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CYPRUS

I. INTRODUCTION

1. General Approach to Gambling

The Republic of Cyprus is an entirely **unitary state**, without any provinces or other federal or regional structures.

This report is in all probability incomplete at present, due in part to linguistic difficulties of comprehension, but also due to the quite limited availability of information in any language concerning Cypriot law on gambling. We are very much indebted to SAKOP (the Association Confronting Social Problems, based in Limassol), which undertook very substantial efforts to provide us with background information on the Cypriot gambling industry, with translations of some legislative provisions and with descriptions of the effects of other provisions. To conduct a general survey of the available laws and identify barriers contained therein, we engaged the highly competent services of Advocates Prokopis Dimitriadis, Veroniki Niagkou, Kalliopi Petzetaki and Konstantinos Rokas, all based in Athens, Greece. The provisions of Cypriot laws which are cited in this report are mostly translations prepared by those advocates.

The Cypriot government has for some time been considering whether and how to undertake a substantial revision of Cypriot gambling law, in particular so as to permit the supply of casino gaming services, which is presently prohibited. We understand that draft legislation to that effect is currently being finalised by the various legal services of the Republic. However, it has not yet been published and has not been submitted to the Cypriot parliament for consideration, so it will not be dealt with further in this report.

Cypriot legislation already makes provision for purely **offshore betting services** to be provided from Cyprus. The Cypriot government is permitted to make arrangements for the issuance of licenses allowing companies set up in Cyprus by foreign operators to provide pool betting services to punters outside Cyprus. This option, which would nevertheless prevent Cypriot operators from offering pool betting services to punters in other Member States and prevent the licensed foreign operators from offering pool betting services to punters in Cyprus, has not (yet) been exercised by the Cypriot government.

2. Definitions

Sec. 2 of the Law on Betting Houses, Gambling Houses and the Restriction of Gambling contains an indirect definition of the general concept of **gambling**. Thus, the fact of being involved in gambling is defined to mean playing or being involved in any game of luck or any game involving both luck and skill, for money or money's worth.

According to subsection 2(1) of the Lotteries Law, a **lottery** is defined extremely widely to include any scheme for the distribution of prizes by drawing or by means which depend on chance⁶³. It seems that this definition is wide enough to include **bingo**. Thus, clause (b1) of section 15, which was introduced by Law No. 71 of 1986, permits the Minister of Finance to issue a license to the Cyprus Broadcasting Corporation to conduct lotteries broadcast on radio television. A license has in fact been issued under that clause to permit the Corporation to run its highly successful Super Bingo game. Similarly, clause (b) permits the Minister of Finance to issue licenses allowing lotteries to be run in order to raise money for any

⁶³ Unofficial translation commissioned by the Swiss Institute of Comparative Law.

charitable purposes approved by him. It has been reported⁶⁴ that licenses to offer charitable bingo are regularly issued under that clause.

Under sec. 2 of the Collective Bets (Regulation and Taxation) Law 1997, the concept of a collective bet is defined to mean

a bet held by a number of persons participating in the bet:-

- (a) on the terms that the winnings shall be distributed or determined proportionally to the whole amount of the sums paid or agreed to be paid by the persons participating in the bet; or
- (b) on the terms that the winnings shall be or shall include a sum (not determined in relation to the sum paid or agreed to be paid by such persons) distributable in any proportion between such persons; or
- (c) on the basis that the winners or their winnings, to any extent, shall be determined in the unfettered judgment of the persons running the bet or any other person .

This definition effectively covers all forms of **pool or totalisator betting**.

3. Taxes

General

V.A.T. is generally not levied on revenue flows generated by gambling activity in Cyprus. Exceptions have been made⁶⁵ for the commissions retained by receivers of collective bets , assistant receivers of collective bets and agents of the Nicosia Racing Club from the gross betting revenues which they turn over. Those commissions attract V.A.T. at the rate of 15%.

Lotteries

The whole of the net proceeds of the Cyprus Government Lottery are paid into the public consolidated revenue fund and no special tax is levied on lottery revenues.

Casino Gaming

The operation of casino games in Cyprus is prohibited, so no taxes are imposed in this sector.

Machine Gambling Outside Casinos

The operation of gambling machines outside casinos is prohibited in Cyprus, so no taxes are imposed in this sector.

