



GRA

GHANA REVENUE AUTHORITY

**Practice Note on
Taxation of Gross Gaming Revenue and
Winnings from Lottery Operations under
the Income Tax Act, 2015 (ACT 896) As
Amended**

Practice Note Number: **DT / Lottery/01 / 2023**

Date of Issue: **5th June, 2023**

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1.0 TAX LAW

The Commissioner-General of the Ghana Revenue Authority is empowered under section 100 of the Revenue Administration Act, 2016 (Act 915) to issue Practice Notes setting out the interpretations placed on provisions of the Act.

Accordingly, this Practice Note is issued in respect of taxation of Gross Gaming Revenue (GGR) and Gross Winnings as provided for under Sections 6, 100(A) 115, 117, 119, and Paragraphs 7(A) and 8(1)(b)(x) of the First Schedule to the Income Tax Act, 2015 (Act 896) as amended.

2.0 PURPOSE

Following the many years of engagement with operators of lottery including casinos, sports betting and route operations, taxation of Lottery Operation has been significantly reviewed by the Income Tax (Amendment), Act 2023 (Act 1094). The law (re)introduced a withholding tax on Gross Winnings from lottery and a tax on Gross Gaming Revenue to replace usual corporate income tax.

This Practice Note is issued to provide direction and guidance to officers of the Ghana Revenue Authority, Tax Practitioners, Consultants, Taxpayers and the General Public on the acceptable tax treatment of GGR and Gross Winnings from Lottery in order to achieve consistency in the administration of the Act.

It is also intended to address administrative and operational challenges that may arise from the interpretation and scope of GGR and Gross Winnings from lottery other than business incomes and investment.

3.0 INTERPRETATION

In this Practice Note, the word “Act” means the Income Tax Act, 2015 (Act 896) as amended.

Unless the context otherwise requires, definitions and expressions used in this Practice Note, have the same meaning as they have in the Act and Revenue Administration Act, 2016 (Act 915) - RAA.

3.1 Definition of Terms

For the purpose of this practice note

“Lottery Operations” include:

- Sports Betting
 - Casinos
 - Route Operations
 - Remote Interactive Games
 - Marketing Promotions
 - National Lotto Betting
 - Private Lotto Betting
 - Other games of chance
- **“Stake/Wager”** includes free bets and bonus offered to players
 - **“Payout”** means the total amount of money or the value of the prize paid to player/punter at the end of each betting, gaming and any game of chance. This includes the value of stake/bet/wager/bonus/free wins.

The total amount or the value of prize paid includes:

- a. payment to punters/players before the game ends prematurely (cash-out during the game).
 - b. Payment/prizes to participant of marketing promotion
- **“Gross Winnings from Lottery for purpose of determining GGR”** is the payout at the end of each betting, gaming and any game of chance.
 - **“Gross Winnings from Lottery for the purpose of calculating withholding tax”** is the payout at the end of each betting, gaming and any game of chance less the amount of the stake/wager/bet, if any, (but no other cost or expense) which directly results in winnings.

Type of Lottery Operation	Gross Winnings
Sports Betting/ Remote Interactive Games other Games of Chance	Payout at the end of the game or cash-out during the game less the value of stake/bet/wager.
Casino/Route Operations	Payout less total value of chips/credits purchased (buy-in) at the end of the game.
Lotto operations by Private Lotto Operators/ National Lottery Authority	Total payouts after the result are declared less the value of stake/bet/wager.
Marketing Promotions	Total amount/prizes won after a draw

- **Retail Scheme:** It is a special dispensation granted by the Commissioner-General to sports betting operators who run retail outlets to aggregate winnings on virtual games and apply the withholding tax rate on the aggregated winnings instead of withholding tax on each win per player.

4.0 THE APPLICATION OF THIS PRACTICE NOTE

This Practice Note covers:

- i. Obligations of lottery operators with respect to tax treatment of:
 - Gross Gaming Revenue (GGR)
 - Withholding tax on Gross Winnings from lottery
- ii. Calculation of GGR amount
- iii. Calculation of withholding tax amounts on Gross Winnings.

