



19 JUN 2014

HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Neil Davies
Chief Executive, Medway Council
Gun Wharf
Dock Road
Chatham
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Your ref: ND/jk/sdm.02May14

Dear Mr Davies

18 JUN 2014

Thank you for your letter of 2 May to the Chancellor of the Exchequer welcoming the Budget announcements to machine games duty. I am replying as Minister responsible for this policy area.

I understand the Minister of State for Care and Support has responded to you regarding gambling addiction.

Turning to machine games duty (MGD), as you know, from 1 March 2015, a new higher rate of MGD at 25 per cent will be introduced for B2 gaming machines (also known as "fixed odds betting terminals"). MGD reflects different levels of profitability between machines through the lower rate charged on machines with low stakes and prize limits, which tend to generate lower profits. The creation of this new higher rate extends this and ensures the most profitable machines on the high street pay their fair share.

This is expected to raise an additional £5 million in 2014-5, £75 million in 2015-6, £80 million in 2016-7, £85 million in 2017-8 and £90 million in 2018-9.

All taxes, including MGD, are kept under review as part of the Budget process.

Thank you for taking trouble to make us aware of these concerns.

DAVID GAUKE