Betting

The Greek OPAP, which is permitted to operate in Cyprus through a local subsidiary company, pays into the Cypriot public consolidated revenue fund a substantial part of its net revenue generated in Cyprus from pool betting on the outcome of football matches. No special tax is levied on its activities.

⁶⁴ By SAKOP in a letter dated 19 August 2005.

⁶⁵ According to a letter of 31 August 2001, sent to us on behalf of the Permanent Secretary of the Ministry of Finance of the Republic of Cyprus. The letter does not indicate the legislative basis of these exceptions and we have not been able to identify them from the limited material otherwise available to us in respect of Cypriot law.

Under sec. 3 of the Taxation of Horseracing Bets and Sweepstakes Law 1973, as amended, tax is payable by punters at the rate of 10% of the gross amount staked. We have been informed⁶⁶ that the Nicosia Race Club pays tax to the local municipality of Agios Dometios at the rate of 1% of the gross amount of all bets taken by the Club. As the Club enjoys a monopoly right to take **bets in Cyprus on the outcome of horseracing**⁶⁷, this obligation effectively brings the total tax burden to 11%.

Under subsec. 8(2) of the Collective Bets (Regulation and Taxation) Law 1997, **all other lawful pool betting** is subject to tax at the rate of 25% of the gross amounts staked. Licensed receivers of collective bets are required by subsec. 3(7) to pay annual license fees of CYP£5 000.- (approx. 8 700.-). According to statistical information received⁶⁸, this is about 1% of the average total sum of tax paid annually by individual receivers. The effective total tax burden on non-horserace pool betting may therefore be considered to amount to 26%.

Bingo

On the basis of the limited information available to us⁶⁹, it appears that no tax is levied on bingo played in Cyprus, whether in the traditional form offered by charitable associations and sporting clubs, nor in the commercial form offered by the Cyprus Broadcasting Corporation.

Media Gambling Services

⁶⁶ By a letter of 31 August 2001, sent on behalf of the Permanent Secretary of the Ministry of Finance of the Republic of Cyprus. The letter does not indicate the source of law underpinning this municipal tax and we have not been able to identify it from the limited material otherwise available to us in respect of Cypriot law.

⁶⁷ Refer below, points III, a), 5. and III, b), A).

⁶⁸ From the Ministry of Finance of the Republic of Cyprus, in the same letter of 31 August 2001. The relevant statistics are those concerning the total tax revenue received from Collective Bets on Sports Events other than horseracing and football matches, as well as the total number of licensed receivers of collective bets .

⁶⁹ Some valuable general background information was provided to us by SAKOP in a letter dated 19 August 2005. In a letter of 31 August 2001, sent to us on behalf of the Permanent Secretary of the Ministry of Finance of the Republic of Cyprus, bingo is mentioned only to the effect that no economic and statistical information about it is available. This is perfectly consistent with the thesis that no taxes are levied on bingo.

To the very limited extent that media gambling services may lawfully be provided in Cyprus⁷⁰, they are apparently not subjected to taxation.

Sales Promotional Gambling

The operation of commercially lucrative sales promotional games in Cyprus is prohibited, so no taxes are imposed in this sector.

Charity Gambling

On the basis of the limited information available to us in respect of charity gambling services supplied in Cyprus⁷¹, it appears that they are not subjected to taxation.

⁷⁰ Refer below, point III. a) 7.

⁷¹ Refer below, point III. a) 9.

II. LISTING**A) LEGISLATION ENACTED****1. General**

Law No. 185(I) of 2004 amending the Prevention and Suppression of Money Laundering Activities Laws
Law No. 118(I) of 2003 amending the Prevention and Suppression of Money Laundering Activities Laws
Law No. 152(I) of 2000 amending the Prevention and Suppression of Money Laundering Activities Laws
Law No. 120(I) of 1999 amending the Prevention and Suppression of Money Laundering Activities Laws
Prevention and Suppression of Money Laundering Activities Laws 1996 to 1998

2. Lotteries

Lotteries Law (Chapter 74 of the Statute Laws of Cyprus, as amended, most recently by Law No. 3014 of 3 November 1995)

3. Casino Gaming

Law on Betting Houses, Gambling Houses and the Restriction of Gambling (Chapter 151 of the Statute Laws of Cyprus, as amended, most recently by Law No. 15(I) of 1998)