4.1 Determination of Gross Gaming Revenue (GGR)

GGR for the respective lottery operation shall be determined as follows:

- i. **Sports Betting/ Remote Interactive Games:** For sports betting and remote interactive games the GGR shall be the total amount staked/bet/wagered less the total Gross Winnings paid or payable at the end of the period.
- ii. **Banking Table Games/Route Operations:** GGR for banking table games, route operations and remote interactive games is the closing float (which includes closing cash + closing chip + closing plaques + credits) less (opening float + total fills)
- iii. **Poker and Other Non-Banking Table Games:** GGR for each table game in which the casino operator is not a party to a wager/stake/bet is all money received by the casino operator as compensation for conducting the game including the total value of rake charged (i.e., cost of facilitating the game) to patrons at a poker table.
- iv. **Lotto:** For lotto and any other game of chance, the GGR shall be the total amount staked/wagered less total amount of Gross Winnings paid or payable at the time the numbers are drawn or results are declared.

Note: *In compliance with the above methods for determining GGR the operators are required to maintain records and follow procedures that are verifiable in accordance with international standards.*

4.2 Tax Treatment of Gross Gaming Revenue (GGR)

The GGR from Lottery Operation is subject to tax at the rate of twenty percent (20%) as provided for under the Act.

- For purposes of Section 2 of the Act, the chargeable income of a person from lottery operations is the GGR.
- For purposes of Section 2(2) of the Act, GGR is the total amount staked or wagered less prizes or Gross Winnings paid or payable.
- Where a person has chargeable income other than income from lottery operations, the person shall be charged separately in accordance with Section 1 of the Act.

4.2.1 Sources of Gross Winnings

Sources of Gross Winnings include:

- Lotto from National Lottery Authority
- Lotto from Private Lotto Operations
- Sports Betting
- Casino Games
- Route Operations
- Marketing promotions
- Remote interactive games
- Other games of chance

4.2.2 Operators required to pay tax on GGR

Operators required to pay tax on GGR include:

- Private lotto operators
- Sports betting operators
- Casino operators
- Route operators
- Remote interactive games operators
- Other games of chance operators

4.3 Monthly Negative GGR

Where a negative GGR is recorded in a particular month, the operator is allowed to carry forward the negative GGR in the subsequent month(s) by deducting it from a positive GGR recorded. In effect, the operator may not be liable to tax on GGR for the month in which the negative GGR was recorded

4.4 Withholding Tax on Gross Winnings from Lottery

- i. The Act requires that, a resident person who pays an amount as winnings to a punter/player/wager (resident or non-resident person) through lottery operations, with a source in Ghana, shall withhold tax from the Gross Winnings paid or payable at the rate specified under paragraph 8(1)(b)(x) of the First Schedule to the Act and pay same to the Commissioner-General.
- ii. In the case of casino and route operations the withholding tax is on the payout to the player/punter less value of chips/credit purchased (buy-in).
- iii. Where a resident person pays Gross Winnings to a punter/player/wager through lottery operations, in the form of a prize other than money, the person is required to withhold tax at the prevailing market value of the prize and pay same to the Commissioner-General.

Note:

- *Where payment of Gross Winnings to punter/player/wager through lottery operations is partly money and partly non-monetary, the person is expected to follow the treatments in paragraphs 4.4 above.*
- *Where a game is annulled or cancelled and player's stake is returned or where the value of the payout is less or equal to the value of the stake, withholding tax may not apply.*

For the treatment of withholding taxes other than winnings from lottery, refer to the Practice Notes on withholding of tax under the Income Tax Act, 2015 Act 896 No. DT/2016/001.

4.5 Withholding Tax on Gross Winnings under Retail Scheme

Where transaction volumes are usually high and the value of the winnings at the retail outlet is so “**small**” that it is reasonably or administratively impracticable to withhold from such winnings, the operator may apply to the Commissioner-General for approval to operate a retail scheme. For the purpose of paragraph 4.5 “**small**” means any gross winnings below GH¢ 100.

A retail lottery operator who has been granted approval by the Commissioner-General to operate a retail scheme shall create and maintain daily records of all stakes/bets/wager and the Gross Winnings paid/payable on all transactions. For the purpose of calculating tax on the Gross Winnings from virtual games, a Sports Betting Operator shall follow the steps below:

- Step 1: Aggregate all Gross Winnings paid/ payable for the month
- Step 2: Apply the withholding tax rate (10%) to the aggregated amount (Gross Winnings)
- Step 3: Follow the obligation under paragraph 5.2 below

5.0 FILING AND PAYMENT OF GGR AND GROSS WINNINGS TAXES

5.1 Gross Gaming Revenue (GGR)

The tax on GGR is due for payment at the same time as the due date for filing the return. The return is due by 15th day of the month following the month in which the GGR transaction return relates.

