ESTIMATES COMMITTEE
Question Taken on Notice

Question Number: 2-3

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Date: 10/06/2026

From: Ms Justine Davis, Member for Johnston

To: Hon Bill Yan

Portfolio: Treasurer

Agency: Treasury and Finance

Subject: Revenue collected under the capped wagering arrangements

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QUESTION:

What is the difference between the revenue currently collected under the capped wagering arrangements for betting exchange and sports bookmaker licence holders, and what will be collected if the 5% rate applied without a cap?

ANSWER:

Sports bookmakers and betting exchanges licenced in the Northern Territory are taxed at a rate of 5% on their total profits (i.e. total bets placed in Australia minus winnings paid out). In comparison, all other Australian jurisdictions apply a point-of-consumption (POC) tax. This tax applies only to the profits and commissions attributable to customers located within that jurisdiction, regardless of where the bookmaker or betting exchange is licensed. This means that Territory-licensed bookmakers and betting exchanges that take bets from customers in other Australian jurisdictions would be liable for both the Territory tax and interstate POC taxes.

In the 2024-25 financial year, there were 32 bookmakers and betting exchanges ('licensees'), licensed in the Northern Territory. Of those 32 licensees, 12 hit the annual tax liability cap of $1.41 million.

In the 2025-26 financial year, there were 26 licensees. The Department of Treasury and Finance projects that nine licensees will hit the tax cap of $2.9 million in the 2025-26 financial year. For those nine licensees, 5% of their profits/commissions for the 2025-26 financial year would be $279.08 million.

Notably, four large bookmakers account for approximately 88% of that amount. The financial performance, tax paid and hypothetical uncapped tax payable of all bookmaker and betting exchange licensees are shown in the table below for the 2024-25 financial year, 2025-26 financial year-to-date (up to 31 May 2026), and projected full 2025-26 financial year.

<table>
<tr><th>Financial Year</th><th>Turnover</th><th>Profit</th><th>Tax paid</th><th>Uncapped tax payable</th><th colspan="2">Annual tax cap</th></tr>
<tr><td>2024-25</td><td>$41.52b</td><td>$5.58b</td><td>$19.32m</td><td>$279.00m</td><td>1,000,000 revenue units</td><td>$1.41m</td></tr>
<tr><td>2025-26 (YTD)</td><td>$38.62b</td><td>$5.28b</td><td>$34.14m</td><td>$264.11m</td><td rowspan="2">2,000,000 revenue units</td><td rowspan="2">$2.90m</td></tr>
<tr><td>2025-26 (Projected)</td><td>$41.72b</td><td>$5.75b</td><td>$35.65m[1]</td><td>$287.86m</td></tr>
</table>

[1] Forecast for 2025-26 as presented in Table 6.5 of 2026-27 Budget Paper 2 – Budget Strategy and Outlook.

Theoretically, removing the tax cap and applying a 5% tax on profits/commissions derived by licensees would generate a projected bookmaker and betting exchange taxation revenue of $287.86 million for 2025-26, an increase of $252.21 million from the forecasted $35.65 million in the recent Budget (i.e. operating with a 2 million revenue unit tax cap).

However, an uncapped taxation regime would likely result in licensees relocating out of the Territory, and become licensed in another jurisdiction with more favourable tax settings.

This would result in a loss of revenue compared to the projected $35.65 million the Northern Territory expects to collect from betting exchange licensees and sports bookmaker licence holders in 2025-26.

In determining its tax settings, the Territory has considered the point of consumption tax levied by all other states and territories, on sports bets taken in their jurisdiction, as this would be paid in addition to the Territory's bookmaker and betting exchange tax.