

A joint briefing from the European and Mediterranean Horseracing Federation and the European Trotting Union.

Taxation of Online Gambling as a New Own Resource for the EU

The real risk of further driving online betting towards illegal operators - reducing revenues to both governments and horseracing, and weakening protection for consumers

As part of the negotiations on the European Union's next Multiannual Financial Framework (2028-2034) and the debate on new own resources, taxing online gambling has been proposed as an additional source of financing for the European budget.

We strongly oppose an additional tax on horserace betting. This creates a material risk of increasing illegal betting and reducing revenue for both governments and the horse racing sector. Consumer protection would also be weakened if activity shifts towards illegal gambling sites.

Horserace betting has a distinctive economic role: it directly finances an entire sector spanning agriculture, sport and rural economies, including economic clusters around racecourses throughout Europe. This contribution should be recognised separately from the economics of online casino and slot products. All forms of gambling require appropriate consumer safeguards.

This is recognised by governments in horse racing countries, where the sport is historically financed through legal betting, including compulsory levies, statutory returns and other arrangements that vary between Member States. An additional tax could therefore reduce the resources on which horse breeding, training, racecourses and rural employment depend, in a model already under pressure from illegal betting and the erosion of its historic customer base.

Any gambling-based own resource should respect Member States' responsibilities for gambling regulation and recognise differences in national taxation and racing funding arrangements. Its legal basis and interaction with those arrangements should be clearly established before implementation.

Should this new European tax be applied to horserace betting, it would constitute a social, economic and budgetary error. This is why stakeholders across the European horseracing sector oppose any inclusion of horserace betting in a future European own resource based on online gambling.

Horserace betting: a self-sustaining economic benefit for Europe

Legal horserace betting makes a substantial contribution to the financing of the sport. Depending on national arrangements, betting-derived funding supports breeders, trainers, staff, owners and jockeys, prize money and racecourses, sustaining employment and investment in rural communities. It also supports equine

welfare and essential integrity measures, including anti-doping and the detection and investigation of suspicious betting and race-fixing.

An additional tax burden that would further weaken the model and favour illegal betting

The horseracing sector faces growing competition from illegal online betting operators, which evade domestic licensing requirements, taxes and racing contributions and can offer more attractive odds or payout rates than licensed operators. The IFHA Council on Anti-Illegal Betting and Related Crime has examined how this competition erodes the base on which racing funding and State tax revenue depend. Activity outside the regulated market also weakens consumer protection, particularly for vulnerable customers and minors.

The Council's work on gambling taxation and channelisation* identifies a risk that excessive taxation reduces the competitiveness of licensed betting and encourages migration to illegal operators. The effect depends on the tax base, the cumulative fiscal burden, product characteristics, consumer behaviour and enforcement; changes in channelisation should not be attributed to taxation alone. [1]

European examples illustrate both the risks and the importance of distinguishing data sources, reporting periods and measurement methods. Estimates of channelisation based on GGR, player numbers and website traffic are different measures and should be reported separately.

- **The Netherlands.** The January 2025 increase in the gambling tax rate was 3.7 percentage points, rather than 3.7 per cent. The Kansspelautoriteit's April 2026 monitoring report estimates channelisation by money at 53% for the second half of 2025, while approximately 91% of players used only legal providers. It also revises the earlier monetary estimate. This divergence shows why player participation alone is insufficient to assess the illegal market. The regulator identifies multiple factors, including changes to player-protection rules; these figures do not isolate the effect of tax or measure horserace betting specifically. [2]
- **Sweden.** The gambling tax rate increased from 18% to 22% of GGR in July 2024. The Council's Channelisation by Design article reports that H2 Gambling Capital revised its channelisation estimate from 91% to 72% in 2026. These are attributed estimates, rather than proof that the tax increase alone caused a 19-percentage-point fall over two years. The Council's separate Swedish study also documents rising traffic to illegal websites, while distinguishing overall market and online casino estimates. Product coverage, periods and methodology must be specified before comparing these measures or applying them to racing. [1, 3]

Another recent report by the International Federation of Horseracing Authorities linked the growing number of racecourse closures worldwide, including the national Greek horse racing course at Markopoulo Park (the Athens Hippodrome), directly to the rise in illegal betting markets.

