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Proposed Economic Opportunity Tax for Casino Operator Licensees in the Western Cape to relocate their casinos

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On 6 June 2025, the draft Western Cape Twentieth Gambling and Racing Amendment Bill, 2025 and related Regulations were gazetted for public comment.

They provide for an economic opportunity tax to be paid by casino operator licensees in the Western Cape who successfully apply to the Western Cape Gambling and Racing Board to relocate their casinos.

There are five casino operator licensees in the Western Cape. With the original roll-out of casinos in the Western Cape, successful bidders for casino operator licences paid bid fees and exclusivity fees.

- The **bid fees** were payable for the intrinsic value the casino operator licensees would enjoy as a result of the award of the casino operator licences and were intended to support community projects in the area in which the licences had been granted. The bid fees (as amended in 2000), are roughly ~R6 million, ~R12million and ~R165 million, depending on the value of the casino development and its location from the Cape Town City Hall, with the Cape Metropolitan casino paying the highest bid fees.
- Casino operator licensees were required to pay **exclusivity fees** to operate a casino within an exclusive geographic area, for a ten-year exclusivity period.

The exclusivity periods have now expired, and the Western Cape Gambling and Racing Board may now approve applications for casino operator licensees to relocate their casinos.

The purpose of the Bill is to provide for an "economic opportunity tax" to be paid by casino operator licensees in the Western Cape who successfully apply to relocate their casinos. In other words, in order to relocate their casinos, casino operator licensees will have to pay the economic opportunity tax.

The stated rationale for the economic opportunity tax is that relocating casinos would acquire an enhanced opportunity to generate gambling revenue because of the relocation, which revenue was not reflected in their original bid fees. The proposal is thus to tax the "*enhanced economic opportunity that accrues to the holder of a casino operator licence … as a direct result of the relocation of its casino to a more lucrative location versus the status quo*".

The proposed economic opportunity tax is 2.05% for each R1 of the after-tax gross revenue of the relocated casino.

- The manner of calculating the proposed tax is set out in detail in the Bill.

- The relocating casino operator licensees would have to start paying the economic opportunity tax once the Rand value of the economic opportunity tax exceeds the inflation-adjusted Rand value of the bid fee. It will be payable for ten years, less the period taken for the tax to reach the inflation-adjusted Rand value of the bid fee, starting from the date the relevant casino operator licensee begin paying the tax in respect of its relocated casino.
- The method of calculating the economic opportunity tax is set out in a new Schedule V proposed to be inserted in the Western Cape Gambling and Racing Act.

There is usually a presumption against a statute having a retrospective effect unless the language clearly requires otherwise. This Bill explicitly requires casino operator licensees to pay the economic opportunity tax when applications to relocate casinos are granted **before or after** the amendment legislation comes into operation.

Certain practical arrangements or requirements relating to the economic opportunity tax are to be prescribed by regulation. The draft Regulations have been published for comment simultaneously with the gazetting of the draft Bill.

Interested parties may comment on the draft Bill and Regulations by 7 July 2025. Comments should be emailed to Mr Malcolm Booysen, Provincial Treasury at Malcolm.Booysen@westerncape.gov.za or by hand to the Provincial Legislature Building in Cape Town.

Enquiries may be directed to Mr Booysen at 021 483 3386. Alternatively, do not hesitate to contact us if you would like a copy of the draft Bill and Regulations or further information.

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