

# Imperious

## ITALY

Italy is Europe's second largest regulated gambling market, after the UK. The amount of money spent by Italians on gambling has risen tenfold from €10bn back in 1999 to almost €110bn last year. The significant revenue hike is down to rapid market growth and the sheer volume of machines and venues in the country. With such a prolific gambling market, Italy is also renowned for its regulatory changes to help keep a lid on illegal gambling and market saturation.

Italy is slowly recovering after the adversity of the last two years. The Italian economy saw a strong rebound in 2021 of 6.5 per cent which is expected to continue into 2022 and 2023 with a growth rate of 4.4 per cent and 2.6 per cent respectively. The recovery is partly due to a supportive fiscal policy and EU recovery funding after the country took a severe hit within its tourism and manufacturing sectors during Covid.

Italy had a disastrous tourism season last year with only 60 million visitors compared to more than 95 million in 2019 when figures reached an all-time high. 2020 had already been a tough year with just 38.4 million tourists. Generally, tourism is responsible for nearly 13 per cent of Italy's GDP.

Foreign travelling expenditure in 2020 fell by around 60 per cent (€17.3bn) compared to 2019 (€44.3bn) with tourism receipts responsible for just one per cent of GDP compared to 2.5 per cent prior to Covid.

The majority of visitors to Italy come from Germany, France, UK, Austria, and Switzerland. Covid travel restrictions were still in place until the end of March this year whilst the country's Green Pass (an EU Covid digital certificate) restrictions began a gradual phased out approach earlier this year with the hope that most restrictions would be lifted by the summer season.

In October last year the Italian Council of

Ministers agreed to allocate almost €191.5bn in funds through the Recovery and Resilience facility to help aid various services including the struggling tourism sector.

The Recovery and Resilience Plan (NRRP) is the largest national plan under the unprecedented EU response to the Covid crisis. Italy is using its entire national allocation of €191.5bn made up of grants and loans, whilst the country has also earmarked national resources worth €30.6bn to aid a vast programme of reforms and investments to boost the recovery of the Italian economy.

Alongside investment into health care, education and labour market policies, the justice system







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## ITALY REPORT

and social services, Italy also aims to input a large chunk into addressing some “weakness area” such as green transition/climate change and digital transformation with measures due to be completed by 2026.

The plan should foster economic growth and create new jobs and is expected to lift Italy's GDP by 1.5 per cent to 2.5 per cent by 2026.

Italy was one of the hardest hit European countries during the pandemic. Its GDP shrank by 8.9 per cent compared to a European average of 6.2 per cent.

The unemployment rate in Italy currently stands at around 8.4 per cent (May 2022) with around 2.1 million out of work. Although a high figure, it is slowly dropping after it reached a high of 10.2 per cent in early 2021. Youth unemployment remains high at around 24 per cent.

The NRRP was presented by former European Central Bank President and current Prime Minister Mario Draghi who has the responsibility of overseeing the funding and responsibility of implementation – ironically an issue which triggered the governmental crisis in 2021 which brought Draghi into office and originated in differences over the government's use of recovery loans and grants.

Draghi was drafted in last year to head the

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‘national unity’ government after the resignation of Prime Minister Giuseppe Conte over the country's response to the Covid crisis.

Conte lost credibility over the government's haphazard approach to some restrictions during Covid and a weak financial response to businesses which were affected by the crisis. He resigned in February 2021.

Meanwhile, Sergio Mattarella was re-elected as President earlier this year after agreeing to serve a second term after coalition parties failed to agree on a candidate for the office.

Seven rounds of voting failed to produce an alternative candidate and the 80-year-old emerged as the most popular choice despite him



voicing his desire to leave office.

Draghi was tipped as front runner for the Presidential role, but ruling parties decided his promotion would trigger early elections and believed the Italian market could not cope with more confusion and chaos.

Mattarella played a key role during this time, as although the President is largely a ceremonial role, he was seen as highly influential and important when he stepped in to avert a political crisis at the time of the resignation. Both Draghi and Mattarella are popular leaders in Italy and for once it seems as if Italy has some political stability.

Even the annual budget law unveiled for 2022

contained no major changes for the Italian gambling market this time around. Traditionally Italy is known for its regular tax hikes during the budgets, but this year contained no surprise increases.

Of course, now the government is facing tough ramifications over the Russian/Ukrainian war. There is an absence of Russian imports of Italian goods and of course lack of Russian and Ukrainian visitors which could threaten Italy's fragile post pandemic position.

Although Russians didn't come to Italy in their droves, they were however second behind Germany in the amount they spent in the country spending 65 per cent more per day than the average tourist. In addition, rising fuel costs





and supply chain issues have put growth estimates for Italy to only be around 3.4 per cent this year from a previous estimate of 4.4 per cent.

### GAMBLING MARKET CHANGES

Gambling has been legal in Italy since 1948 which provided operators with a licence to operate, and the Legislative Decree No. 496 basically became the first piece of gambling legislation.

Gambling is monitored by the national gambling authority, Agenzia della Dogane e dei Monopoli (ADM), and land-based and online gambling are dealt with separately and divided into two categories.

Land-based gambling covers terrestrial casinos, AWP, VLTs, sports and horse race betting, pool betting, bingo and the lotteries and lotto.

Online gambling covers sports and horse race betting, pool betting, virtual and live betting, slots, roulette and other casino games, poker, card games, games of skill, poker tournaments, bingo, betting exchange and online lotteries.

The ADM regulates the games, issues licences, monitors gaming services, collects gaming taxes, and tackles illegal gambling.

