

# Latvia

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## Stirring the Pot

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The Latvian gambling market has seen several legislative changes over the last couple of years ranging from tax increases, new player winning taxes and self exclusion programme set up. And there are more changes ahead as the municipalities decide if they will permit gambling in their region. How will this all affect what is generally a buoyant and well-regulated market?

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In November last year the Latvian parliament (Saeima) approved amendments to the Law on Lotteries and Gambling Fee and Tax law, which saw an increase in annual fees for land-based operators as from January 2020.

Roulette, card and dice games have seen their annual gambling flat fees increased from €23,400 to €28,080 per year whilst gaming machine fees increased from €4,164 to €5,172 per year. The online sector will not be impacted by the changes.

The state budget bill was passed for the year 2020 in mid October and allocated extra finances to the healthcare, education, justice and internal security sectors. This included an increase in welfare payouts and increases in pay for public sector workers. There was also an increase in the minimum wage rate to €500 a month by the end of 2020. The budget revenues will be supported by several tax increases placed upon tobacco, fuel and gambling.

Up until this year the state budget received 75 per cent from gambling tax revenues, whilst 25 per cent went to local municipalities where gambling is operated. But now the state will receive 95 per cent of revenue with the remaining five per cent for municipalities. During 2019 gaming machines generated €231.6m in revenue whilst table games generated €17.3m.

**Latvia has the highest proportion of illegal interactive gambling platforms in the Baltic region. Revenues are also the highest in this market, around €33.8m in 2018, compared to Lithuania's illegal market of €13.8m and Estonia with €10.4m. Despite ISP blocking it is still hard to trace illegal operators and it is estimated there are some 200 illegal operators in Latvia.**

The changes are part of a series of amendments the Latvian gambling sector has seen this last year. In April last year, the Saeima introduced a number of measures to help crack down on unauthorised online gambling. There are also blocks in place for transactions via illegal websites and ISP blocking.

Financial institutions and ISPs now have to disclose the identities of nationals who play on unregulated websites with fines of up to €350 per incident for players.

Latvia has the highest proportion of illegal interactive gambling platforms in the Baltic region. Revenues are also the highest in this market and the illegal market saw revenues of €33.8m in 2018 compared to Lithuania's illegal market of €13.8m and Estonia with €10.4m. Despite ISP blocking it is still hard to trace illegal operators and it is estimated there are some 200 illegal operators in Latvia. By mid-2019 there were around 2,500 blocked IP addresses and over 1,160 blocked domain names.



# Reports

## LATVIA MARKET



“Our strategic competitive advantage is our experience in attracting wealthy gamblers and providing them with the according level of service, which has been exposed by implementing the winning tax. Ultimately, this has had a negative impact on foreign gamblers visiting Latvia and a knock-on affect on other sectors within the leisure market.”

*Andrey Ivankin, Storm International*

Meanwhile, penalties have also been introduced to those avoiding tax payments on winnings. Tax on winnings was introduced at the end of 2017. Although winnings under €3,000 are tax exempt, any winnings over €3,000 on a one-off basis are subject to 23 per cent personal income tax. This includes those who win on the lottery or at a casino, for example.

If winnings are over €55,000 the tax rate is 31.4 per cent. The exception is the Centennial Lottery

which is not subject to personal income tax.

This has affected Latvia's gambling tourism market, particularly among VIP gamblers, and many players have since moved to casinos in Estonia, Russia or Lithuania.

Andrey Ivankin at Storm International, which operates the Shangri La Casino in Riga, said last year: “Our strategic competitive advantage is our experience in attracting wealthy gamblers

and providing them with the according level of service, which has been exposed by implementing the winning tax.

“In some developed countries, like the US, there is such a tax on winnings, but firstly, it is paid only by the residents and, secondly, not for every win, but for a reporting period that is a year. In a casino, people not only win, but also lose, which is why it is logical to withhold tax only from the residents and not for every win, but for a certain period from the sum of net income from gambling.

“Ultimately this has had a negative impact on foreign gamblers visiting Latvia and a knock-on affect on other sectors within the leisure market. As a result, the tax designed to increase the budget revenues actually affects the growth of tax revenues. There are less tourists, less money is brought into the country and less taxes paid.”



## FINANCIAL RESULTS FROM GAMBLING 2017-2019

CATEGORY	2017	2018	2019
Total turnover (all sectors)	€265.5m	€293.4m	€324.3m
Total GGR (all sectors)	€248.6m	€277.7m	€307m
Gaming machines	€199.7m	€216.9m	€231.5m
Gaming tables	€17.9m	€16.6m	€17.3m
Bingo halls	€0.28m	€0.21m	€0.23m
Betting points	€2.3m	€2.7m	€3.2m
Online gambling	€28.1m	€41.1m	€54.6m
Net turnover Lottery	€36.6m	€40.8m	
Other activities (billiards, bars)	€16.9m	€15.7m	€17.2m

## REVENUE FROM ONLINE GAMBLING 2017-2019

	2017	2018	2019
Total GGR online gambling	€28.1m	€41.1m	€54.6m
Casino games	€17.9m	€27.6m	€39.3m
Betting	€9.9m	€13.2m	€14.9m
Card tournaments	€0.22m	€0.26m	€0.42m