4. Machine Gambling Outside Casinos

Law on Betting Houses, Gambling Houses and the Restriction of Gambling (Chapter 151 of the Statute Laws of Cyprus, as amended, most recently by Law No. 15(I) of 1998), section 6A⁷²

5. Betting

Law Ratifying the Inter-Governmental Agreement between Cyprus and Greece concerning OPAP (Law No. 35(III) of 2003)
Collective Bets (Regulation and Taxation) Law 1997, Law No. 75(I)/97, as amended by Law No. 176(I) of 2004
Taxation of Horseracing Bets and Sweepstakes Law 1973 (Law No. 48 of 1973), as amended by Law No. 23 of 1976 and Law No. 28(I) of 1999
Collective Bets (Regulation and Taxation) Regulations, No. 102 of 1998

⁷² Apparently due to some insufficiencies of legislative drafting, this Law contains two adjacent sections, both numbered 6A. The section concerning gambling machines is the second of these, introduced by Law No. 23 of 1965 and modified by Law No. 166 of 1987.

6. Bingo

No legislative provision is expressly made for gambling in the form of bingo in Cyprus⁷³.

7. Media Gambling Services

Lotteries Law (Chapter 74 of the Statute Laws of Cyprus, as amended, most recently by Law No. 3014 of 3 November 1995), section 8

8. Sales Promotional Gambling

Lotteries Law (Chapter 74 of the Statute Laws of Cyprus, as amended, most recently by Law No. 3014 of 3 November 1995), section 8

9. Charity Gambling

Lotteries Law (Chapter 74 of the Statute Laws of Cyprus, as amended, most recently by Law No. 3014 of 3 November 1995), sections 6, 7 and 15(b)

⁷³ But refer above, to point I.2. of this report on Cyprus.

B) DRAFT LEGISLATION

We understand that some legislative amendments and supplements concerning various sectors of the Cypriot gambling industry have recently been drafted at the behest of the Cypriot government. However, these drafts have not yet been published or introduced into the Cypriot Parliament.

C) SELF-REGULATION

The very limited information which has been provided or is otherwise available to us does not indicate that any self-regulatory norms have been adopted by any of the sectors of the Cypriot gambling industry.

D) JURISPRUDENCE

The authors of this report do not have direct access to Cypriot jurisprudence. We have been informed⁷⁴ that the Cypriot courts have not handed down any important jurisprudence concerning gambling law.

⁷⁴ By the Unit for Combating Money Laundering which has been established within the Law Office of the Republic of Cyprus and by the Ministry of Finance of the Republic of Cyprus.

III. BARRIERS

a) Panorama

1. General

The Cypriot legislation aimed at preventing and punishing money laundering does not constitute a barrier to free movement of gambling services. We have not been provided with copies of all of the relevant legislation (the 2000 and 2003 amendments are not at our disposal). From what is available to us however, it is reasonable to conclude that Cypriot gambling operators have not been classified as engaged in relevant financial business and that the special legislative procedures which must be followed by persons engaged in relevant financial business do not apply to gambling operators⁷⁵.

2. Lotteries

According to sec. 10 of the Lotteries Law, every lottery is illegal. Various related criminal offences are established by sec. 11, including the sale, purchase or distribution of foreign lottery tickets and the advertisement of or attempt to enter a foreign lottery in Cyprus. Other provisions of the Law make exceptions to the general prohibition. Most of them concern non-commercial lotteries. The only exception that could encompass commercially oriented lotteries is contained in sec. 9, which states that Part III of the Law is not applicable to government lotteries. Part II of the Law indeed makes provision for the operation of the Cyprus Government Lottery. The combined effect of these provisions is that **Cypriot law establishes and protects a national monopoly in the supply of lottery services.**

3. Casino Gaming

Subsec. 3(1) of the Law on Betting Houses, Gambling Houses and the Restriction of Gambling makes it a criminal offence, punishable by imprisonment for up to one year and/or a fine of up to CYP£1 000 (approx. 1 700), to manage, use or permit the use of premises for the playing of games which, according to sec. 6, include common casino games like craps and roulette. Subsec. 6(1), which was amended in 1987 and 1998, itself makes it a criminal offence, punishable to the same extent as the offences created by subsec. 3(1), for a person wherever located to play, or to get together with other persons for the purpose of playing, those games. It would appear that the object of subsec. 6(1) is to include casino gaming conducted by means of communications technology within the general criminal prohibition. The only legislative exception provided to these prohibitions is to be found in the first sec. 6A⁷⁶, which permits district prefects to issue licenses for the conduct of a traditional game called kajadee, normally as a kind of sideshow on streets or squares in the single district for which the holder may be licensed at any one time. The combined effect of the provisions is accordingly to **establish a complete legal barrier to the supply of casino gaming services in Cyprus.**

⁷⁵ The Head of the Unit for Combating Money Laundering, established in the Law Office of the Republic of Cyprus, has informed us that no statistical information is available concerning the incidence of money laundering through gambling operations of any type in Cyprus. She also noted (presumably by way of justification) that no casinos are currently operating in Cyprus.

