



Machine Games Duty (MGD)

Guidance from
AMS



1. What is MGD and when is it coming in?

Machine Games Duty (MGD) is a new taxation system for gaming and SWP machines which will replace the existing system of Amusement Machine Licence Duty (AMLD) and VAT from **1st February 2013**. There will be two rates (20% and 5%) which will apply to the net takings of applicable machines.

2. What types of machines are affected?

The machines that will be affected are any games which the prize on offer is greater than that of the stake.

For example the following will apply:

Category D AWP Machines (£5 Jackpot)	5% MGD – No VAT or AMLD
Category C AWP Machines (£70 Jackpot)	20% MGD – No VAT or AMLD
Category B4 Machines (£250 Jackpot)	20% MGD – No VAT or AMLD
Quiz Machines (Paragon/Open/Indie etc)	20% MGD – No VAT or AMLD

The following are not currently subject to AMLD or VAT and will continue as follows:

Category B3A Machines (£500 Jackpot – Ticket Payout)	MGD & VAT Exempt
Club Lottery Ticket Machines (pull tab tickets)	MGD & VAT Exempt
Pub Lottery Ticket Machines (pull tab tickets)	MGD & VAT Exempt

The following will not be affected and will remain subject to VAT on net takings only:

Digital Juke Boxes	MGD Exempt
Background Music Systems	MGD Exempt
Pool & Bar Billiards Tables	MGD Exempt
Football Tables	MGD Exempt
Video Games	MGD Exempt
Boxing Machines	MGD Exempt

3. Who is responsible for MGD?

Where a relevant (as specified in legislation) licence or permit (Notification for 2 or less – in a Public House or Club Gaming/Club Machine Permit – in a Club) is held for the premises on which a dutiable machine is located the person holding that licence or permit will be required to register with HM Revenue & Customs (HMRC) to pay MGD. Where no licence or permit is held, certain others with a connection to the premises may be liable for MGD.

If no-one is registered for MGD in respect of the premises and HMRC cannot identify a person required to register (that is, the person required to register is "missing") then anyone liable to a share of the profits from the machine may be liable to duty due on their share. The register will be publicly available and will allow profit sharers to check whether or not a registerable person with whom they wish to enter into a profit share arrangement is, in fact, registered for MGD.

4. When and how should I register?

Registration for MGD will open on 1st November 2012 and **you will need to complete registration by 1st January 2013**. This can be completed either online or by paper form.

The online registration is found at <http://www.hmrc.gov.uk/machinegamesduty/> and the paper application form (MGD1) can be downloaded from the same web site or by telephoning the Excise Helpline on 0845 010 9000. When an applicant has completed form MG1, they should send it by post to:

National Registration Unit
HM Revenue & Customs
Portcullis House
21 India Street
Glasgow
G2 4PZ

5. What information will I need to register?

Before you register, you will need certain information including:

- VAT Registration Number
- Unique Taxpayer Reference
- National Insurance Number
- Type of business you are
- Company Registration Number
- Notification or 2 or Less/Club Gaming/Club Machine Permit details
- Alcohol Licence details
- Premises full address
- Total number of machines subject to MGD

Please note this list is not exhaustive and not all items will apply to every application.

6. How is MGD calculated?

The amount of MGD is calculated as follows:

Net Cashbox (i.e. gross takings less winnings/sundries/refills etc) x20% or x5% (depending on the rate applicable for the machine.

For example, if your net takings were £275.00 you will need to pay £55.00 MGD to HMRC for a machine where the 20% rate applies. If the 5% rate applied, the MGD amount on the same net take would be £13.75.

7. What happens after 1st February 2013?

From this date, AMLD will cease and MGD will begin. You (or your accountant) will then need to complete a quarterly online/paper return for MGD going forward.

If you use an accountant it would be advisable to check whether they are aware of MGD and the changes to the machine taxation system ahead of implementation.

After 1st February 2013, if you wish to have a machine supplied you will need to register **at least 14 days** in advance of making the machine available to play.

8. Who can help me with other queries?

For assistance completing an application, please call the **Excise Helpline on 0845 010 9000**.

For assistance with which of the machines in your location are subject to MGD and of which rate, please call AMS on 01959 564331.

9. What should I do once I have registered?

Once you have successfully registered you will receive your MGD Registration Certificate including your MGD registration Number. Please can you confirm this to AMS as we will need to hold this information on our system.

PLEASE REMEMBER
YOU NEED TO REGISTER FOR MGD BEFORE
1st JANUARY 2013