## PAYMENTS TO BUDGET FROM SPECIAL GAMING TAXES 2017-2019

	2017	2018	2019
Lottery and gambling tax to government budget	€31m	€39m	€40.9m
Lottery and gambling tax to municipalities	€8.2m	€9.4m	€9.5m
Other taxes to budget	€31.2m	€27m	€30.9m
Duty on Sales Promotion Lotteries	€0.39m	€0.40m	€0.40m

## NUMBER OF GAMING MACHINES/VENUES 2017-2019

	2017	2018	2019
Gaming machines	8,546	8,650	8,524
Roulette tables	21	15	15
Card tables	64	47	46
Gaming Halls	308	311	306
Bingo halls	2	2	2
Casinos	7	5	5
Betting points	58	66	74
Lottery sales points	861	870	870

Latvia has also introduced a self-exclusion scheme, which means that players can now prohibit themselves from gambling for a minimum time period of 12 months. The register went live on January 1st this year and is run by the Latvian Lotteries and Gambling Supervisory Inspection board (IAUI) under the Gambling and Lotteries Law. It covers land-based and online gamblers.

Those who want to be included in the self-exclusion person register can request in writing or via an online application that they wish to be banned regarding participation in gambling, interactive gambling and interactive lotteries. This initiative is just one of a number of measures the IAUI is undertaking to help prevent problem gambling.

Previously, players had to inform each particular gaming company of their desire not to gamble. But the new system means there is now a

unified register and all gambling companies will be informed through a single submission. The self exclusion register has been in force since January 1st and by February 19 there were more than 4,700 people included.

The IAUI reported in November last year that there were about 125 people who had requested support for problems relating to gambling addiction and it is hoped the self-exclusion provision will help those who need a break from gambling. Also, since July 2019, within the IAUI department, a psychologist-consultant position was set up to help individuals refrain from excessive gambling. Within six months there were some 300 consultations with individuals and 20 group consultations with players and their family members.

By the end of 2018 there were some 287,500 players registered on online gambling sites operated by nine companies.