⁷⁶ Introduced by Law No. 15(I) of 1998.

4. Machine Gambling Outside Casinos

In the Law on Betting Houses, Gambling Houses and the Restriction of Gambling, the second section 6A⁷⁷ makes it a criminal offence, punishable by imprisonment for up to two years and/or a fine of up to CYP£1 500 (approx. 2 550), to manufacture, import, possess, use or offer any slot machine for use in Cyprus. There are no legislative exceptions to this prohibition. The effect of this provision is accordingly to **establish a complete legal barrier to the supply in Cyprus of machine gambling services outside casinos.**

5. Betting

Two Cypriot laws permit the commercial supply in Cyprus of gambling services in the form of collective bets, which term essentially refers to **totalisator and other pool betting**, but is defined⁷⁸ to **include any kind of betting where the prize paid out to a winner does not depend on fixed odds**. Those laws constitute exceptions to the general prohibition of provision of betting services that is laid down by the Law on Betting Houses, Gambling Houses and the Restriction of Gambling. Sec. 3 makes it a criminal offence to manage, use or permit the use of premises as a house of bets, which term is defined to include any kind of betting shop or other premises from which betting services are offered or organised. As there is no similar legislative exception for fixed-odds or bilateral betting services, we must conclude that **Cypriot law imposes a complete barrier to the supply of any and all such fixed-odds betting services.**

The Taxation of Horseracing Bets and Sweepstakes Law 1973, together with the Collective Bets (Regulation and Taxation) Regulations 1998, effectively assures to the Nicosia Race Club a **monopoly on pool betting in Cyprus on the outcome of horse races**. That Law makes it a criminal offence to bet on horse racing otherwise than by use of coupons or other documents issued by the Nicosia Race Club, which in fact issues them only to its authorised agents. The Regulations oblige licensed betting shops, if they wish to offer bets on horse races held in Cyprus, to obtain the permission of the Nicosia Race Club.

The Collective Bets (Regulation and Taxation) Law 1997 foresees that pool betting will be offered in Cyprus by collective bet companies, which do not need to be incorporated or registered in Cyprus, but which must each have paid up share capital of at least approx. 175 000 and which must have the supply of pool betting services as their only object. The Law imposes a **compulsory licensing regime** on receivers of collective bets, which are defined as persons who receive or negotiate collective bets or otherwise engage in the business of collective betting as agents of a collective bet company, as well as on assistant receivers of bets, which are defined as persons who do the same thing as agents for those agents! Under the Collective Bets (Regulation and Taxation) Regulations 1998, these licensees may offer pool betting on football or basketball matches, on any other sporting competition or other event which is authorised by the relevant Cypriot minister, or on horse races if authorisation is obtained from the Nicosia Race Club. **Betting is allowed on international matches involving a Cypriot team, including a national team representing Cyprus, only if the result also depends on at least three foreign teams. Only natural persons having Cypriot or EU nationality, or corporate persons registered in Cyprus as companies limited by shares, may be licensed to act as receivers or assistant receivers.** Licensees are normally also required to obtain licenses in respect of each of the premises in which they operate and to keep at those premises a government approved cash register for marking betting coupons. Any person, whether as provider or as consumer of betting services, who enters into a pool bet other than by means of such marked coupons,

⁷⁷ Introduced by Law No. 23 of 1965 and modified by Law No. 166 of 1987.

⁷⁸ Refer above, to point I.2. of this report on Cyprus.

commits a criminal offence. To the extent that customers' legal rights depend upon the marked coupons, this legislative provision effectively prevents any kind of remote pool betting in Cyprus and in any case makes it illegal for operators outside Cyprus to supply pool betting services to Cyprus.