At the end of each year, all persons engaged in lottery operation are required to file annual GGR tax returns and pay any tax outstanding. The annual return and any tax payable are due not later than four months after the end of the basis period in accordance with section 124 of the Act.

In the event where GRA ascertain that the total amount of GGR tax payment made for the year is less than the total monthly GGR tax liability for that year, GRA will issue an assessment notice (including interest and penalties as applicable) on the difference to the lottery operator for payment. On the other hand, where the total amount of payment made by the lottery operator for the year exceeds the GGR tax liability due, the operator will be allowed to take credit on the excess payment in the month(s) following the determination.

5.2 Withholding on Gross Winnings

A withholding tax on Gross Winnings is due for payment at the same time as the due date for filing the return. The return is due by the 15th day of the month after the end of the calendar month in which the tax was withheld as provided for under section 117 of the Act.

A lottery operator who has no withholding tax payment for a particular month shall file a “Nil” return with the Commissioner-General within fifteen (15) days after the end of the month in which the tax relates. For example, a return on withholding tax deducted in the month of July, 2023 shall be filed and paid on or before the 15th day of August, 2023.

6.0 REVENUE MONITORING SYSTEM

In accordance with section 33(A) of the RAA (Amendment) Act, 2022 (Act 1086), the Commissioner - General may for the purpose of assessing the correct taxes from Lottery Operation;

- i. establish a Revenue Monitoring System to verify the actual revenue that accrues to lottery operators for the purpose of computing taxes due the Government under the Act.
- ii. be given physical access to the physical infrastructure or system of a lottery operator at an equivalent point in the infrastructure or system where the operator’s system is connected.

7.0 MODIFICATION OF SOFTWARE

For effective implementation and administration of the Act, all lottery operators are required to make changes to their software (where applicable) to display bet/stake amount, possible winnings before tax, tax rate, tax withheld and possible winnings after tax on the bet slip and store the values for reporting purposes.

8.0 ILLUSTRATIONS

8.1 Taxation on GGR for Sports Betting

BDT 2020 Ltd operates sports betting. The company recorded total stakes of GH¢ 500,000 for the period 1st June to 30th June, 2023 involving 200 punters/players. The total Gross Winnings accrued to players was GH¢200,000 as indicated in the table below:

Period	Players	Stakes/Bets Wager/ (GH¢)	Winning (GH¢)	Gross Winnings (GH¢)
Week 1	Kwaku	15,000.00	60,000.00	45,000.00
	Mensah	3,000.00	12,000.00	9,000.00
Week 2	Kofi	10,000.00	40,000.00	30,000.00
Week 3	A-One	5,000.00	20,000.00	15,000.00
	Sheff	2,000.00	8,000.00	6,000.00
Week 4	Jaden	15,000.00	60,000.00	45,000.00
Total		50,000.00	200,000.00	150,000.00

During the period, the company incurred the following business expenses as incidental to the lottery;

- Bonus cost (free bets)- GH¢10,000.00
- Electricity-GH¢1,000.00
- Business Promotion -GH¢1,000.00
- Subscription - GH¢500.00
- Registration & Permit - GH¢1,000.00
- Gaming Licence - GH¢10,000.00
- Salaries & Allowance - GH¢ 350,000.00

The company also made sales of GH¢500,000.00 from the hotel business and investment income of GH¢50,000.00

Required:

- (a) Determine the gross gaming revenue
- (b) Compute the gross gaming tax payable for the period
- (c) Calculate the withholding tax on Gross Winnings:

Solution:

(a) Determination of the Gross Gaming Revenue:

GGR= Total Stakes (including Bonus/ Free bets) Less Gross Winnings

Description		Amount (GH¢)
A	Stakes	500,000.00
B	Bonus/ Free bets	10,000.00
C = A+B	Total stakes	510,000.00
D	Winnings	200,000.00
E=C-D	GGR	310,000.00

(b) Computation of the gross gaming revenue tax payable:

Tax payable is GGR X Rate

Rate = 20%

GGR = GH¢310,000.00

Therefore, tax payable = GH¢310,000.00 X 20% = **GH¢62,000.00**

(c) Calculation of Withholding Tax on Gross Winnings for the Month

Period (A)	Player s (B)	Stakes/ Wager/bet (C)	Winnings paid/ payable (D)	Calculation of Gross Winnings =(D-C) *10%	Withholding Tax@10% (GH¢)
Week 1	Kwaku	15,000.00	60,000.00	45,000.00	4,500.00
	Mensah	3,000.00	12,000.00	9,000.00	900.00
Week 2	Kofi	10,000.00	40,000.00	30,000.00	3,000.00
Week 3	A-One	5,000.00	20,000.00	15,000.00	1,500.00
	Sheff	2,000.00	8,000.00	6,000.00	600.00
Week 4	Master	15,000.00	60,000.00	45,000.00	4,500.00
Total		50,000.00	200,000.00	150,000.00	15,000.00

8.2 Taxation on GGR for Casinos – (Positive GGR)

Marina Bay Casino in the month of June had an opening float of **GH¢100,000.00** for its table games. In the course of the game total fills of **GH¢150,000.00** was added to the float. The company had the following balances at the end of the month:

Cash – GH¢ 150,000.00

Plaque - GH¢ 80,000.00

Chips - GH¢ 120,000.00

The Company also operates a slot machine showing the following records at the end of the month;

Money-in/Coin-in = GH¢ 20,000.00

Money/Coin fills = GH¢5,000.00

Money-out/Coin out = GH¢30,000.00

Required:

- (a) Determine the GGR for the month;
- table games
 - slot machine
 - total GGR
- (b) Compute the total GGR tax payable for the period

Solution:

(a) Determination of the GGR:

i. *Table game = Closing (Cash+ Plaques + Chips) – (Opening float +Cash fill)*

$$= (150,000+ 80,000+120,000) - (100,000+150,000)$$

$$= 350,000-250,000$$

$$= \underline{\underline{\text{GH¢ 100,000.00}}}$$

ii. *Slot Machine = Money-out/Coin out - (Money-in/Coin-in +fills)*

$$= \text{GH¢ } 30,000.00 - (20,000.00+5,000.00)$$

$$= \text{GH¢ } 30,000.00 -25,000.00$$

$$= \underline{\underline{\text{GH¢ 5,000.00}}}$$

iii. *Total GGR (Slot + Table games)*

$$= \text{GH¢ } 100,000.00+5,000.00$$

$$= \underline{\underline{\text{GH¢ 105,000.00}}}$$

(b) Computation of Gross Gaming Revenue Tax

$$\begin{aligned}\text{Formula} &= \text{GGR} \times \text{Rate} \\ &= (105,000.00 \times 20/100) \\ &= \underline{\underline{\text{GH}\text{c } 21,000.00}}\end{aligned}$$

8.3 Taxation on GGR for Casinos – (Negative GGR)

Marina Bay Casino in the month of July had an opening float of GH¢200,000.00 for its table games. In the course of the game total fills of GH¢300,000.00 was added to the float. The company had the following balances at the end of the month:

Cash – GH¢150,000.00
Plaque - GH¢100,000.00
Chips - GH¢120,000.00

The Company also operate a slot machine showing the following records at the end of the month;

Money-in/Coin-in GH¢ 20,000.00
Coin fills - GH¢5,000.00
Money-out/Coin out - GH¢45,000.00

Required:

- a. Determine the GGR for;
 - i. table games
 - ii. slot machine
 - iii. total GGR
- b. Compute the total GGR tax payable for the period:

Solution:

a. Determination of the GGR:

- i. *Table game* = Closing (Cash+ Plaques + Chips) - (Opening float +Cash fill)
$$\begin{aligned}&= (150,000+ 100,000+120,000) - (200,000+300,000) \\ &= 370,000-500,000 \\ &= \underline{\underline{\text{GH}\text{c } 130,000.00}}\end{aligned}$$
- ii. *Slot Machine* = Money-out/Coin out - (Money-in/Coin-in +fills)
$$\begin{aligned}&= \text{GH}\text{c } 45,000 - (20,000+5,000) \\ &= \text{GH}\text{c } 45,000 -25,000 \\ &= \underline{\underline{\text{GH}\text{c } 20,000.00}}\end{aligned}$$

iii. Total GGR
= GH¢ (GH¢ 130,000.00) +20,000
= **GH¢ (110,000.00)**

b. Computation of GGR Tax

Formular=GGR*Rate
=(110,000.00)
= **Nil GGR tax**

Note: because the company recorded negative GGR, there would be no tax payable. The company is allowed to carry forward the negative GGR to the month of August, 2023.