Italy has been working on plans for a gambling reform for many years. The industry is huge and although small steps have been taken along the

way to tidy up the clutter, major reform never really happened mainly due to changes in local governments.

The only recent changes happened in November last year when the ADM introduced a new tracking app to help reduce illegal gambling whilst MPs failed to approve any gambling reforms that could have been adopted under the Budget Law for 2022.

This wasn't deemed enough to help with the overload of gambling in the country and there have been calls to reduce the number of betting shops and bingo halls by at least half.

So in February this year the Ministry of



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Economy and Finance drafted a preliminary reorganisation plan to revamp market safeguards in the betting market.

Many ad hoc regulations fall under the jurisdiction of local municipalities, which means there is inconsistency, generating uncertainty across the country. This has caused the current problem with the expiration of licences for both the betting shop and online gambling sectors.

The reforms are also expected to help the gambling sector recover from the impact of the Covid pandemic which saw the land-based sector suffer huge losses and a big surge in the online sector.

The MEF's plan is to mainly reform the land-based sector however it is hoped this will also include a look at the tender of the gambling concessions which are currently extended causing some turmoil in the market.

Land-based concessions which expired in 2016 have been extended whilst the betting and bingo hall concessions which have also expired currently operate under a confusing extension.

Meanwhile, the 2019 Budget Law proposed that the remote gambling tender be limited to 40 licensees with a €2.5m price tag. This has come under heavy criticism, so a review is underway. Current licences expire in December this year although it is expected they will be granted further extensions until the reform is completed.

(see Stefano Sbordoni's overview of the concessionaire situation on page X)

The proposals to reform the land-based sector aims to create a 'harmonised' legislative framework at regional and local level to deal with the local laws restricting gaming halls opening hours and minimum distance rules.

The reform aims to reduce gambling outlets for both AWP's and VLT's and introduce a reduction in 'stake and win limits' and create a central player registry for all gambling. This will also offer retail operators new ID verification measures to allow customers to enter gambling venues and certify individual devices for online play.

At the moment this programme exists for the gambling machines sector whereas the new register will cover all gaming including betting, bingo, and remote gambling.

This database would also be used to facilitate self exclusion selections and provide a mechanism for certifying individual devices for online gambling. There is also a plan to adopt a national gambling self exclusion register for all players. At the moment this exists only for remote gamblers.

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The ministry also wants the ADM to be given more power to investigate unlicensed operators.

The three main objectives of the reform are:

1. To minimise problem gambling.
2. End black market activities.
3. Optimise tax incomes from licensed operators.

For land-based operations the Ministry wants a 'territorial reorganisation' to reduce the number of retail gambling venues to controlled areas.





This will include betting shops, arcades, and bingo halls. It is thought the reform framework could be implemented within 18 months with legislation introduced through one or two legislative decrees.

The treasury has said no new concessions will be given without the reform although there is talk of additional extensions.

In March, the draft reorganisation was approved by the state auditor Regioneria dello Stato and has been forwarded to the government who will review the proposed amendments to ratify a bill to be sent to parliament for final approval.

### LAND-BASED GAMING

Currently gaming machines are available in bars, tobacco shops, shopping malls and arcades. In 2004 the ADM introduced regulations which meant all coin operated machines with cash prizes had to be connected to a central monitoring system and this saw a mass reduction in the number of machines in the market, whilst the Italian government was able to control the sector more easily.

Meanwhile in 2018 slot machines were reduced further due to a decree which saw 142,000 of around 400,000 at the time removed from the

market whilst gaming outlets were halved from 98,000 to 50,000 over a three-year period. Trading hours were reduced with distance restrictions in place for venues.

There are three types of entertainment games available in Italy:

Amusement machines with no cash prizes or Comma 7c games as they are also known include such games as crane machines or video games, sports games can be found in bars, cafes, gaming rooms etc. There were 96,115 games in operation in 2020.

Newslots/AWPs are machines with cash prizes

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which were first approved in Italy in 2004. Also known as Comma 6a each slot is connected to the ADM network and price of play does not exceed €1 and payout maximum is €100. Game play cannot be less than four seconds. And winnings on a cycle of 140,000 games maximum with 65 per cent payout minimum.

They can be found in bars, cafes, tobacco shops, gaming halls and betting shops etc. There were 261,186 AWPs in 2020 in 54,166 venues compared to 263,000 in 63,000 venues the year before.

AWPs saw a turnover of €22.9bn in 2019 and €18.9bn in 2020. AWPs pay a tax rate of 24 per cent of the bets (as of January 2021) and generated €2.5bn in taxes (35 per cent share of total gaming taxes paid) in 2020.

The highest number of AWP devices are located in Lombardy region (45,873) which is equal to two thirds of the machines located throughout the south of Italy. In terms of data that is around one machine per 217 inhabitants in Lombardy which is below the national average of one machine per 226 inhabitants on average throughout Italy.

The regions with the highest density of AWPs per inhabitant are Molise and Sardinia (one per 165 inhabitants) followed by Abruzzo.

The number of outlets hosting AWPs has dropped significantly over the last four years







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from around 77,000 back in 2017 to 54,000 in 2020. The maximum number of AWP's permitted nationally was set at 265,000 in 2018. The number has remained fairly stable since this time whereas prior, back in 2015 for example, there were more than 418,000 AWP's in the market place.

VLTs are also known as Comma 7a and these were regulated by the ADM in 2009 to create a network of VLTs to run alongside the AWP's with higher rewards. There were 55,968 VLTs in the market place in 2020 in just over 4,700 venues such as betting shops, bingo halls and gaming halls with a pre-set ratio of machines per square metre. Each VLT is connected to the central ADM monitoring system.