It is worth noting that Cypriot legislation has made provision for the issuance of licenses to persons wishing to offer pool betting services on a purely offshore basis. Subsection 12(1) of the Collective Bets (Regulation and Taxation) Law 1997 expressly permits the Cypriot government to promulgate regulations providing for the grant of pool betting licenses to offshore companies. These are defined in subsec. 12(2) as companies which are incorporated, registered, managed and controlled in Cyprus, but owned exclusively by persons who do not have Cypriot nationality and which are in the business of offering pool betting services outside Cyprus on events taking place in Cyprus. As no such regulations or licenses have apparently been issued to date, these provisions may not constitute a barrier in themselves, but rather confirm the finding that operators in other EU Member States are not permitted to supply pool betting services to the Cypriot market.

6. Bingo

No express statutory provision has been made for bingo services offered in Cyprus. It would appear from the wording of the definition of the term, 'being involved in gambling'⁷⁹, which appears in sec. 2 of the Law on Betting Houses, Gambling Houses and the Restriction of Gambling, that bingo would fall within the scope of the general criminal offence of engaging in gambling in a house of gambling, as provided by sec. 4. In the alternative, if bingo falls within the scope of the Lotteries Law, as is apparently thought in Cyprus⁸⁰, it would be illegal to provide bingo services without a license⁸¹. However, it has been reported⁸² that bingo is in fact quite popular in Cyprus and that many sporting associations and charitable organisations actually raise money from bingo without obtaining licenses and without being pursued by law enforcement authorities. This does not in itself mean that commercial bingo services could be provided in Cyprus by operators established in other EU Member States, without fear of prosecution, but it does require us to **conclude that there is no clear barrier to the free movement of bingo services into Cyprus.**

7. Media Gambling Services

Subsec. 8(1) of the Lotteries Law makes it **unlawful to run a prize competition through or by means of any newspaper**, if the result is determined by chance or prediction, rather than by the exercise of skill. Subsec. 8(2) provides imprisonment for up to six months, or a fine, or both as punishments for the criminal offence which is committed by anyone who contravenes that prohibition. This is clearly a barrier to the supply of media gambling services by newspaper proprietors, at least to the extent that games based mostly on chance are more attractive to players and thus more commercially lucrative than competitions based on the exercise of skill.

It should be noted that the Super Bingo product being offered by the Cyprus Broadcasting Corporation may be characterised as a media gambling service. If we have understood the situation correctly, this involves a media operator offering a gambling service, namely bingo

⁷⁹ Refer above, to point I.2. of this report on Cyprus.

⁸⁰ Refer *ibid.*

⁸¹ Refer above, to point III, a), 2. of this report on Cyprus.

⁸² By SAKOP, in a letter dated 19 August 2005, referring to publicity leaflets circulated by Cypriot football clubs..

or a form of lottery⁸³, in the hope of generating profits for itself. The Cyprus Broadcasting Corporation is offering this service under a lottery license which it alone is permitted to obtain under sec. 15 of the Lotteries Law.

Most if not all other prize competitions run by and for the benefit of media operators in Cyprus would indeed be likely to fall within the Lotteries Law s very wide definition of a lottery⁸⁴. Indeed, subsec. 8(2) states that the fact that a person has committed the offence of running an unlawful prize competition does not prevent the prosecution of that person for running an illegal lottery.

The result of all these provisions is effectively that **the Cyprus Broadcasting Corporation has been accorded a monopoly right to offer commercially lucrative media gambling services in Cyprus.**

8. Sales Promotional Gambling

The general prohibition of media prize competitions⁸⁵ laid down by subsec. 8(1) of the Lotteries Law also applies to sales promotional prize competitions. Thus, it is **unlawful in Cyprus to offer a prize competition, the outcome of which does not depend upon the exercise of skill, if the offer relates to the sale of any item to the public or to a business or undertaking which sells any item to the public.** Again, most if not all sales promotional prize competitions would also be likely to fall within the broad scope of the general prohibition imposed by Cypriot law on the organisation of lotteries⁸⁶. We are not aware of any exceptions to these restrictions and conclude that the relevant provisions impose a **complete barrier to the supply of commercially lucrative sales promotional gambling services in Cyprus.**

9. Charity Gambling

In addition, it appears⁸⁷ that sporting associations and charitable organisations are permitted to provide bingo services in Cyprus for their own profit, without having to obtain any licenses. These factors do not of themselves mean that charitable gambling service providers established in other EU Member States could undertake activities in Cyprus without fear of prosecution, but they do require us to **conclude that there is no clear barrier to the free movement of charity gambling services into Cyprus.**

⁸³ Refer above, to point III, a), 2. of this report on Cyprus.