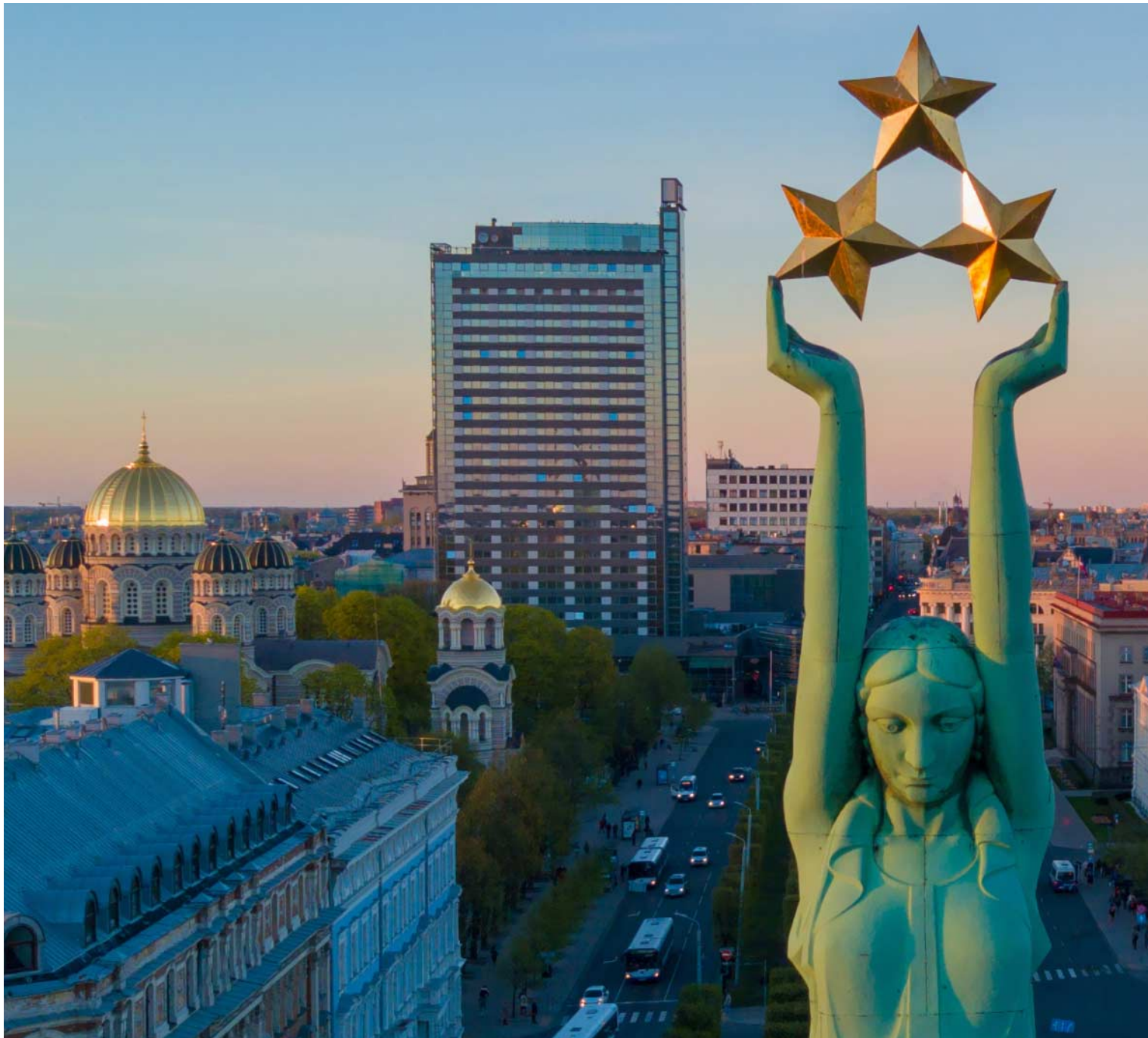
## THE FUTURE OF GAMING ARCADES

At the end of last year, the Saeima endorsed a proposal to provide local governments with the right to ban gambling in their municipalities. The proposal is in its second reading and the Latvian Game Business Association (LSBA) fears this will lead to illegal gambling if municipalities choose to ban gambling in their region.

As a result of the 2020 budget decision municipalities will now only receive five per cent of gambling tax revenue. Previously, it was 25 per cent. It is feared some municipalities may now completely ban gambling with little financial incentive to keep venues open.

President of the Latvian Gaming Business Association, Arnis Verzēmnieks said: "We have already heard of municipalities intending to designate areas where there is no gambling area, and usually this area covers the entire city or with the proviso, that gambling is restricted to





three and four star hotels. If this encouragement comes true it will in effect mean that legal gambling will not be allowed anywhere. Such regulatory experiments have been tried in several European countries such as Russia and the Ukraine and in all countries they have resulted in an increase in the illegal sector."

Riga City Council drafted a decree last year to revoke all gaming venue licences in Riga, bar those located in four and five star hotels. Currently, Riga boasts almost half the number of total gaming halls in Latvia with 145 gambling halls and four casinos open in the city.

The plan to eliminate gambling halls in the country's capital emerged back in 2011 when the city council stopped issuing new gambling hall licences. Then, in 2017, Riga officials closed down 42 gambling halls in the historical centre and there have been no new permits issued for almost a decade. Apparently, 80 per cent of the city citizens don't want gambling halls in their capital city.

The proposal had been backed by Riga mayor Nils Usakovs who has since been removed from his position in April last year because of "non fulfilment of statutory obligations and violations of regulatory enactments" citing various investment and accountancy errors. There is a fraud investigation involving contracts offered by the municipal transport company Rigas Satiksme.

Usakovs was elected mayor in July 2009 into an institution said to be one of the most powerful positions in the country. He was also the main leader of the Harmony political party until his suspension. Oleg Burov was elected to replace Usakovs and is the new mayor of Riga.

In March 2019 the City Council made a conceptual decision to close all gaming halls in the city's administrative area with a unanimous vote in favour. There is now a five year plan in place to close down the city's casinos, other than those situated in four and five star hotels. In reality, this could mean that by 2024

gambling venues could be completely eliminated from Riga. The process is long and complicated, however, and a draft decision needs to be developed now for each gaming hall individually.

Signe Birne of the IAUJ said: "The decision is not yet in force, but it is a stressful time for our gaming business. Of course, there will be an impact to all businesses and there are around 50 four or five star hotels in Latvia and the gambling hall and casino business is not a priority for them."

There are 32 four star hotels and eight five star hotels in Riga. Most gambling halls at the moment are located in the Purvciems and Kengarags neighbourhood of Riga.

The Gambling Law states that if an operation of a premises creates a "substantial impairment to the interests of the state and residents of the respective administrative area" the city or local government can revoke the permit to establish a



## Essential information and facts about Latvia:

<b>Capital</b>	Riga
<b>Total Area</b>	64,589sq.km
<b>Population</b>	1,923,559
<b>Religion</b>	Lutheran, Roman Catholic, Orthodox
<b>Ethnic Groups</b>	Latvian (62%), Russian (25%), Belarusian, Ukrainian
<b>Languages</b>	Latvian (official), Russian
<b>Currency</b>	Euros
<b>Unemployment</b>	6 per cent
<b>Tourism</b>	1.9 million
<b>Government type</b>	Parliamentary Republic
<b>Chief of State</b>	President Egils Levits (since 2019)
<b>Head of Government</b>	Prime Minister Arturs Krisjanis Karins (since 2019)
<b>Elections</b>	President elected by parliament for four year term (plus second term). Next election due 2023 Prime Minister appointed by President.

Regardless of the loss of tax revenues, the desire to reduce gambling activities in Latvia is strong. Three quarters of respondents who took part in a study organised by the Latvian Welfare Ministry say there are too many gambling halls in Latvia and many support a motion to shut all gambling halls. There have now been recommendations for stricter requirements for gambling halls and casinos.

gambling venue whether it is a betting shop or casino.

In 2018, the 320 gaming halls open at the time paid a gaming hall licence fee of €4,500 each. If they all closed this would result in a loss of €1.44m per year plus a loss of around €36.6m in taxes in total. Meanwhile, the venues employ around 3,750 people across the gambling companies, whilst operators paid out €22.9m in labour taxes and €5.8m in corporate income tax and €5.5m in VAT, all of which are credited to the state budget. The ban could, of course, see an increase in illegal gambling and tax evasion.