The region with the highest density of VLTs is Veneto followed by Abruzzo (1 in 801 and 1 in 807 respectively.) The national average is one VLT per 1,058 inhabitants.

VLT payout is not less than 83 per cent and no minimum duration time. VLT bets per game range from a minimum of 50c up to €10 maximum with a maximum win of €5,000 with jackpots available. VLTs saw a turnover of €23.6bn in 2019 and GGR of €3.1bn. VLTs pay a tax rate of 8.6 per cent of the bets.

In 2020, as part of the Dignity decree, the health card system was introduced for VLT devices together with the progressive implementation during the year of various regional regulations regarding the distance of gaming between certain locations.

This meant access to the use of VLTs was permitted to those with national health system cards, to prevent access to minors. Any machines not fitted with such access mechanisms were removed from the market. This saw the VLT sector slump.

Taxes paid by the VLT sector in 2019 amounted to €1.83bn which was just over 16 per cent of the gaming tax revenue. In 2020 this dropped to €694.7m (9.5 per cent of the total).



### THE CASINO MARKET

Italy's gambling history dates back to the Roman Empire and the first casino opened in Venice in 1638. It is said baccarat and bingo were invented in Italy whilst the word 'casino' is even of Italian origin. Despite the background, 61 million population and vast number of tourists who flock to Italy annually it is surprising there are only four land-based casinos in the country.

Italy is subdivided into 20 regions but only five of these regions – Aosta Valley, Friuli-Venezia Giulia, Sardinia, Sicily, and Trentino-South Tyrol have a special autonomous status which enables them to enact legislation on some of their specific local matters.

The Italian Penal Code generally forbids

gambling however three ad hoc provisions dating back to the 1930s under the Mussolini era government authorised the opening of Sanremo, Campione and Venice followed by a regional authorisation for Saint Vincent. And so the Italian casino market remains small with only four licensed casinos.

The casinos come under the control of the Ministry of Interior and are run by the local authorities in which they are located. Players must be 18 to gamble.

**CASINO MUNICIPALE DI CAMPIONE D'ITALIA** re-opened its doors at the beginning of this year after being closed for three and a half years. It was declared bankrupt in 2018 and closed in January 2019 due to its €130m debts but reopened with a rescue plan involving a five-





year settlement plan with Como Bankruptcy Court. The casino will include further entertainment offers such as art and exhibitions.

The abrupt closure was a major blow for the 2,000 residents in the tiny enclave, which is surrounded by Switzerland, as it was a major employer with 500 direct jobs loss and another 300 in affiliated businesses.

The casino was the area's main attraction, and this had a knock-on effect on shops, bars and restaurants which also closed. Then of course Covid hit and aggravated the situation.

The casino is located on the shores of Lake Lugano, about 60 km from Milan and is run by the Municipality of Campione. The casino was

originally built in 1917 but two years later it was forced to close its doors and didn't then re-open until 1933. In 2007 the casino moved to a large futuristic building on Lake Lugano and became a multi functional venue for events across nine floors. The construction took seven years and cost €160m. There was 55,000sq.m of gambling space whilst the gaming halls could accommodate up to 3,100 gamblers at a time.

However, with competition from online casinos, the financial crisis in 2008, the devaluation of the euro the casino struggled and was forced to close its doors. The hope is the re-opened casino will bring in annual gaming revenues of €41m rising to €80m by the fifth year. Before the casino closed it was taking in revenues of €91m.

The casino re-opened with a partnership with Novomatic and an 'All in one Touch' system which enables visitors to enter the gaming hall, play and take part in promotions via new technology with a touch to operate. The casino has 650 slots and table games.

#### CASINO MUNICIPALE DI SANREMO

Casino Sanremo is Italy's oldest casino and opened in 1905 and was designed in the art nouveau style by French architect Eugenio Ferret.

The building is in the heart of the city and has remained relatively unchanged over the years although it was closed from 1940 until the end of World War II but escaped unscathed by the war.

SanRemo began to develop as a tourism haven in the mid 19th century and winter tourism was promoted alongside the development of large hotels.

The casino complex is located over 2,500 sq.m consisting of restaurants, gaming halls for slots, table games and poker. There are 451 slots in total plus online gaming via [online.casinosanremo.it](http://online.casinosanremo.it) which offers live roulette, slots, and table games.

Casino revenue amounted to €27.4bn in 2020 – a 46 per cent decline on 2019 data. Slots make up 77 per cent of the revenue with €19.2m.

#### CASINO MUNICIPALE DI VENEZIA (SUMMER/WINTER VENUES)

The first gaming houses were established in Venice back in 1638 and the area became known as the centre of entertainment for the elite. In 1959 the Casino Ca' Vendramin Calergi (winter casino) opened its doors in Calergi.

Housed in an elegant palace which overlooks Venice's Grand Canal it is said to be one of the most beautiful gaming houses in the world.