⁸⁴ Refer above, to point I.2. of this report on Cyprus.

⁸⁵ Refer above, to point III, a), 7. of this report on Cyprus.

⁸⁶ Refer above, to point III, a), 2. of this report on Cyprus.

⁸⁷ Refer above, to point III, a), 6. of this report on Cyprus.

b) Table

A) LEGISLATION ENACTED

Applicable Laws and specifically relevant provisions	Barriers to the Free Movement of Gambling Services	Justifications for Continuation of Barriers
<p>Lotteries Law, section 9 “No provision included in this Part shall apply in relation to a Government Lottery”.</p> <p>Lotteries Law, section 10 “Subject to the provisions of this Part, every lottery is illegal”.</p> <p>Lotteries Law, subsection 11(1) (extract) “Subject to the provisions of this section, every person who, in relation to any lottery which is established or is going to be established in the Republic or elsewhere:- ... (c)(iv) brings or asks any person to send into the Republic, for the purpose of sale or distribution, any lot in or any advertisement of a lottery; (c)(v) sends or attempts to send outside the Republic any sum of money or any object of value received following sale or distribution of any lot or any document which refers to the sale or distribution or the identity of the holder of any lot or of any coupon which gives the right to participate in the drawing of any lottery”.</p>	<p>Cypriot law effectively establishes and protects a national or State monopoly in the supply of lottery services.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

<p>Law on Betting Houses, Gambling Houses and the Restriction of Gambling, subsection 3(1) "A person who: (a) while he is the owner or possessor of any premises, or uses them temporarily or in any other way, maintains or uses these premises as a house of bets or a house of gambling or for playing any of the games to which sec. 6 of the present Law applies; or (b) allows premises of which he is the owner or possessor, or which he uses temporarily or in any other way, to be used as a house of bets or a house of gambling or for playing any of the games to which sec. 6 of the present Law applies; or (c) is in charge or manages or in any way helps or is involved in the management of premises which are maintained or used as a house of bets or a house of gambling or for playing any of the games to which sec. 6 of the present Law applies, is guilty of a crime and is subject to imprisonment not exceeding a year or to a fine which does not exceed a thousand pounds or to both those penalties of imprisonment and fine".</p> <p>Law on Betting Houses, Gambling Houses and the Restriction of Gambling, section 6 "A person, wherever located, who plays any of the games which are widely known as "tsiolo", "dice" or "roulette" or any other similar game which, according to the opinion of the court that adjudicates on the crime, is a variation of any of those games, or who gets together with other persons in order to play any of the above mentioned games or their variations, is guilty of a crime and is subject to imprisonment for a period not exceeding one year or to a fine which does</p>	<p>Cypriot law prohibits any and all supply of commercial casino gaming services.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>
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<p>not exceed one thousand pounds or to both those penalties of imprisonment and fine. (2) The Council of Ministers is entitled by decree to declare any game as being a game for the purposes of section (1) of this section in addition to the games that are provided for therein and immediately thereupon, the provisions of subsection (1) of this section will be applicable to that game in the same way as they are applied in respect of the games which are currently provided for in that article. (3) A person who, in any street, club, coffee shop, hotel or motel, or any premises which are licensed to sell alcohol to the public, or in premises where people gather, or in premises of entertainment of the public, possesses any organs or machines which are used or appear to be used or are going to be used or have been used to play any of the games in relation to which this article applies, is guilty of a crime and is subject to imprisonment for a period not exceeding one year or to a fine which does not exceed one thousand pounds or to both those penalties of imprisonment and fine".</p>		
<p>Law on Betting Houses, Gambling Houses and the Restriction of Gambling, second section 6A(1) "Any person who - (a) uses in any place or puts into operation any slot machines or participates in gatherings in order to use or put into operation any machines of such kind; (b) controls or possesses any machines of such kind; (c) imports or manufactures any machines of such kind; is guilty of an offence and is liable to imprisonment for a period not exceeding two</p>	<p>Cypriot law prohibits any and all supply of machine gambling services outside casinos.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