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The Gambling and Lottery Policy Guidelines 2019–2026 report proposes a limit on the accessibility of gambling and increasing awareness to gambling addiction. The proposals suggest a ban on smoking in gambling halls and casinos, stricter restrictions on gambling halls offering free alcoholic drinks and a separation of gambling activities from food services, improving gambling and lottery advertising bans and streamlining the monitoring process.

The study shows a total of 79,000 people aged between 15 and 64 years suffer from gambling addiction to some degree with around 16,000 at the highest level.

The Ministry of Health is calling for stricter requirements for gambling halls and casinos and says the amount of people that could be affected by problem gambling in Latvia is around 6.4 per cent.

The prevalence of Internet and mobile gambling has doubled since 2005 in Latvia and according to the study 70 per cent of 15 year olds surf the internet daily for leisure whilst 31 per cent of young people play computer games daily. The risk of social network addiction in Latvia is assessed as high with almost 35 per cent of 15 year olds at risk of social network addiction.

A National Development Plan 2014–2020 called

Healthy and Able to Work aims to implement effective health promotion and risk reduction measures including the prevention of addiction.

There will also be a study called the Prevalence of Process Dependencies in Latvia Population and Risk Factor Affecting it which will evaluate the prevalence of gambling and computer addiction.

### THE BIGGER PICTURE

The Latvian gambling market has grown significantly since the early 1990s and independence. In 1991 the first casino opened and around the same time companies organising lotteries began to set up businesses. The sector remained unregulated so growth was sporadic and spontaneous.

In 1995, a law was introduced to regulate the gambling sector. The Law on Lotteries and Gambling was approved by parliament and amended several times over the next decade and then finally replaced in 2006.

There are currently 15 gambling operators in Latvia – 11 landbased gaming licences, five betting point operations and nine online licences – plus the state owned company Latvijas Loto (lottery).

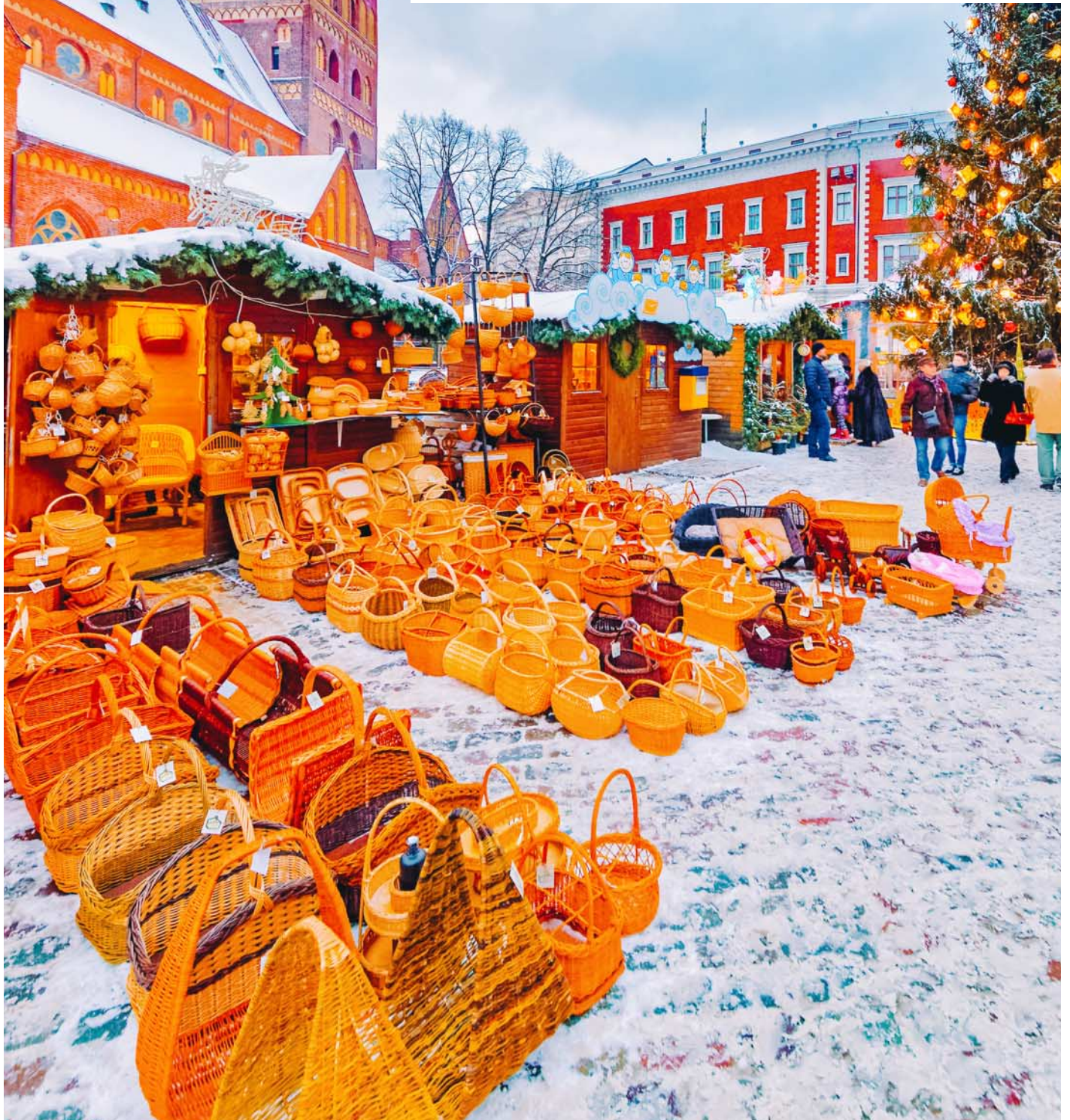
In 2018, the turnover from all gambling sectors