In 1999 the Ca' Noghiera (summer casino) opened its doors and was the first American style casino located in a 5,000 sq.m building on the mainland near the airport. The casino is owned by Vittoriosa Gaming Ltd of which 40 per cent is owned by Municipality of Venice and BetLive Ltd. The casinos have 600 slots in each and various table games plus online games via



## AVERAGE AMOUNT OF ONLINE BET 2020

TYPE OF REMOTE GAME	AVERAGE STAKE AMOUNT	NO. OF USERS	% OF TOTAL
Sports based games	€17.48	2,215,802	27.42%
Card games	€75.37	1,718,625	21.27%
Poker Cash	€140.26	1,087,052	13.45%
Tournament	€6.39	877,770	10.86%
Virtual Betting	€4.37	586,041	7.25%
Bingo	€1.06	473,908	5.87%
Lotto	€2.07	372,499	4.61%
Lotteries	€2.42	332,837	4.12%
Totalisator number games	€2.81	294,358	3.64%
Betting Exchange	€63.05	76,486	0.95%
Horse based games	€12.04	44,540	0.55%
<b>TOTAL</b>		<b>8,079,918</b>	



casinovenetiaonline.it. Total revenue for Casino di Venezia was €42.2bn in 2020 compared to €82.2bn in 2019

CASINO DE LA VALLEE is located in the spa town of Saint Vincent in Valle d'Aosta some 90 km from Turin in northwest Italy. The casino opened in 1947 at the time in the halls of the Grand Hotel Billia. It was renovated and modernised and is now 3,500 sq.m over two floors in a building opposite the hotel complex.

The casino has over 400 slots, poker room and table games. Total revenues for the casino reached €35.6m in 2020.

### ONLINE GAMBLING

Italy was the first EU member state to legalise, licence and regulate online gambling in a comprehensive way back in 2006. Online gambling was introduced via Law no. 266/2005 whilst Law no. 88/2009 brought in new

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There are only certain windows where it is possible to submit applications for licences and the limit is 120.

The last opening was in 2018 when regulators



opened up the country's online gambling licence process for new licences and around 40 licences were ready to be renewed to businesses already in operation. These covered sports betting, slots, bingo, and casino games. The licensing fee was €200,000 and the licences were valid for four years.

To be granted a licence the operator must manage games in Europe with a turnover of not less than €1.5m in the last two years.

As the deadline approached the court ruled in favour of more than 30 operators who mounted a legal battle over the expiry date of the Italian online gaming licences. Some licences were supposed to expire late 2020 and early 2021 and will now run until December 13 2022. There are another 50 or so licences granted after the 2018 tender which are also valid until end 2022.

Then last year the government announced it planned to cut the number of licences from 120





to 40 and increase the cost of the licences to at least €2.5m each. The licences would run for nine years.

However, this was met with a huge backlash and the EGBA has called on the ADM to submit its reasoning to check if it complies with EU regulations. There were 97 concessions for online gaming in 2020 (109 in 2019).

This is all due to be dealt with via the gambling market reorganisation. One of the main points of the gambling reform is concerning illegal gambling. Although Italy saw €11.4bn in taxes last year from this sector alone, the black market still remains a big problem. The reform has proposed an increase in penalties for tax evasion linked to gambling and greater powers for the ADM to fight against illegal gambling.

The online gambling market in Italy is growing significantly. Back in 2012 the total amount wagered on internet gambling was €15bn with a



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GGR of €749m. During 2020 there was an increase in the number of gaming accounts opened and the greatest increase was recorded for those players aged 18 to 24 although the biggest number of players are aged between 25-34 (four million player accounts). In total there were 13.7 million active player accounts open and the average bet amount is between €20 and €35. The sports betting sector is the most active for online players representing more than 27 per cent of users followed by cards games and then poker.

The ADM blacklist of unlicensed online operators currently stands at more than 9,280 websites (February 2022).

Last year the Gamenet Group completed a €1.1bn buyout of IGT's Lottomatica enabling it to operate all B2C units under the Lottomatica brand. Gamenet is owned by private equity company Apollo Global Management who said the gambling giant had seen €1.6m in revenues during 2019. At the end of 2021 Lottomatica had a customer base of one million online unique active users and a franchising network of around 3,100 PoS in sports betting, 1,400 gaming halls and 13,600 tobacconists/bars plus a network of around 130 gaming venues at the end of last year.

Lottomatica Group saw total bets of €13.9bn in 2021 of which €6.7bn was from online gaming (€2.2bn in 2020).

Meanwhile, Flutter Entertainment spent €1.9bn to buy Sisal in December 2021. The new look Lottomatica and Flutter look set to control the

majority of the online gaming market whereas previously Pokerstars had been the main player.

Greentube recently acquired Capecod Solutions providing a distribution channel in the country to get the Greentube and Novomatic content out to their customers quickly. The company also acquired Admiral Sport from Novomatic Italia to focus on the sportsbook and casino sectors in Italy.

## SPORTS BETTING

The sports betting sector has already been reeling due to tax increases and a ban on advertising which have all hindered the sector.

The Italian government is well known for its tax increases of gambling activities with regular hikes. In 2020 a temporary 0.5 per cent tax on sports betting turnover (retail and online) was introduced to help boost the recovery of the country's sports in the wake of the Covid pandemic. The levy was approved under Italy's Covid-19 Revival or Re-launch Decree (Decreto Rilancio) which set out several emergency measures covering the health care system and support for employers during the pandemic.

The Fund for the Revitalisation of National Sports System will distribute money to the Ministry of Youth and Sports to aid the recovery of professional and amateur sports. The tax was approved and brought in €40m in 2020 and €50m in 2021.