III. BARRIERS Table LEGISLATION ENACTED

CYPRUS

<p>years or a fine not exceeding £1,500 [approx. €2,550] or to both of these penalties and the court which judges the case may order the confiscation of the machine in relation to which the offence is committed”.</p>		
<p>Law on Betting Houses, Gambling Houses and the Restriction of Gambling, section 2 (extract) “house of bets’ means any premises used – (a) for betting being held between the persons frequenting the premises and - (i) the owner, the possessor or whoever has the maintenance of the premises or whoever makes use of the premises, or (ii) any person working on commission or on hire for, or conducting for, or on behalf of any such owner, possessor, or person maintaining or making use of the premises, or (iii) any person preoccupied with the business or management or in any way managing the business conducted in the premises, or (b) for the purpose of payment or collection in it (i.e. in the premises) of any money or other property by, or on behalf of the owner, possessor, or person maintaining or making use of the premises as, or as quid pro quo for - (i) assuring, obligating, promising or agreeing, explicitly or tacitly, to pay or later provide any money or other property for any event or possibility related to horse-racing or other race, fight, game or exercise of skills, or (ii) assuring the payment, or furnishing by another person, of any money or other property for any such event or possibility”.</p>	<p>It is generally a criminal offence to offer betting services in Cyprus. Legislative exceptions to that prohibition have been enacted only in respect of pool betting services. Cypriot law accordingly prohibits any and all supply of fixed-odds betting services.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

<p>Law on Betting Houses, Gambling Houses and the Restriction of Gambling, subsection 3(1) "A person who: (a) while he is the owner or possessor of any premises, or uses them temporarily or in any other way, maintains or uses these premises as a house of bets or a house of gambling or for playing any of the games to which sec. 6 of the present Law applies; or (b) allows premises of which he is the owner or possessor, or which he uses temporarily or in any other way, to be used as a house of bets or a house of gambling or for playing any of the games to which sec. 6 of the present Law applies; or (c) is in charge or manages or in any way helps or is involved in the management of premises which are maintained or used as a house of bets or a house of gambling or for playing any of the games to which sec. 6 of the present Law applies, is guilty of a crime and is subject to imprisonment not exceeding a year or to a fine which does not exceed a thousand pounds or to both those penalties of imprisonment and fine".</p>		
<p>Taxation of Horseracing Bets and Sweepstakes Law 1973, section 2 (extract) "In the present Law, unless it otherwise appears from the text – 'horseracing authority' means the Nicosia race Club and includes the trustees, agents, assignees and successors in title thereof; ... 'horseracing bet' means the collective bet based on forecasts of the results of horse races held on that day in the Republic"</p>	<p>The Nicosia Race Club is effectively assured a legislative monopoly over the supply of pool betting services in respect of horseracing in Cyprus.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

<p>Taxation of Horseracing Bets and Sweepstakes Law 1973, section 6 “(1) No horseracing bet or sweepstake may be made otherwise than by a coupon or pre-printed form or other document provided by the horseracing authority and on which the prescribed tax has been levied. (2) Failure to levy the prescribed tax voids the horseracing bet or sweepstake and constitutes a violation of the Law”.</p> <p>Collective Bets (Regulation and Taxation) Regulations 1998, subsec. 8(b) (extract) “... if horseracing bets are conducted in the licensed premises in relation to horse races being held in Cyprus by the Nicosia Race Club, the permission of the Club is required”.</p>		
<p>Collective Bets (Regulation and Taxation) Law, 1997, subsection 3(1) “Any person who carries out the business of receiving collective bets shall not do any act in relation to such business unless he is the holder of a license of receiver or assistant receiver of collective bets which is granted hereunder and which is referred to as a ‘receiver license’ or ‘assistant receiver license’ whichever the case might be”.</p> <p>Collective Bets (Regulation and Taxation) Law, 1997, section 4 (extract) “A license of receiver or assistant receiver is not issued to a person who: (a) is not a citizen of the Republic of Cyprus or a Member State of the European Union, or company limited by shares registered in</p>	<p>Pool or totalisator betting services on events other than horse races may only be offered to punters by persons who have been accorded licenses by the Cypriot government and such licenses will only be issued to natural persons who are EU nationals or to corporate persons which are incorporated in Cyprus. While these provisions do not prevent operators from other Member States establishing themselves in Cyprus by incorporating a Cypriot company, they will normally prevent such operators from directly supplying pool betting services to Cyprus and therefore constitute a barrier.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

