

Funding the Future

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It's a little ironic that as the UK demands fair treatment for Gibraltar from Spain it has had to itself declare war on Gibraltar as the centre of the offshore gambling industry that costs the UK hundreds of millions in lost tax revenue each year. [A UK government announcement yesterday said](#):

New [proposals for rules and sanctions](#) to ensure that remote gambling operators with UK customers will pay UK gambling taxes from next year, no matter where in the world they are based, have been set out by the government.

The changes, which are due to come into force on December 1 2014, will mean that all remote gambling companies will be taxed on their gambling profits from UK customers.

Currently, remote gambling operators can, and do, avoid UK taxes by basing themselves offshore. The new rules will create a level playing field across the industry.

The new rules will be supported by tough enforcement measures, including the creation of new criminal offences. Failure to comply with them could result in prison sentences of up to seven years, unlimited fines, or the loss of a remote gambling operator's licence to operate.

This follows last year's announcement that the government would move to taxing gambling on a 'place of consumption', rather than on a 'place of supply' basis, so that all remote gambling by UK customers, generally carried out online or on the telephone, will be taxed in the UK.

So let's summarise what this means.

First, Gibraltar is a harmful tax haven.

Second, it appears sanctions on tax havens can be taken.

Third, this can be done despite the threat of EU pro-market policies. The EU has realised that without tax being paid there is no market is what I think we can safely read into that.

Fourth, if we can put a consumption basis on a tax on gambling we could do the same for, say, internet advertising. Google please note.

Fifth, we can use the threat of fines on UK based executives to ensure compliance. Many companies, and their advisers, please note.

Sixth, this can be done because the environment in which the political will to do so has been created as a result of the work of civil society. The pressure needs to be maintained.

But most importantly of all: shall we stop this pretence once and for all that UK tax havens benefit Britain? They clearly don't. In that case wouldn't the obvious thing to do be to stop Gibraltar passing such laws, as is the UK's right? Then we wouldn't be imposing the tax loss on others as well as the UK and if that were done others might think the UK serious about tackling this issue.