

Lotteries and Gaming



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The general rule is that all lotteries and most forms of gambling are unlawful unless conducted in the particular way specified in various Statute(s). Lotteries include any kind of draw or raffle. Gaming is the legal word covering all sorts of gambling, betting and wagering including such things as bingo, whist drives and some side shows commonly found at fetes etc.

The Scout Association policy is that modest lotteries and gaming may be run for fundraising purposes provided they are both legal and acceptable to the local community in which they are to take place. Before a Group plans such an event the approval of the District Commissioner and District Chairman must be given, as specified in P.O.R.

When considering the merits of fundraising by the operation of one or more lotteries, would be promoters should realise that in the eyes of the Inland Revenue, the running of a lottery, even for charity, may attract a liability to tax on the profits of that lottery.

An extra-statutory concession, which covers bazaars, jumble sales, etc., is not applicable to lotteries unless the lottery is run as part of such a local fund raising event and is restricted to that event.

SECTION A

Lotteries, Draws and Raffles

1. These are governed by The Lotteries and Amusements Act 1976, as amended, which states that all lotteries are illegal except:-

- 1.1. Small Lotteries
- 1.2. Private Lotteries
- 1.3. Societies' Lotteries
- 1.4. Local Lotteries

2. Small Lotteries incidental to an exempt entertainment

- 2.1 Small Lotteries are governed by Section 3 of the Act. These are draws or raffles usually held at fetes or bazaars and it is a condition that they are incidental to an exempt entertainment, whether limited to one day or not. An 'exempt entertainment' means a bazaar, sale of work, fete, dinner, dance, sporting or athletic event or other entertainment of a similar character whether limited to one day or extending over two or more days.

2.2 The rules for a Small Lottery are:-

- 2.2.1 The whole proceeds of the entertainment, including those of the Lottery, must be 'devoted to purposes other than private gain', e.g. for a Scout Group or other charity. The only permissible expenses which may be deducted are the expenses of the entertainment (e.g. fete) and the cost of printing lottery tickets. The cost of prizes for the Lottery may not exceed £250.00. However more valuable prizes may be given by supporters.
- 2.2.2 None of the lottery prizes shall be money prizes.
- 2.2.3 Tickets or chances in the lottery (e.g. numbered programme) shall not be sold

or issued, nor shall the result of the lottery be declared, except on the premises on which the entertainment takes place and during the course of the entertainment.

- 2.2.4 The lottery must be incidental to the event, i.e. not be the only or the only substantial inducement to persons to attend the entertainment.

3. Private Lotteries

- 3.1 Private Lotteries are governed by Section 4 of the Act. These are lotteries in which the sale of tickets is confined to members of a 'society' and to any other person on the society's premises. Each Group, District and County is a separate 'society' for this purpose. The promoter must be authorised in writing to promote the lottery by the Group etc. Executive Committee.

3.2 The rules for a Private Lottery are:-

- 3.2.1 The whole proceeds, after deducting only expenses incurred for printing and stationery, shall be devoted to the provision of prizes and/or Group etc. funds. The price of every ticket must be the same and stated on the ticket. The lottery must not be advertised except on the premises of the society and/on the tickets.

3.2.2 On every ticket must be printed:-

- The name and address of the promoter(s)
- A statement of the persons to whom the sale of the tickets is restricted.
- A statement that no prize is transferable, i.e. it will only be given to the person who bought the winning ticket.

- 3.2.2 No ticket may be issued except by way of sale at its full price and in no circumstances is any money

to be returned. No ticket may be sent through the post.

4. Societies' Lotteries

- 4.1 Societies' Lotteries are governed by Section 5 of the Act. These are lotteries promoted on behalf of a 'society' established and conducted for charitable or other similar purposes. Scout Groups, District and Counties are all separate 'societies' within the meaning of this section. This is the type of lottery allowed principally for fund raising. The lottery must be promoted under a scheme approved by the society, which must be registered with the Registration Authority (local authority). Application forms for registration, a Lottery Scheme and a copy of the Rules Governing the conduct of Lotteries are available from the local authority. If the total value of tickets is more than £20,000 or if the total value of tickets in the lottery (together with those in earlier lotteries held by the society in the same calendar year) exceeds £250,000, the lottery must be registered with the Gaming Board whose address is given in the Appendix.

4.2 The rules for a Societies' Lottery are:-

- 4.2.1 The promoter must be a member of the society and it is recommended that he be the Group Treasurer etc. A promoter must be authorised in writing by the Executive Committee.

- 4.2.2 The whole proceeds for the lottery, after deducting permitted expenses and provision of prizes, must be used for the charitable purpose of the society, e.g. Group funds. If the prizes are to be paid from the lottery proceeds, the maximum percentage, which may be appropriated for this purpose, is 55%. No single prize should exceed £25,000 or 10% of the total value of tickets sold in the lottery (whichever is the greater). If the prize is

to be donated, the maximum value of such prize must not exceed £25,000. For smaller lotteries with proceeds not exceeding £20,000 the amount deductible as expenses (exclusive of prizes) must not exceed the expenses actually incurred or 35% of the proceeds whichever is the less.