It came as the sports betting sector suffered due to sports event cancellation and the sector saw





## GAMBLING DATA 2018-2020

	2020	2019	2018
Amount wagered	€88.38bn	€110.5bn	€106.8bn
Land-based	€39.1bn	€74.1bn	€75.4bn
Remote	€49.2bn	€36.4bn	€31.4bn
Winnings	€75.3bn	€91bn	€87.88bn
GGR	€12.9bn	€19.4bn	€18.8bn
Taxes	€7.24bn	€11.36bn	€10.3bn

## REVENUES PER LAND-BASED GAME TYPE 2020/2019

GAME TYPE	WAGERED 2020	GGR 2020	WAGERED 2019	GGR 2019
Slots	€18.9bn	€4.82bn	€46.6bn	€10.3bn
Bingo	€672.7m	€183.1m	€1.49bn	€449m
Totalisator number games	€1.22bn	€508.4m	€1.76bn	€681.5m
Horse racing	€213.3m	€51.6m	€414.7m	€106.8m
Sports betting	€2.6bn	€582.3m	€4.79bn	€872m
Lotteries	€8.1bn	€2.1bn	€9.18bn	€2.47bn
Lotto	€6.2bn	€1.8bn	€8bn	€2.33bn
Virtual betting	€1.07bn	€169m	€1.76bn	€277m
<b>TOTAL</b>	<b>€39.1bn</b>	<b>€10.2bn</b>	<b>€74.1bn</b>	<b>€17.5bn</b>





### Essential information and facts about Italy:

**Capital**  
**Total Area**  
**Population**  
**Median age**  
**Religion**

Rome  
301,340 sq.km  
61 million  
46.5 years  
Christian (Roman Catholic), Muslim, other Italian

**Ethnic Groups**  
**Languages**  
**Currency**

Italian (official), German, French Euro

**Government type**  
**Chief of State**

Parliamentary Republic  
President Sergio Mattarella (since 2015)

**Head of Government**

Prime Minister Mario Draghi (since 2021)

**Elections**

President indirectly elected by an electoral college consisting of both houses of Parliament and 58 regional representatives for a seven year term. Last election held January 2022. Prime Minister appointed by President.

**Unemployment**  
**Tourism**

8.4% (May 2022)  
60m (2021)

*Undersecretary for Sports, Valentina Vezzali has been pushing for a permanent extension of the turnover tax and increasing it to one per cent on revenue which would give the treasury an additional €160m in betting duties on top of the €500m it collects through fixed duties of 18 per cent of retail and 22 per cent for online sports betting.*

betting revenues drop almost 60 per cent to €75.3m in March 2020 and to €20.6m in April (72 per cent drop).

The tax was described as “inappropriate and unsustainable” by the betting industry.

The sector argued that the most logical way to provide funding would be through sponsorship. But this was made impossible due to a blanket ban on advertising introduced from January 1 2019.

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This sector includes sports betting on events, games such as Totocalcio, Totogol, Big March and Big Race, plus totalisator number games such as Superenalotto, SuperStar, SiVince Tutto, Eurojackpot and WinforLife and horse race betting.

Sports betting, virtual games and horseracing betting turnover is around €16bn in Italy and the industry says the proposed one per tax would see a drop in revenue of 10 to 20 per cent causing less favourable odds to be introduced pushing players to the illegal market.

Meanwhile Italy's gambling advertising ban was first introduced via the Law Decree 87/2018 which was introduced in January 2019 and known as the Dignity Decree.

This placed a blanket ban on advertising relating to games and bets with cash winnings. It banned all gambling related sponsorships and advertising partnerships for Italian sports organisations domestically and prohibited promotional content.

They can do deals with overseas markets, so Juventus for example signed a three-year partnership in 2019 with 10Bet to develop promotional content and marketing activities for Juventus supporters outside of Italy in foreign markets.

The ban has had a serious effect on the football sector in Italy with more than half of the teams in the country's topflight division having at least

one sponsorship deal with a betting company. Rome based SS Lazio for example had MarathonBet as sponsors.

The law was discussed in 2018 by the Lega/5-Star coalition who were in office at the time and wanted to bring in ‘civil methods of conducting business’ in Italy. As such Italy became the first European country with a gambling advertising ban.

(DLAPiper Italy outlines the Do's and Don'ts on advertising on page 96)





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Last year the Italian Football Federation called for a temporary lift on the country's betting and advertising ban to open up more revenue streams for the sector which were reeling from losses due to the Covid.

Sporting games were stopped in early March 2020 and 'behind closed doors' return of football began in late June 2020 resulting in a €50m drop in match day revenues alone.

Professional football (Serie A) in Italy sees an

annual average income of €2.5bn of which 18 per cent came from commercial and sponsorship income. Last year however Serie A saw 18 per cent losses with €2.1bn.

Last year, InterMilan were forced to take out a €275m loan to support club finances after posting losses of €245.6m for the 2020/21 financial year. These were caused by the closure of stadiums and cancellation of matches plus the reduction in sponsorship contracts. Juventus also reported losses of €210m last year.

The law prevented marketing campaigns and as such there was an increase by medium sized operators relying on their network of Recharge Points of Sale (or Punto Vendita Ricariche or PVRs). These are normally tobacco shops, gaming halls or newsagents which do not have a gambling or betting licence but sell vouchers for online gambling and betting websites. PVRs are also not required to have a public IP, unlike a betting agency operator.

As they weren't closed during the pandemic, they became an essential component for operators to reach players where advertising could not. Players can purchase cash vouchers at thousands of PoS across the country and then make deposits via an app enabling the customer to load the value of their voucher into the wallet. This gives the Italian a cash-based option which is often preferred

PVR is not regulated at the moment however the ADM published a circular addressed to the licence holders which imposed stricter reporting and compliance obligation to monitor the activities of those shops selling vouchers.

Meanwhile, in April, the ADM shut down several gaming and e-sports venues saying the businesses were not compliant with Italian regulations. It caused major panic in the sector due to the high fines imposed by the ADM and many businesses closed down in fear of being affected.