<p>Cyprus under the provisions of the Companies Law or any law which amends or replaces it; (b) ...”</p>		
<p>Collective Bets (Regulation and Taxation) Law, 1997, section 5 “(1) The making or taking of any collective bet in any means other than by a coupon the form of which has received the approval of the Minister and which is issued or provided by the receiver or assistant receiver within licensed premises is prohibited. (2) Any receiver or assistant receiver of collective bets is obligated to maintain at the licensed premises a special cash register for the marking of coupons issued or provided by the said receiver or assistant receiver of collective bets which has received the approval of the Minister. (3) Any person violating the provisions of this section is guilty of a criminal offence and is liable to imprisonment for a term not exceeding one year or to a fine not exceeding £50.000 [approx. € 87'125] or both”.</p>	<p>As lawful pool betting may be conducted only by means of physical coupons marked by machines located in betting shops, it is effectively illegal for operators in other Member States to supply betting services to Cyprus by means of communications technology. This may be seen as a complete barrier to free movement of remote betting services.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>
<p>Lotteries Law, section 2 (extract) “lottery’ means any scheme for the distribution of prizes by drawing or by means which depend on chance”. Lotteries Law, section 8 “(1) (a) Any competition offering prizes for the prediction of a result, or for the prediction of a future event or of a past event whose result has not yet been determined or has not yet been made public, and</p>	<p>Cypriot law effectively reserves to the Cyprus Broadcasting Corporation the exclusive right to offer commercially lucrative media gambling services.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

<p>(b) Any other competition, success in which does not depend on the exercise of any skill may not be lawfully held through any newspaper or by means of it, or when its conduct is related to the sale of any item to the public or related to any project or undertaking related to the sale at issue.</p> <p>(2) Any person violating any of the provisions of this Article shall be guilty of an offence and is liable to imprisonment for a period of up to 6 months or to a pecuniary fine not exceeding 450 Pounds or to both of the above penalties, without prejudice however to any criminal liability that may be imposed upon him in the event that he is prosecuted under the provisions of this Law which concern lotteries".</p> <p>Lotteries Law, section 15 (extract) "None of the provisions included in this Part shall apply to: ... (c) any lottery that is being organised by or for the Cyprus Broadcasting Corporation in the context of any radio or television broadcast, with the prior permission of the Minister of Finance and according to such instructions, terms or limitations as he considers necessary or expedient to give or impose".</p>		
<p>Lotteries Law, section 8 "(1) (a) Any competition offering prizes for the prediction of a result, or for the prediction of a future event or of a past event whose result has not yet been determined or has not yet been made public, and (b) Any other competition, success in which does not depend on the exercise of any skill</p>	<p>Cypriot law imposes a complete barrier to the supply of commercially lucrative sales promotional gambling services.</p>	<p>The limited information that is currently available to us about Cypriot law affecting gambling activities does not provide any indications of one or more justifications having been advanced in support of the maintenance of this barrier to a free internal market for gambling services.</p>

III. BARRIERS Table LEGISLATION ENACTED

CYPRUS

<p>may not be lawfully held through any newspaper or by means of it, or when its conduct is related to the sale of any item to the public or related to any project or undertaking related to the sale at issue.</p> <p>(2) Any person violating any of the provisions of this Article shall be guilty of an offence and is liable to imprisonment for a period of up to 6 months or to a pecuniary fine not exceeding 450 Pounds or to both of the above penalties, without prejudice however to any criminal liability that may be imposed upon him in the event that he is prosecuted under the provisions of this Law which concern lotteries”.</p>		
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B) DRAFT LEGISLATION

No draft legislation concerning gambling services is presently before the Cypriot legislature⁸⁸.

⁸⁸ Refer above, to point I.1. of this report on Cyprus.

C) SELF-REGULATION

The very limited information which has been provided or is otherwise available to us does not indicate that any self-regulatory norms have been adopted by any of the sectors of the Cypriot gambling industry.

D) JURISPRUDENCE

The authors of this report do not have direct access to Cypriot jurisprudence. We have been informed⁸⁹ that the Cypriot courts have not handed down any important jurisprudence concerning gambling law.

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By the Unit for Combating Money Laundering which has been established within the Law Office of the Republic of Cyprus and by the Ministry of Finance of the Republic of Cyprus.