Any additional tax pressure on licensed operators would mechanically widen the competitiveness gap with illegal operators, driving more bettors away from the regulated market. Such a shift would be triply counterproductive:

- it could deprive horseracing of resources for prize money, track infrastructure and stable operations, through reductions in betting-derived funding;
- it could reduce the national tax base and offset some or all of the projected additional receipts;
- and it would move consumers beyond domestic regulatory safeguards and weaken visibility of betting activity relevant to integrity investigations.

Organised crime and financial transparency

The consequences extend beyond lost tax and racing revenue. Growth in illegal betting can expand revenues available to organised crime and expose consumers to markets associated with money laundering and fraud. It also moves betting activity beyond regulatory oversight, weakening the information flows on which racing authorities and law enforcement depend to detect suspicious betting and investigate corruption.

* By which we mean the share of betting activity within the licensed market.

Channelisation impact assessment and enforcement

Before introducing any additional fiscal burden, policymakers should undertake a product-specific assessment of its likely effect on channelisation, national tax receipts, horseracing funding and consumer protection. This should consider existing taxes and racing contributions and model how consumers and operators may respond. Monitoring should distinguish GGR, player numbers and website traffic, using consistent methods and acknowledging uncertainty. [1]

Maintaining a competitive regulated market and enforcing the law against illegal operators are complementary policies. A coordinated response should address the payment channels, advertising and digital services that enable illegal betting, alongside consumer education and cooperation between regulators, law enforcement and racing integrity bodies.

Assessing the tax base and the net budgetary effect

The design of any own resource must be specified clearly. A levy on stakes, a tax on gross gaming revenue (stakes less winnings paid out), and a national contribution calculated by reference to gambling GGR are materially different mechanisms. ECIPE's September 2026 paper proposes a GGR-based national contribution, which governments might choose to fund through higher gambling taxes; it is not itself a direct EU tax on operators. The effects on racing depend on the mechanism and how Member States finance it. [4]

Revenue forecasts should account for changes in consumer behaviour and the licensed tax base, rather than assume activity remains unchanged. They should assess the combined effect on EU receipts, Member State revenues and existing racing contributions. The tax base is especially important: for illustration, a 1% levy on stakes would equal 10% of GGR where an operator retains 10% of stakes, before other taxes and costs. This is an arithmetic example, not an estimate of the margin for every racing product.

Any additional burden should be assessed against existing taxes and racing contributions, and the different economics of racing, other sports betting and online casino products. A reduction in legal betting activity could weaken racing's financing capacity while the sport is adapting its business model and digital offering.

The sector's call: firm opposition to the proposed European gambling tax

We firmly oppose including horserace betting in any additional EU gambling levy. Before proceeding with a gambling-based own resource, policymakers should undertake a product-specific assessment of its effects on channelisation, Member State tax receipts, racing funding, consumer protection and financial crime. Any proposal should recognise existing contributions to horseracing and combine effective action against illegal operators with a regulated market capable of retaining consumers.

Sources

[1] IFHA Council on Anti-Illegal Betting and Related Crime, Channelisation by Design: Protecting the Legal Betting System and Reducing Illegal Betting, reproduced by the EMHF, 6 July 2026; and Excessive Gambling Tax and the Laffer Curve intersection with Illegal Betting, January 2026. <https://www.euromedracing.eu/post/channelisation-by-design-protecting-the-legal-betting-system-and-reducing-illegal-betting-reproduc>

[2] Kansspelautoriteit, Monitoringsrapportage voorjaar 2026: marktontwikkeling blijft gelijk, 16 April 2026. <https://kansspelautoriteit.nl/monitoringsrapportage-voorjaar-2026-marktontwikkeling-blijft-gelijk>

[3] IFHA Council on Anti-Illegal Betting and Related Crime, Fiscal Intervention and Market Response – Outcomes from Sweden's Betting Tax Increase, 2026. <https://www.ifhaonline.org/AibResources/Papers/Fiscal%20Intervention%20and%20Market%20Response.pdf>

[4] Fredrik Erixon and Ismail Abdi, Own Resources for the European Union: The Case of Online Gambling, ECIPE Policy Brief, September 2026. <https://ecipe.org/publications/own-resources-for-the-eu-online-gambling/>