# Reports

## LATVIA MARKET

In 2018 the turnover from all gambling sectors in Latvia amounted to €293.4m whilst in 2019 turnover was €324.3m. The industry has seen a steady increase in turnover over the last two decades from €28m back in 1997 to a high of €277m back in 2007. The industry declined during the global crisis to a low of €133m in 2010 but has slowly crept back up over the last decade.







in Latvia amounted to €293.4m whilst in 2019 turnover was €324.3m. The industry has seen a steady increase in turnover over the last two decades from €28m back in 1997 to a high of €277m back in 2007. The industry declined during the global crisis to a low of €133m in 2010 but has slowly crept back up over the last decade.

Gambling tax payments to the government are around €30m – €40m per year whilst the municipalities received around €9m (2018).

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The Lotteries and Gambling Supervisory Authority (IAUI) was set up in 1998 and implements state policy on the gambling and lottery operations including the issue of licences.

The Gambling and Lotteries Law includes the following:

- Types of gambling permitted are:
  - Slot machine games
  - Roulette
  - Card games

- Dice games
- Bets
- Totalisator
- Bingo
- Game of chance via telephone

- A licence to operate is required and companies must have a share capital of at least €1.4m whilst the interest of foreign members or stockholders shall not exceed 49 per cent.
- Licences are issued by the Lotteries and Gambling Supervisory Inspection (IAUI) for an indefinite period but re-registered each year.
- Gambling can only be operated in casinos, gambling halls, bingo halls and totalisator or

betting points. Slot machines can only be installed in casinos and gambling halls and must be operated through a network of single control and monitoring system for data exchange with the IAUI.

- Casinos – must operate at least 10 gaming tables (Riga) or five tables (outside of Riga)
- Gambling halls – must operate at least 20 slot machines
- Prize money in casinos can be paid immediately if €720 or less. For amounts of €721–€14,300 this is paid within 24 hours and amounts over €14,300 will be paid out within 30 days.
- Gambling is permitted for over 18 years of age.

- Licensing fees:

- The state fee applicable for slots, bingo, roulette, cards and dice games is:
  - €427,000 for a gambling licence (includes interactive gambling)
  - €200,000 for a gambling licence for gambling exclusively via electronic means (interactive).
  - €37,000 for the re-registration of gambling games (slots, roulette, card games etc).

- The state fee applicable for a gambling venue is:
  - €30,000 fee for issue or re-registration of a casino
  - €4,500 fee for issue or re-registration of a gaming or bingo hall.
  - €2,000 fee for the place where the wager is accepted (betting)

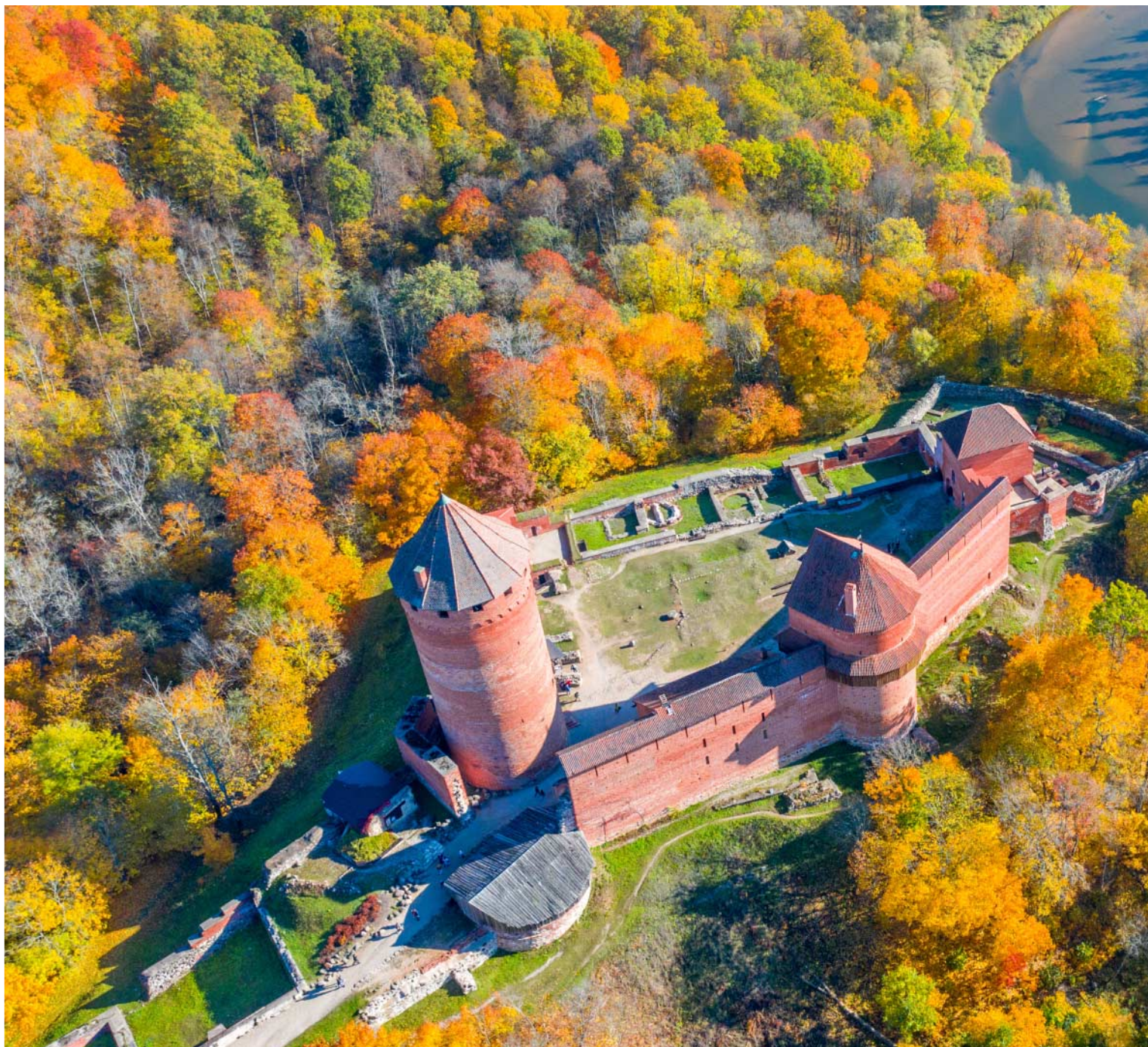
- Lottery operators pay a state fee for a special licence annually. This is:

- €14,230 for national lottery
- €720 for local lottery
- €1,000 for national instant lotteries
- €10,000 for interactive lotteries
- €720 for local instant lotteries for each draw
- €35 for single local lotteries.

- Yearly taxes include:

- €28,080 fee for roulette tables, cards and dice games per table
- €5,172 fee per slot machines.
- Tax on game of chance via the telephone is 15 per cent of GGR
- Gaming tax for totalisator and betting is 15 per cent of GGR
- Gaming tax of bingo games is 10 per cent of GGR
- Lotteries tax is 10 per cent for lotteries and the same for instant lotteries on income from ticket sales.
- Online gaming tax is 10 per cent of GGR.





## BACKGROUND

Latvia gained independence in 1918 after centuries of Swedish, Polish and Russian rule. It was forced back under Soviet rule during World War II and independence wasn't restored again until 1991.

Today Latvia is a democratic sovereign state and like its Baltic neighbours it made a rapid transition to a free market economy since the early 1990s. It sits snugly between Baltic brothers Estonia and Lithuania and is also bordered by the Baltic Sea and Belarus and Russia. More than a quarter of the population are Russian speaking.

Latvia's economy was hit hard by the global recession. The government introduced a strict fiscal discipline but it wasn't until 2017 that the economy was back on track. Strong investment and consumption (aided by a 13 per cent increase in the minimum wage) helped the economy grow again.

The main sectors are agriculture, chemicals, logistics and woodwork whilst exports account for more than half of GDP. Its geographical location means it is a key transit point between the EU and Russia and the economy saw a three per cent growth in GDP last year.

The majority of companies such as banks and real estate have been privatised although a decline in the work force with low birth rates and emigration are key issues. Although unemployment is decreasing (seven per cent in 2019) Latvia continues to lose workers through migration. The working age is declining and on average Latvia see around 19,000 people each year emigrate. More than 40 per cent of all emigrants between 2009 and 2016 were highly skilled.

On the up side tourism is slowly increasing. Latvia saw 7.8 million foreign tourists in 2018 which spent €751.9m. Most foreign visitors arrive from Lithuania, Germany, Russia, UK and Estonia. There are some 1,131 travel

accommodation establishments in the country and over 350 hotels with 13,000 hotel rooms.

In mid 2019 Egils Levits was elected as President of Latvia. After high school his family moved to Germany where he graduated in law and political science from the University of Hamburg.

He has been heavily involved in the movement to return Latvia's independence plus he was an Ambassador of Latvia to Germany, Hungary, Austria and Switzerland, Deputy Prime Minister, Minister of Justice and Member of Parliament.

The President plays a largely ceremonial role and is elected by the parliament (Saeima) which is made up of 100 members. Latvia is then divided into 26 self governing districts (rajons). There are seven major cities which have their own governments whilst the districts are then further divided into towns and municipalities.

There are 110 municipalities (novadi) and nine





## Karins' government has pledged to clean up the country's financial sector. There are tales of corruption linked to the governor of the Central Bank and the country's third largest bank ABLV closed a year ago following US charges of money laundering and financing the North Korean regime.

cities – Daugavpils, Jekabpils, Jelgava, Jurmala, Liepaja, Riga, Valmiera and Ventspils. Of the 1.9 million population around 630,000 live in the capital Riga.

Meanwhile, Arturs Krisjanis Karins became Prime Minister in January 2019 at the head of a coalition of five conservative and liberal parties. Karins was born in the US to Latvian immigrant parents. He was elected to parliament in 2002 as MP for the centre right New Era Party and went on to serve as economy minister and became a member of the European Parliament.

