Dear Nicky,

Thank you for your letter of 23 July 2018 regarding changes to the maximum stakes for Fixed Odds Betting Terminals (FOBTs) and a future increase in Remote Gaming Duty (RGD).

In its March 2018 Economic and Fiscal Outlook the Office for Budget Responsibility (OBR) stated that the amount of Machine Games Duty (MGD) raised from FOBTs was £470m (in 2016/17). This includes revenue from B2 content (which is likely to disappear once the £2 limit is introduced) and other content (already subject to a £2 stake limit). We estimate that B2 content broadly makes up around 70% of the total MGD revenue from FOBTs, although exact figures on this are not recorded.

There is an additional loss to the Exchequer from the removal of B2 content, as other content on the machine will also be subject to a lower rate of MGD (20% rather than 25%).

HMRC and HM Treasury are currently determining how much of this loss will be recouped through movement to other dutiable gambling activities, however this model needs to be finalised and subject to scrutiny by the OBR before it would be appropriate to share it publicly.

With regards to the implementation timing, DCMS are informally consulting on what date the £2 maximum stake limit should come into force and an announcement will be made in due course. I will then determine the appropriate time for an RGD increase to ensure that the public finances are protected and we can continue to fund our vital public services.

PHILIP HAMMOND