8.4 Withholding Taxes on Winnings

BDT 2020 operates sport betting and is into the supply of betting activities only. The company recorded total stakes of GH¢500,000.00 for the period 1st - 30th June, 2023 involving 200 punters/players. Fifty persons who stakes GH¢100,000.00 won with a total amount of GH¢300,000.00

Required:

Based on the information provided above:

- (a) Determine the GGR and the tax on GGR payable
- (b) Calculate the withholding tax on winning

Solution:

(a) Determination of GGR and tax payable

(i) GGR=Total stakes -Winnings
Total stakes = GH¢500,000.00
Winnings = GH¢300,000.00
GGR = GH¢500,000.00 - Gh¢300,000.00 = **GH¢200,000.00**

(ii) Tax payable=GGR x Tax Rate
Tax Rate =20%
GGR = GH¢200,000.00
GGR tax payable= GH¢200,000.00 x 20% =GH¢40,000.00

(b) Calculation of Withholding tax on winning

WHT= (Winnings/prizes payable–stakes related to the winning) x WHT Rate

Winnings	= GH¢300,000.00
Related stakes	= GH¢100,000.00
WHT Rate	= 10%
WHT	= (GH¢300,000.00 – GH¢100,000.00) x 10%

Withholding tax payable = GH¢200,000.00 x 10% = GH¢20,000.00

8.5 Taxation of Lottery Operations

Sika Mpe Dede Company Limited operates a casino business. The company also runs a bar and restaurant for its customers and the public. At the end of the 2023 basis period, it recorded the following revenues and expenses;

- Stake from Casino operations - GH¢1,000,000.00
- Stakes related to winnings - GH¢150,000.00
- Winnings by players - GH¢350,000.00

Required:

(a) Determine the various taxes payable by the company based on the information provided above:

- (i) GGR tax
- (ii) Withholding tax on Gross Winnings

Solution:

(i) Determination of GGR Tax

GGR x Rate

Rate = 20%

GGR = Stakes - Winnings

Stakes = GH¢1,000,000.00

Winnings = GH¢350,000.00

Therefore, GGR = GH¢1,000,000.00 - GH¢350,000.00

= **GH¢650,000.00**

GGR Tax Payable = GGR x Rate

= GH¢650,000.00 x 20%

GGR Tax Payable = **GH¢130,000.00**

(ii) Withholding Tax on winnings

WHT= (Winnings/prizes payable – stakes related to winnings) x Rate

Stakes related to winnings = GH¢150,000.00
Winnings = GH¢350,000.00
Withholding Tax Rate = 10%

WHT = (GH¢350,000.00 - GH¢150,000.00) x 10%
= GH¢200,000.00 x 10%

Therefore, Withholding tax payable = **GH¢20,000.00**

Note: Summary of taxes payable

GGR Tax = GH¢130,000.00
WHT on winnings = GH¢20,000.00

Total Tax Liability of the company = GH¢ 150,000.00

8.6 Taxation of Gross Winnings from Slot

Koklotsu played at a slot at AD Casino Ltd and won GH¢10,000. Koklotsu purchased a total credit of GH¢2,000 to enable him play. How much is AD Casino expected to withhold from Koklotsu's winnings?

Suggested Solution:

- The casino would first need to calculate the Gross Winnings by subtracting the value of credit purchased from the total payout amount. i. e

Gross Winnings = Payout – Value of credit purchased

Gross Winnings = GH¢10,000 - GH¢2,000
= GH¢8,000

Withholding tax = Gross Winnings x Withholding Tax Rate

Withholding tax = GH¢8,000 x 10%

Therefore, withholding tax payable = **GH¢800.00**

9.0 EFFECTIVE DATE OF IMPLEMENTATION

The effective date of implementation is **1st May 2023**.

*Practice Note for the Taxation of GGR & WHT
on Winnings from Lottery Operations*

Signed 

Date: 

Ammishaddai Owusu-Amoah
Commissioner-General