

Gaming Machine Guide for Pubs and Bars



Pubs

What are my entitlements?

Qualifying alcohol licensed premises are entitled to provide **two** gaming machines Category C or D after notifying your local authority. This is known as **Automatic Entitlement**. Category C machines are often called fruit machines, one armed bandits or AWP (amusement with prize machines). Most pubs have category C machines in place.

Machines are usually sited on a **rental or profit share** basis under contractual agreements with machine suppliers

In order to site more than two machines in the above categories you must apply for a **Gaming Machine Permit** from your local authority. The Local Authority will consider the application and issue a permit. The permit authorises the total number of machines allowed and is not in addition to the automatic entitlement.

You can only site category C or D gaming machines. Any change in the category of machines sited must be notified to the local authority.



Category of machine	Maximum stake	Maximum prize
C	£1	£100
D non-money prize	30p	£8
D non-money prize (crane grab)	£1	£50
D money prize	10p	£5
D combined money and non-money prize	10p	£8 (Inc max £5 money prize)
D combined money and non-money prize (Coin pusher/ penny falls)	20p	£20 (Inc max £10 money prize)

Change of licence holder

If the licence holder ceases as the holder of a relevant alcohol licence the right to Automatic Entitlement ceases. A re-notification is required with any transfer of the licence. This does not apply if there is simply a change to the Designated Premises Supervisor (DPS) or the Designated Premises Manager (DPM).

If there is a change of licence holder you must apply to transfer any gaming machine permit as well.

A local authority can remove any automatic entitlement if it has concerns about the suitability of the premises or licence holder.

How to stay within the law

- All machines must be sourced and maintained by a Gambling Commission licensed supplier.
- If you are approached to site a gaming machine obtain the machine suppliers full details and their operating licence number.
- Maintenance and repairs can only be carried out by licenced suppliers
- You can contact the Gambling Commission or visit the Register of licence holders to check on licensed machine suppliers. The Register is available to view on the Gambling Commission website
- Machines supplied by an unlicensed supplier or in excess of your entitlement can affect your alcohol licence and lead to prosecution. It is an offence to make gaming machines available to the public without a licence.

Machine Requirements

The business owner has obligations to ensure that machines meet regulatory requirements in terms of information displayed on a machine namely:

- Machine category (C or D)
- Return to player percentage
- No under 18 sign (Category C only)
- ID plate (Machines manufactured after 2007)
- Stake to play and maximum pay-out prize
- Signposting for gambling support services (BeGamble Aware)
- Supplier details (Not a requirement but are usually displayed)



Category labels/ ID plates should be easily visible and located to the front or side of any gaming machine.

Machine Games Duty / VAT on machine income

Machine Games Duty (**MGD**) is the taxation system for gaming and SWP machines. For pubs MGD will apply to Category C and Category D machines (also known as fruit machines / AWP) and skill with prize machines (SWPs and quiz machines)

MGD on Category C machines is charged at **20%** (Applies to cash and cash equivalents such as tickets or vouchers).

MGD on Category D machines is charged at **5%** (Applies to cash and cash equivalents such as tickets or vouchers).

MGD is not payable on Category D machines such as crane grabbers that pay out prizes, the takings are instead liable to VAT

In managed pubs it is the operating company who must register for MGD. In leased pubs or freehouses it is the responsibility of the lessee/ tenant or freeholder. You need to register for MGD with HMRC and they will supply you with a PIN / activation code if you are filing online and a Machine Games Duty Registration Certificate.

Machine suppliers can explain how to register and are likely to ask to see your MGD registration confirmation or will check the HMRC on-line register before supplying you with machines.

You can authorise a MGD Agent to register and complete your returns on your behalf. This could be your machine supplier or an independent accountant. You remain responsible for the tax liability and you need authorisation from HMRC for an Agent to act on your behalf; this is dealt with during the registration process.