- 4.2.3 For larger lotteries with proceeds exceeding £20,000, the amount deductible as expenses (exclusive of prizes) must not exceed 15% of the proceeds or such larger proportion authorised by the Gaming Board up to a limit of 35% of the proceeds, whichever is the less. However, the amount of the proceeds of the society's lottery appropriated for the provision of prizes and account of expenses must not exceed in aggregate, 35% of the whole proceeds of the lottery.

On every ticket for a society lottery must be printed:-

- The name of the society.
- The name and address of the promoter(s).
- The name of the Registration Authority with which the society is registered.
- The date of the lottery which is the date on which the winners are ascertained by lawful means.
- The price of each ticket, which shall be the same for each and every ticket.

- 4.2.4 No ticket may be sold at a price exceeding £2.00. No ticket may be issued except by way of sale at its full price and in no circumstances is any money to be returned.

- 4.2.5 No payment other than the price of a ticket shall be required of a person as a condition of his or her admission to participate in the lottery.

- 4.2.6 No ticket may be sold by or to a person under 16, nor may any ticket be sold to a person in any street, road, lane, etc., which is open to the public. A person must not sell tickets when visiting any other person at his or her home for any official, professional or commercial purpose not connected with lotteries. No ticket may be sold by means of a machine.

- 4.2.7 As stated in paragraph 4.1 above, the 'society' (i.e. Scout Group or District etc.) must be registered with the Registration Authority before holding any lotteries. There will be a fee payable on initial application and on annual re-registration. When registering the society the Registration Authority will advise on the rules and procedures for making returns after the lottery has been held.

5. 100,200 Clubs

100,200 Clubs or similar clubs are a popular form of fund raising. Such clubs are a variation on the straightforward lottery system and enable participants to enter simultaneously in a sequence of lottery draws. The Home Office has advised that these clubs may be operated as either a Private or a Societies lottery.

6. Local Lotteries

Local Lotteries, which are governed by Section 6 of the Act are lotteries promoted by a local authority and do not concern us.

SECTION B Competitions and Amusements

1. Amusements with Prizes

- 1.1 Amusements with Prizes are governed by Section 15 of The Lotteries and Amusements Act 1976 insofar as they take place at exempt entertainments, e.g.

fetes. The section refers to amusements with prizes which constitute lotteries or gaming or both, e.g. some of the 'sideshow' often found at fetes, which involve either skill or chance or some of each. They do not include gaming machines, nor gaming on premises licensed under the Gaming Act 1968.

- 1.2 Such amusements with prizes at exempt entertainments are not illegal providing that the whole proceeds of the entertainment, after deducting the expenses of the entertainment, are devoted to charitable purposes, e.g. District funds and that these amusements are not the only substantial attraction to the event.

2. Gaming machines

Gaming Machines are permitted by Section 33 of the Gaming Act 1968 at bazaars, fetes and similar entertainments run to raise funds for charity.

Where a machine is so used the whole proceeds of the event, including the takings of the machine, must be devoted to charitable purposes with the exception only of allowable expenses. These expenses are the expenses of running the event including those incurred in connection with the use of the machine, but if any lottery is promoted as an incident of the entertainment only the cost of printing tickets and a sum of money not exceeding £250 used in purchasing prizes are allowable expenses. As in the case of amusements with prizes there must be substantial attractions of a non-gambling nature to induce people to attend the event.

4. Whist Drives, Bingo and similar Games

- 4.1 Whist Drives, Bingo and similar games are a form of gaming allowed under Section 41 of The Gaming Act 1968 at entertainments promoted to raise funds for charity, not being amusements with

prizes as described in paragraphs 1 and 2 of this Section.

- 4.2 Such games are subject to the following conditions:-
- 4.2.1 In respect of all games played at the entertainment which constitute gaming not more than one payment (whether by way of entrance fee or stake or otherwise) shall be made by each player and no such payment may exceed £3.00.
- 4.2.2 The total value of all prizes and awards distributed in respect of those games shall not exceed £300.
- 4.2.3 The whole of the proceeds of the payments made (4.2.1 above), after deduction of expenses and sums spent on provision of prizes, must be applied to charitable purposes, e.g. Group funds.
- 4.2.4 The amount deducted for expenses must not exceed the reasonable cost of the facilities provided.
- 4.3 Where two or more entertainments of this nature are promoted on the same premises by the same persons on the same day they will be counted as a single entertainment. Where a series of entertainments is held otherwise than as above, the conditions in 4.2 will apply to each separately and in the case of a series of heats leading to a final the limit on the total value of prizes in the condition at 4.2.2 is raised to a maximum of £400.00 for the final entertainment.

5. Horse Races on Film

- 5.1 These races may constitute gaming and should not be promoted without prior enquiries of your local authority and the Gaming Board.
- 5.2 For the sake of clarity, 'racing' in which 'bets' are laid on the progress of model horses or tokens traversing a predetermined course by steps which are dictated by the throw of one or more dice

is regarded as a lottery since the winner is determined by chance and not by skill or knowledge.

APPENDIX

The Gaming Board for Great Britain

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