

Horse racing and country-by-country reporting

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I was travelling to London this morning. The man sitting next to me was reading the Racing Post — a newspaper dedicated solely to horse racing in the UK. Before we reached London we fell into conversation. He is a director of a horse racing company in Newmarket — the home of flat racing in the UK, and relatively near where I live. He asked what I did and I explained (in broad terms).

He immediately drew attention to a story in his newspaper — that UK bookmaker Ladbrokes [has just completed the relocation of its online betting activity to Gibraltar](#). It is not the first to do so.

What surprised me was his feeling on the issue. He said that UK horse racing, whether it be owners, trainers or race course owners are livid about the development. One consequence is that the bookmakers — who are, of course, heavily dependent upon the existence of all those who run race meetings, are paying (he said) much, much less to the UK owners, trainers and courses. In his words, one of the reasons these companies are leaving is so that they can benefit from the horse racing industry but pay much less to it. How, he demanded of me, could I make sure that such companies paid tax in the UK, where it was due, and where it would support his business, which (he sees) as part of the institution of British public life?

I admit I was amazed. He was the easiest convert to country-by-country reporting and the importance of unitary taxation that I have ever recruited. And he was absolutely sure that the concept of tax compliance — paying the right amount of tax (but no more in the right place at the right time where right means that the economic substance of the transaction undertaken coincides with the form in which it is reported for tax is vital to a just society. Of course, in his view UK horse racing bets placed (largely) by UK punters on the outcome of UK horse races should be taxed in the UK where the entire substance of the transaction arose. He is livid that they might instead be taxed (very lightly) in Gibraltar with limited benefit to horse racing.

Country-by-country reporting and tax compliance are issues of social justice — even for race horses.

NB If Ladbrokes wish to post a response I will be happy to receive it.