.

An online gambling levy - calibrated to reflect both profit and harm - offers exactly that: a credible, fair, and immediate source of revenue. It would signal a government serious about aligning fiscal responsibility with social justice, and committed to tackling poverty not just with words, but with action.

We would welcome the opportunity to discuss how this measure could support your priorities in the forthcoming Autumn Budget.

Yours sincerely,

Dr Beccy Cooper MP  
Gambling Reform APPG

Alex Ballinger MP  
Gambling Reform APPG

### Co-signatories:

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