## REVENUES PER REMOTE GAME TYPE 2020/2019

GAME TYPE	WAGERED 2020	GGR 2020	WAGERED 2019	GGR 2019
Betting exchange	€2.19bn	€10.63m	€1.69bn	€9.17m
Bingo	€243m	€58.8m	€153.8m	€37.2m
Fixed odds card games/games chance	€33.1bn	€1.21bn	€23.3bn	€831.4m
Totalisator number games	€37.2m	€19.4m	€38.9m	€21.1m
Horse racing	€172.3m	€28.4m	€91m	€18.1m
Sports betting	€8.31bn	€997.8m	€7.71bn	€725.5m
Lotteries	€63.5m	€11.3m	€40.4m	€7.21m
Lotto	€163.1m	€46.4m	€119.6m	€29.7m
Poker club	€2.9bn	€82.6m	€2.12bn	€60.1m
Virtual betting	€541.6m	€75.9m	€214.4m	€29.7m
Tournaments	€1.42bn	€124.3m	€885.6m	€77.6m
<b>TOTAL</b>	<b>€49.2bn</b>	<b>€2.67bn</b>	<b>€36.4bn</b>	<b>€1.84bn</b>

## NUMBER OF MACHINES AND LOCATIONS 2020 PER REGION

REGION	AWP LOCATIONS	NO. OF AWPS	VLT LOCATIONS	NO. OF VLTS
Abruzzo	1,602	7,085	147	1,592
Calabria	1,968	9,907	158	1,234
Campania	5,360	26,748	577	5,034
Emilia Romagna	4,437	22,179	314	4,915
Friuli-Venezia Giulia	1,233	5,709	81	1,028
Lazio	4,948	25,366	481	5,833
Liguria	1,829	7,491	98	1,361
Lombardia	9,514	45,873	719	10,652
Marche	1,612	7,009	110	1,178
Piemonte/Valle d'aosta	1,284	11,856	401	4,699
Puglia, Basilicata/ Molise	4,797	22,540	415	3,577
Sardegna	2,413	9,653	42	452
Sicilia	3,478	13,739	252	2,215
Toscana	3,567	16,853	317	4,198
Trentino Alto Adige	365	2,590	84	1,072
Umbria	978	3,943	74	875
Veneto	4,781	22,645	438	6,053
<b>TOTAL 2020</b>	<b>54,166</b>	<b>261,186</b>	<b>4,708</b>	<b>55,968</b>
<b>TOTAL 2019</b>	<b>63,000</b>	<b>263,000</b>	<b>4,900</b>	<b>58,000</b>

## NUMBER OF MACHINES AND LOCATIONS 2020 PER REGION

REGION	BINGO HALLS	POS - NUMBER GAMES/TOTALISATOR	POS - HORSE RACING GAMES	POS - SPORTS BETTING
Abruzzo	6	776	164	295
Calabria	1	1,248	224	419
Campania	27	3,646	965	2,010
Emilia Romagna	19	2,296	282	399
Friuli-Venezia Giulia	4	663	76	97
Lazio	26	3,639	596	948
Liguria	6	735	114	158
Lombardia	26	4,900	883	1,169
Marche	3	809	141	212
Piemonte/Valle d'aosta	12	2,223	334	544
Puglia, Basilicata/ Molise	8	2,510	526	1,085
Sardegna	4	1,048	64	147
Sicilia	28	2,590	588	1,168
Toscana	10	1,969	364	424
Trentino Alto Adige	2	400	50	70
Umbria	2	564	79	121
Veneto	12	2,158	267	382
<b>TOTAL</b>	<b>196</b>	<b>32,174</b>	<b>5,717</b>	<b>9,648</b>



# Reports

## ITALY REPORT

Apparently, a single complaint from a slot and amusement operator, who questioned the legitimacy of LAN rooms and e-sports bars, caused the raids and three venues were shut down. Slot operators believe the e-sports venues are infringing on their turf and have complained that the sector is not taxed or registered on the same terms as the slot market despite the argument from operators that e-sports do not offer cash prizes. There are now talks to officially recognise and regulate e-sports.

The Italian e-sports sector represents one of the most important e-sports market in Europe with a penetration rate of one in two Italians between 16 and 65. Around 63 per cent of consumers are under the age of 40 and purchasing power for companies targeting this sector is huge. For example, Dolce and Gabbana recently announced a partnership with Italian e-sports organisation Mkers to launch a new project called 'goodGame' to highlight the fashion icon's initials.

### GAMBLING DATA

In 1999 Italians spent €10bn on gambling which has risen to around €110bn annually on average.

Gambling saw €108.9bn in wagers in 2021 made up of €18bn from gaming machines, €68.5bn from betting and online games and €22.2bn from other games.

This is a 27 per cent increase compared to €88.38bn in wagers in 2020 made up of online gambling €49.23bn (almost 56 per cent share) and physical gaming €39.15bn (44 per cent share).

In 2019 gambling turnover reach €108.5bn made up of online gaming with €34.4bn and land-based €74.1bn.

Fixed odds card games and games of chance amounted to more than two thirds of the total online collection whilst cash poker and sports betting are also on the increase.

In 2020 just over €7.24bn went to the tax authorities compared to €11.36bn in 2019, a drop of just over 36 per cent. In 2021 tax revenue amounted to €12.4bn whilst the first quarter of 2022 saw tax revenue from gambling amount to €3.6bn.

Covid had a huge affect on the land-based sector, and it was estimated that this sector should have seen a turnover of around €74.4bn had Covid not happened. In reality there was a total of 20 per cent decline in total revenues between 2020 and 2019.