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There is a complete overhaul now planned to tackle corruption and strengthen the laws. A

drop in Latvia's economic growth rate is forecast for this year and GDP is predicted to grow by 2.8 per cent, the slowest expansion since 2016.

Meanwhile media censorship was abolished in 1989 and the media has flourished. Prior to independence the media were state owned and controlled by the Communist Party. Today Latvia is placed as 24th among 180 countries in the World Press Freedom Index, a huge achievement for a country once gripped by totalitarian rule.

In 2016 the government adopted Latvia's Media Policy Guidelines for 2016–2020 which are aimed at strengthening media diversity, quality and responsibility, professionalism and resilience of the media environment.

Television is the leading medium and the sector is dominated by top commercial station TV3 (owned by Sweden's MTG) two public networks and Baltic variants of Russian networks. Newspapers are all privately owned. The media

does however reflect the linguistic and cultural split between Latvian and Russian speakers. Internet penetration is around 86 per cent.

### OPERATIONS GAMING HALLS

There are currently 305 gaming halls in Latvia operated by:

Admiral Clubs – which operates 126 gaming halls in Latvia. These are run by Alfor and Admiralu Klubs and also come under the banner of Fenikss Casinos. The first gaming hall opened in Latvia in 2000 and operate around 3,500 slots in total.

Alfor's turnover in 2018 reached €77.1m. Around 78 per cent of income comes from slots although online gambling is increasing in popularity.

The Olympic Entertainment Group operates 52 gaming halls across 14 Latvian cities via its subsidiary Olympic Casino Latvia. The company has table games in two venues – Olympic Voodoo Casino in Riga and Olympic Promenade Casino in Liepaja.

OEG began operations in Latvia back in 2002 after acquiring gaming operator Casino Daugava. It later also acquired Baltic Gaming in 2005, Altea in 2013 and Garkalns in 2015 and is now the second largest operator in Latvia. The company operates a total of 1,446 slots and 31 tables in its gaming halls and casinos.

Meanwhile, Olybet was set up in 2010 under the

### LOTTERY

LATVIJAS LOTO

### LOTTERY RETAILERS

860

### LOTTERY REVENUE

€40.8M (NET TURNOVER)

### GAMING ARCADES

305

### SLOTS IN ARCADES

8,207

### GAMING MACHINE GGR

€231.5M

### BETTING GGR

€3.2M

### ONLINE GGR

€54.6M

### CASINOS

5

### CASINO SLOTS

97

### CASINO TABLES

67

### TOTAL GGR

€307M





Olympic Online banner originally and offers sports betting points and online betting in Latvia. There are 17 Olybet landbased betting points in Latvia and an Olybet Sports Bar in almost all the gaming halls.

DLV operates 40 gaming halls in Latvia under the brand names Zilais Dimants and Dimants Z. The majority of venues are located in Riga and they offer slots, bar, billiards and entertainment. DLV is also the owner of the only two bingo halls in the country, Dimanta Bingo in Riga and Daugavpils. The company was set up in 1994 and

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also provides gaming software and manufactures slots with its head office in Latvia.

Klondiaka gaming halls are operated by Furors Ltd. There are 29 Klondiaka gaming hall/sports bars and the company also operates three restaurants under the Tex Mex banner. There is also an online casino platform with over 300 games.

Joker is a Latvian/Czech joint venture which has been operating in Latvia since 1995. There are 62 gaming arcades with Synot Tip sports bars





slots. It is operated by NB Ltd.

Royal Casino Spa is a unique hotel opened in 2000 in the centre of Riga offering luxurious suites and spa, fitness centre. The Casino 69 operates from here with 39 slots and is operated by NIKS Ltd.

Shangri La Casino is managed by Storm International Group and opened in December 2017 in the Grand Hotel Kempinski Riga. The hotel has 141 luxury rooms and suites whilst the casino has 11 tables and 28 slots. Its first year of operation in 2018 saw €2m handed over to the state budget in terms of fees and taxes.

Olympic Promenada Casino is located in Liepaja and opened in 2016 and is a modern venue offering 18 slots and five table games including American Roulette, Blackjack, Poker and poker tournaments. It is operated by Olympic Entertainment there is an Olybet Sports Bar.

#### **LATVIJAS LOTO**

There are three types of lottery games in Latvia – state level lotteries, local lotteries and local scale type lotteries.

The Gambling and Lotteries Law authorises the right to organise state level lotteries which is then organised by just one state owned joint stock company – Latvijas Loto.

Latvija Loto operates eight lottery games – Eurojackpot, Vikinglotto, Superbingo, LatLoto5 of 35, Keno, Loto 5, Joker and Joker 7 and 20 instant lottery games and 18 interactive lottery games which were launched in December 2018. There are over 860 outlets throughout the

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The company was founded in 1972 as part of the Sojuzsportloto (the Soviet organised Sportloto). After independence a reorganisation took place and the company became known as the Latvian Lottery (Latvijas Loto). The first lottery (LatLoto 5 of 35) was launched in 1993.

In 1996 the company signed a cooperation with Swedish company ESSnet AB to set up the launch of the online lottery system. Latvijas later became the first company to implement the currently used online system technology manufactured by Scientific Games Corporation.

Net Turnover for 2018 was €40.8m compared to €36.6m in 2017 whilst gross profit was €12.9m.

