

## Online gambling is close to becoming a regulated and taxed activity in Portugal

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Until now, online gambling was not subject to regulation or taxation in Portugal. However, a Bill approved by the Portuguese Government, on 26 February 2015, plans to regulate the market, by granting licences to private operators in similar terms to the ones in force in some other European countries. This Bill is now pending approval by the Portuguese President.

This means that, once enacted, the Regulator may order the Internet Service Providers to limit or block the access in Portugal to unlicensed online gambling websites. The Internet Service Providers are required to carry out the Regulator's orders within 24 hours. If the Internet Service Providers do not carry out the Regulator's orders within said time limit, they may be subject to criminal prosecution. In light of the above, the access in Portugal to online gambling websites will be blocked unless the companies that are currently operating such websites request and obtain the aforementioned licence as from passing of the Bill.

According to the proposed Bill, the licences will be granted by a public entity and applicants must meet several economic, financial and technical criteria. Furthermore, licences will only be granted

to operators compliant with specific good repute requirements.

The Bill provides that the reputation, technical expertise and economic and financial capacity of certain Portuguese companies (namely those currently authorised to operate land-based games in casinos or games of a social nature) is assumed. Bearing in mind the stringent criteria set out in the Bill and, therefore, the expected difficulties in obtaining a licence, this rule may be seen as an encouragement for foreign online gambling companies to operate in Portugal jointly with Portuguese land-based gambling companies rather than alone.

Furthermore, we draw your attention to the fact that the aforementioned Bill lays down a territorial requirement. In fact, licences should only be granted to companies either duly incorporated in Portugal or with a legal seat in the EU or EEA, provided the latter operate through a Portuguese branch office or a subsidiary.

We highlight that, as from enactment of the above rules, unlicensed online gambling operators may be subject to criminal prosecution (with penalties including imprisonment up to five years or a fine up to EUR 5.000.000, plus ancillary penalties).

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