To limit the spread of Covid the Italian government closed down all gaming activities in bars, gaming halls and betting shops from March 2020 which ran until the beginning of May with some activities resumed whilst gaming halls and

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betting shops didn't reopen until mid June. Further restrictive measures were introduced again in October 2020 with locations closed again whilst a Green Pass was later introduced for venues from August 2021.

The 'Cure Italy' decree introduced in 2020 to help the country recover from the affects of the pandemic, meant tenders relating to new betting and remote gambling concessions were extended.

The income for totalisator games almost halved in 2020 due to venue closures and cancelled events.

There were 35 sports betting competitions offered in 2020 compared to 39 in 2019 whilst national horse racing bets dropped from 4,129 to 3,438 between 2019 and 2020. Fixed odds betting remained fairly consistent.

On the other side, online gambling has been increasing annually and online gaming saw an increase of 35 per cent per cent in 2020 compared to 2019 data in part down to Covid and the closure of land-based betting points of sale. Slot halls and casinos were closed for around five months in total.

Turnover for the online sector in 2019 was €36.4bn and estimated to reach €40.9bn in 2020 where instead it topped €49.2bn.

The growth for the online sector continued into 2021 and due to continued closures that year the online market saw an increase of around 46 per cent compared to 2020.

Online casino games remain the most popular with a GGR of €1.77bn followed by sports betting with a GGR of €1.44bn. Poker tournament revenue was €106m, Cash poker €71.2m and bingo €66.6m

The biggest online casino operators (by GGR) include PokerStars, Lottomatica Snai and Sisal whilst the biggest sports betting operators include Sisal, Bet365, Goldbet and Snai.

January 2022 online data saw €324.9m that month in GGR, the highest in eight months, with the majority from online casino GGR of €171m and online sports betting €128.8m. In April 2022 online sports betting GGR was €119m.







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## LICENSING AND CONCESSIONS – the current situation

As the expiry dates of the last online concessions approach, the land-based ones having already expired since 2016 and under permanent extension, the betting market in Italy is in turmoil. Several operators are eagerly looking for concessions to buy, but with little success given both the high price of those who would sell and the few possibilities.

But let us look back at the history of these concessions, starting from the recent to the oldest.

The expiry dates following the 2011 (so-called EU) and 2018 tenders have overlapped and have in any case come to an end. In particular, the most recent selective procedure, (pursuant to art. 1, paragraph 935, Law no. 208 of 28 December 2015, published however in the OJEU on 10 January 2018) put out to tender 120 concessions for remote gaming in Italy, with an allocation mechanism linked to the timeliness of the submission of applications in a given time period and against a one-off consideration for the duration of the concession equal to €200,000.

Many of the concessions awarded under this procedure – with a duration of four years – could only start collection operations during 2020, thus leaving very little time for operators to be able to collect and even less time to achieve at least break-even.

The Lazio Regional Administrative Court, following appeals by all expiring operators, ruled in several judgements of the same tenor that the concessions be aligned to 31 December 2022

“... in the light of the regulatory provision set out in art. 1, paragraph 935, of Law no. 208 of 28 December 2015 (so-called “Stability Law 2016”), which provides for the gradual “temporal alignment to 31 December 2022 of all concessions having as their subject matter the marketing of remote games ...”

Considering that ... an express extension of the public gaming concessions under discussion ... is in any case desirable as part of a broader reorganisation of the public gaming sector, also in order to allow the execution of the relevant tenders ... as well as to continue to ensure adequate tax revenues, otherwise expired and non-renewable concessions would result in the loss of the relevant tax revenues ...”.

Thus, the expiry date of all online concessions active today – approx. 90 – will be 31 December 2022, i.e. in just over six months.

So, when will the new tenders take place?

Article 1, paragraph 727(e) of Law no. 160 of 27 December 2019 provides for the launch of a new selective procedure for remote gaming concessions by 31 December 2020, a deadline later extended to 30 June 2021 by Article 69,



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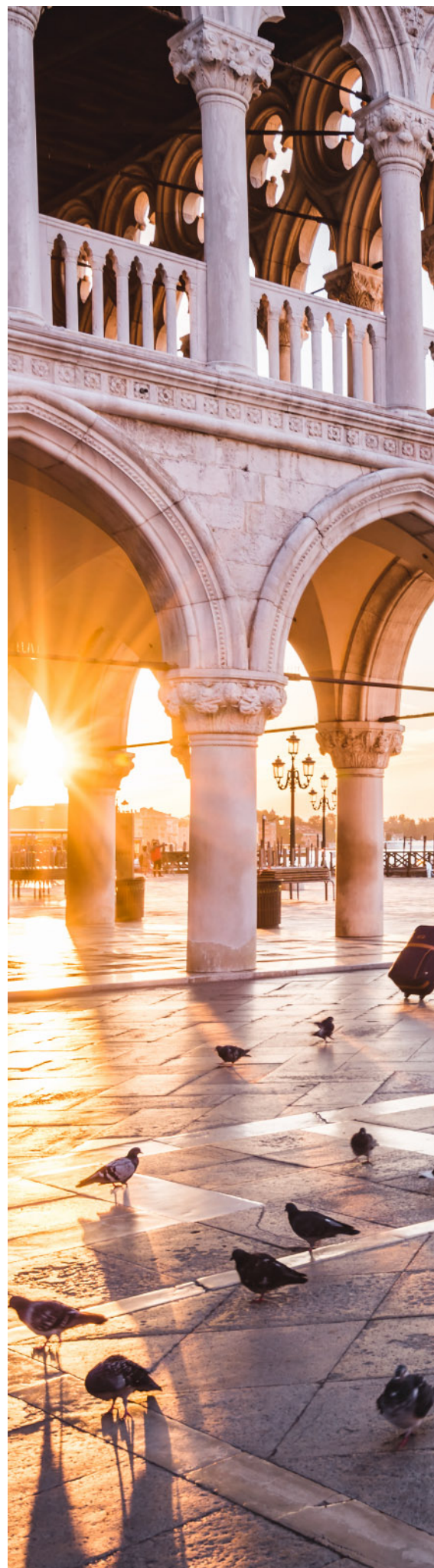
paragraph 3 of Decree-Law no. 18 of 17 March 2020. The procedure should only put out to tender 40 concessionary rights for the operation and collection of remote gaming, with an auction base of no less than € 2,500,000 each.