Meanwhile, net turnover for the first nine months of 2019 amounted to €33.5m (compared to €29.2m for the same period in 2018).

located inside. These can be found in 29 Latvian cities. They are modern locations equipped with bars and large TV screens and slots.

Since 2014 Synot Tip has been offering bets on live events plus casino games online when Joker received its online gambling licence. Synot Tip is the largest terrestrial betting network in Latvia and provides online sports betting line up with various events plus an online casino.

#### **CASINOS**

There are five casinos with 97 slots in total, 16

roulette tables and 51 card tables. Four casinos are located in Riga including:

Olympic Voodoo Casino which opened in 2006. This casino is located in the Radisson Blu hotel offering 120 slots plus Blackjack, American Roulette, Oasis poker, Texas Hold 'em and seven open poker tables, electronic roulette and VIP room. This venue also boasts the largest Olybet Sports Bar in Latvia.

Casino 777 is located on Old Town Riga and offers American Roulette, Blackjack, poker and



## Political points scoring harms the fabric of gaming in Latvia



**Arnis Verzēmnieks,**  
President  
Latvijas Spēlu Biznesa Asociācija

The LSBA represents several gaming companies to promote the overall development of the Latvian gaming business and responsible gambling. [www.lsba.lv](http://www.lsba.lv)  
[lsba@lsba.lv](mailto:lsba@lsba.lv)

At the Latvian Gaming Business Association, we wish to continue our work to promote responsible gambling. Gambling is an integral part of the entertainment industry. Given the high risk of gambling, one must be aware that gambling entertainment venues are spending money. Keeping a safe game in practice requires keeping in mind the basic principles of respecting personal time and money limits.

The development of a proportionate industry was overshadowed by many political intrigues and the use of the industry for self-promotion by political forces. I think we are not the only industry that cannot be seen as a constructive interlocutor for the new government and which has experienced a contrast between pre-election pledges and action.



The shifting gaming landscape in Latvia has presented a series of challenges to operators in the country. G3 speaks to Arnis Verzēmnieks, President of Latvijas Spēlu Biznesa Asociācija (Latvian Gaming Business Association), about the impact the increased taxes have had on the business and the decision by municipalities, such as Riga, to eliminate all gaming halls in its territory

### How does the gaming industry measure its performance this year?

This year saw the launch of the Gaming Machines Control and Monitoring System (AKUS), which has been invested and implemented by companies in the industry for several million euros. After the introduction of AKUS, each machine is integrated into a single system so that all operations are transparent

The gaming industry has invested a lot of resources this year in providing a self-exclusion registry that has been operational since the new year. The registry will protect problem gamblers who, by listing themselves, will prevent gambling venues from accessing both the internet and landbased games. We hope this will work and eliminate the problem of over-enthusiastic gamblers and hence the precedents associated with them. Thinking about responsible gambling, we have created an educational platform called 'Safe Game', where we encourage the public, through a test and manual, to be aware of the risks of gambling and to avoid them if they become a problem.

### What were the successes and failures of this year?

Admittedly, 2019 has been a year of great challenges and unpleasant surprises for the industry. Planning for the 2020 budget, contrary to the government's view that there would be no tax increase on the budget, a decision was made to raise gambling taxes. It was also decided that local governments will significantly reduce their gambling tax revenue and

will receive only five per cent next year instead of the previous 25 per cent. In addition, on December 5, the Saeima, in its second reading, endorsed the call to allow local governments to determine in their binding regulations in which territories gambling is not allowed. The consequences of such a decision have not been assessed and, in the view of the industry, will pose significant risks for the spread of illegal gambling sites. Decisions taken in a hurry without involving the industry in the discussions undermine confidence in the country's democratic processes.

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### What are the goals and forecasts for this year?

At the Latvian Gaming Business Association, we wish to continue our work to promote responsible gambling. Gambling is an integral part of the entertainment industry. Given the high risk of gambling, one must be aware that gambling entertainment venues are spending money. Keeping a safe game in practice requires keeping in mind the basic principles of respecting personal time and money limits.

One of the first goals of the new year was to successfully introduce a register for self exclusion.





Admittedly, we will be looking at the first months of operation with some interest.

We also want to update the abolition of personal income tax (PIT) on winnings and start work on eradicating the illegal sector.

Last year's change in personal income tax on winnings in excess of € 3,000 encourages a large number of players to opt to gamble with illegal operators. The large number of unlicensed operators is a problem facing several European countries. At the moment in Latvia it is observed only in the interactive sector, however, we hope that when planning the development of the sector, we will be able to find solutions together with the decision-making power to reduce the grey sector and to better recover tax revenues.

**What challenges will the gambling industry face this year?**

The relationship between the gaming industry and local governments will be a major challenge, given the budget changes adopted by the Saeima and the redistribution of the gambling tax.

As several municipalities have expressed their desire this year to exclude gambling venues from their area development plans, there is reason to believe that this tax revenue distribution will not motivate any municipality to allow legal gambling facilities in their territory. For example, Riga Municipality has already expressed its willingness to liquidate gaming halls throughout its territory, thus eliminating approximately 60 per cent of the market share.

The gambling industry requires very careful and thoughtful policy-making and regulation. We want to make sure that the suggestions of the decision-making authority have been evaluated and analysed. The above decisions do not give any assurance that this is the case.

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