Social Responsibility

Gaming machine suppliers take the gambling licensing objectives very seriously and have a duty to help:

Keep crime out of gambling

Protect children and other vulnerable persons from harm

Ensure gambling is fair and open

As the licensee or pub manager, you should:

- Ensure gaming machines are located in a place in the premises where they can be monitored by bar and floor staff. Monitoring may also take place by use of CCTV.
- Ensure that under 18s do not play Category C machines.
- Check the age of those who appear underage in the same way as persons attempting to purchase alcohol.
- Consider raising awareness by using Challenge 25 around machines in the same way you may use for purchase of alcohol.
- Only accept ID which contains a photograph (driving licence, passport, National ID card, UK military ID, Proof of age card & approved age identity apps).
- If a child or young person attempts to gamble on a Cat C machine, ask them to stop. If they fail to comply consider reporting this to the local authority or Police.
- Keep records around activity or challenges in this area.
- Consider your own age verification testing regime.
- Local authorities are carrying out age verification testing at pubs around the country. Failures are likely to lead to enforcement action.
- Machines should not be positioned near to any ATM or cash machine.
- Be aware of significant increase in **customer spends** or **behaviour** which may indicate an issue with problem gambling.

A sample of stay in control leaflets and posters are shown in appendix B.

The code of practice for gaming machines in premises with an alcohol licence is available on the gambling commission website. <https://www.gamblingcommission.gov.uk/pdf/code-of-practice-for-gaming-machines-in-clubs-and-premises-with-an-alcohol-licence.pdf>

Crime

Theft and fraud from machines

Individuals and criminal gangs attack gaming machines in pubs and other gambling environments. The electronic or the mechanical element of the machine can be attacked in a number of ways

- Strimming. Machine manipulation which provides payment through giving credits.
- Defraud any machine using a wire or other device
- Attacking the coin mechanism or note acceptor.
- Forcing locks or other mechanisms.
- Using duplicate keys.
- Inserting foreign coins and counterfeit or dyed notes.

Money laundering

- On occasions customers gamble money which has been obtained unlawfully.
- Money laundering indicators can include unknown large staking players and on occasions a significant increase in customer spends.
- A customer may be in possession of dyed notes or counterfeit currency.

Preventative measures: What can I do?

- Train your staff to be vigilant around your machines.
- Pay particular attention to groups of people acting suspiciously. They may conceal tools on their person or pass tools between themselves.
- Site machines near bar area within view of staff.
- Have effective CCTV.
- Consider joining Pub watch or similar schemes to share good practice.
- Check the identity of persons removing machines for servicing or contractual purposes. This prevents incidents of theft by unauthorised persons.

Complaints and Disputes

It is good practice for any premises with a permit or automatic entitlement to have a written procedure for handling customer complaints and disputes regarding the use of gaming machines. Customers involved in any dispute should be provided with the following:

- Appointed person to contact
- A copy of the complaint procedure

If the dispute is not resolved a customer may take legal action in the small claims court. You may wish to use an ADR entity (Alternative Dispute Resolution) which is likely to avoid the court process and provide mediation and adjudication.

The Bacta ADR service is available for any licensee to join. To register and enrol the cost is £200 for 12 months. Full details can be found at bactaadrservice.org.uk



Appendix A

Alcohol licensed premises fees

Application type	Fee
Automatic entitlement	£50
New GMP	£150
Annual fee	£50
Variation	£25
Transfer / change name	£25
Copy	£15

Appendix B

STAYING IN CONTROL

THE GOLDEN RULES OF PLAYING FRUIT MACHINES



Playing machines is buying fun, NOT investing money

Only play with money you can AFFORD to lose


Set LIMITS on how much you will spend

Playing within your means can be FUN and exciting

Spending outside your means can create PROBLEMS for yourself and others


Remember we are obliged to ask for proof of age - it's a legal requirement

Think 25




If you are lucky enough to look under 25 you will be asked to prove that you are over **18** when you enter this area


Accepted ID



Driving license



Passport



Military ID

bacta
www.bacta.org.uk
If you feel you are in difficulty with your gambling or know someone who is and would like to help. Call the national helpline operated by GamCare 0800 800 133 or chat online at www.gamcare.org.uk

Think 25



First stage ask their age

Accepted ID



Driving license



Passport



CitizenCard



Military ID

Contacts

National Gambling Helpline

Freephone **0808 8020 133** 8am-midnight 7 days a week



GambleAware

www.begambleaware.org

MGD Information

www.gov.uk/machine-game-duty

HMRC MGD registration

online.hmrc.gov.uk/registration/newbusiness/mgd/introduction

Tel: 0300 200 3701

Bacta ADR Service

bactaadrservice.org.uk

Tel: 0207 7306 444