This law has been strongly contested, and even government bodies have repeatedly stated that it would be reformulated, especially in relation to the tender conditions of online concessions.

A tender for only 40 rights, according to the operators, would lead to the impossibility of continuing to legally offer gaming for more than half of the current concession holders. Almost automatically, therefore, a large part of the collection of these operators would be quickly lost to the regulated market, to an extent that operators quantify at between 20 and 30 per cent of the current size.

It is hoped that in view of the announced reorganisation of the entire sector – online included – that parliament should delegate to the government with a special law, also the law providing for the tender of the 40 concessions will also be reviewed. With this in mind, an amendment is awaited shortly – necessary due to the expiry on 30 June 2022 of the last extension of land-based betting concessions – which it is hoped will also cover or at least pre-announce online concessions.

On the subject of taxation, on the other hand, having the 0.5 per cent tax on sports betting finally expired, referred to in Article 217, paragraph 2, of Law Decree no. 34 of 19 May 2020, converted into law, with amendments, by Article 1, paragraph 1, of Law no. 77 of 17 July 2020, which established the “Fund for the revitalisation of the national sports system”, so-called Salvasport, there were rumours about its renewal soon with an increase to one per cent. These rumours, however, were unfounded, as it is precisely the reorganisation that will also deal with the fiscal aspects of betting.









In July 2018, the Italian Law Decree No. 87/2018, also known as the Dignity Decree, was adopted, which among its various objectives was also intended to fight against the spread of gambling disorder. Specifically, the regulation introduced the ban of gambling and betting advertising in the Italian legal system.

The prohibition concerns any form of advertising, direct or indirect and in any way carried out. In case of violation, there is a pecuniary administrative sanction and the authority responsible for the challenge, and the imposition of sanctions is the Italian communications authority (AGCOM).

To summarise here is what can be done and what is prohibited under the Italian gambling advertising ban:

### **DO'S**

1. Display communications of a purely informational nature provided by legal gambling operators.
2. Conduct advertising exclusively aimed at informing users about the products and services offered by different gambling operators.
3. Show the so-called 'quota spaces' within television programmes (those segments in which information is given on the quotas of the various betting companies for sports events).
4. Advertisements of non-gambling products run by licensed operators.
5. Provide information at the request of the customer if it is pertinent (such as subscription to an informative service).

### **DON'TS**

1. Messages with catchy claims and laudatory expressions to join gambling offers.
2. Misleading images or messages with a sense of urgency or use of imperative language.
3. Non-gambling products websites must not include links leading to gambling content.
4. Distribution of gambling merchandise relating to gambling products.
5. Prize contests promoting real money brands.
6. Promoting gambling content with paid or organic influencers.

In terms of enforcement, the regulation on the prohibition of gambling advertising in Italy has posed some interpretative difficulties, especially concerning online advertising, the identification of the entities that can be called responsible for any violations of the rules contained in the Dignity Decree and the conditions under which

these subjects can be called to answer. For this reason, AGCOM adopted guidelines to provide interpretative clarifications to companies regarding the applicative effects of these prohibitions within the primary regulatory framework of reference. In particular, the following are considered admissible.

- The mere communications that maintain an exclusive descriptive, informative and identifying purpose of the legal gaming offer, functional to allow an informed gaming choice, such as by way of example, the information that is made available on the gaming sites or in the physical gaming points, concerning the odds, the jackpot, the probability of winning, the minimum bets, any bonuses offered, provided that they are carried out in compliance with the principles of continence, non-deceptiveness, transparency and absence of promotional emphasis.
- Information, issued at the request of the customer – if strictly pertinent to the customer's request and functional to allowing informed gaming choices – regarding the functioning and characteristics of the gaming service, or the existence of new products or services; and information services of comparison of odds or commercial offers of different competitors (such as odds spaces).
- The use of the brand that identifies, in addition to the gaming services with cash or gambling winnings, further activities, having an autonomous character, provided there is no ambiguity about the object of the promotion and in this there are no evocative elements of the game except for the mere name of the supplier.

In addition to traditional forms of advertising, the following are considered prohibited commercial communications if pertaining to gambling or betting products, by way of example:

- Product placement.
- Distribution of branded gadgets of gaming products.
- Organisation of events with prizes consisting of branded products.
- Prize competitions as defined and qualified by Presidential Decree no. 430 of 26 October 2001.
- Editorial advertising.
- Direct and indirect advertising carried out by 'influencers'.

Sponsorship of events, activities, shows, programmes, products or services, and other forms of communication with promotional content are also prohibited, including visual and acoustic citations, which emphasise calls to action relating to gaming and/or betting.

There have already been sanctions issued by AGCOM, which then had different outcomes, such as the measure against Google, which was later annulled following the appeal to the Italian administrative court.







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