

GUIDE ON PRIVATE LOTTERIES DUTY

Topics

- Introduction to Private Lotteries duty
- Record keeping and filing requirements
- Accounting for cashless wagering
- The role of external auditor

What is Private Lotteries Duty

Private lottery - a lottery offered only to members of clubs whereby money is allotted in any manner depending upon chance or lot (For example: Fruit machine operation, Lucky Draws).

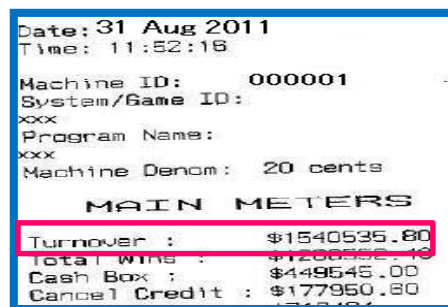
Private Lotteries Duty – a duty payable by a club for promoting the lottery

How is Private Lotteries (PL) Duty Computed

	Fruit Machine	Lucky Draw, Tombola
Private Lotteries Duty	9.5% x (Turnover – GST Chargeable)	30% x (Sales – GST Chargeable)
GST Chargeable	7/107 x (Turnover – Total Winnings Paid)	7/107 x (Sales – Cash Prizes)

Computing PL Duty for Fruit Machine

- **Turnover:**
 - The amount of bets wagered.
 - The amount can be obtained from the fruit machine's soft meter printout and hard meter reading.



```
Date: 31 Aug 2011  
Time: 11:52:16  
Machine ID: 000001  
System/Game ID:  
xxx  
Program Name:  
xxx  
Machine Denom: 20 cents  
  
MAIN METERS  
Turnover : $1540535.80  
Total Wins : $120000.00  
Cash Box : $449545.00  
Cancel Credit : $177950.80
```



- A \$1 betting capital may generate more than \$1 in turnover – this happens when the player places more bets with his winnings.

Computing PL Duty for Fruit Machine

- **Total Winnings Paid:**
 - The amount which is paid out in money, vouchers (TITOs) or electronic credit transfer to a player as an outcome of him placing a bet on the fruit machine
 - Includes:
 - Increments recorded on Total Win meters
 - Payouts through linked jackpot system.
Example: Cascade (which are not captured in the Total Win meters)
 - Redemption of expired TITOs
 - Excludes:
 - Non-monetary prizes
 - Winnings that are not paid out to playersExamples:
 - i) Expired TITOs
 - ii) Unclaimed winnings
 - iii) Unclaimed credits left in machines

Computing PL Duty for Fruit Machine

- **Linked Jackpot System:**

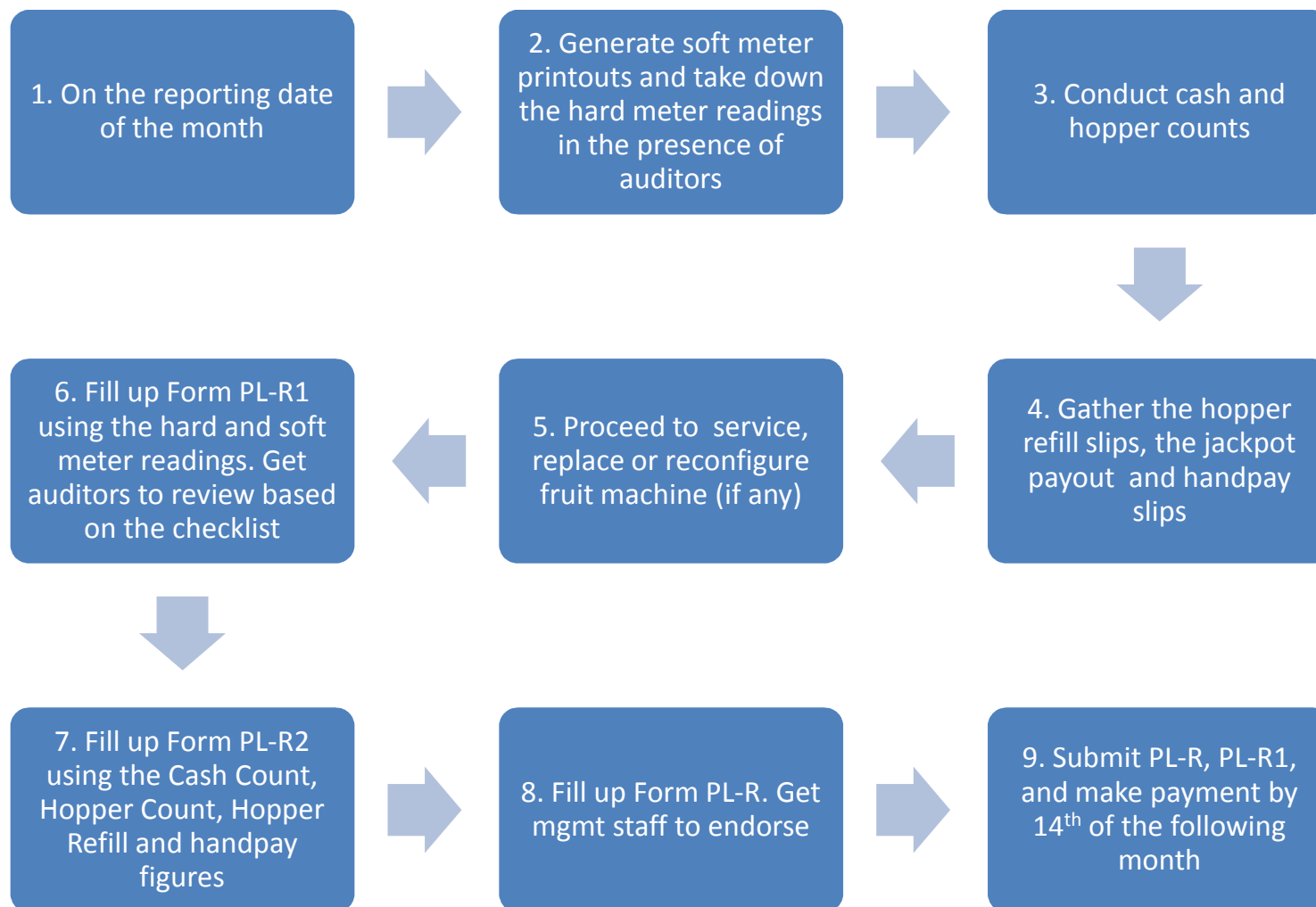
- a.k.a. Cascade, Progressive Jackpot, Bonusing system, Mystery Jackpot



- Links multiple machines together to offer additional jackpots to players
- These jackpots are usually not an integral part of the game that is hosted in the fruit machine and as such, the payouts are usually not captured in the Total Win meters
- When the payouts are excluded from the Total Win meters, they can be included to form part of the Total Winnings Paid to work out the GST Chargeable

Record keeping and filing requirements

Duty reporting process



Records to be kept

2. Generate soft meter printouts and take down the hard meter readings in the presence of auditors



- Soft Meter print outs
- Hard Meter reading records
- Audit checklist

3. Conduct cash and hopper counts



- Cash count records
- Bank in slips
- Hopper count records

4. Gather the hopper refill slips, the jackpot payout and handpay slips



- Hopper refill slips
- Jackpot payout and handpay slips
- System reports for Cashless In and Out, handpay

5. Proceed to service, replace or reconfigure fruit machine

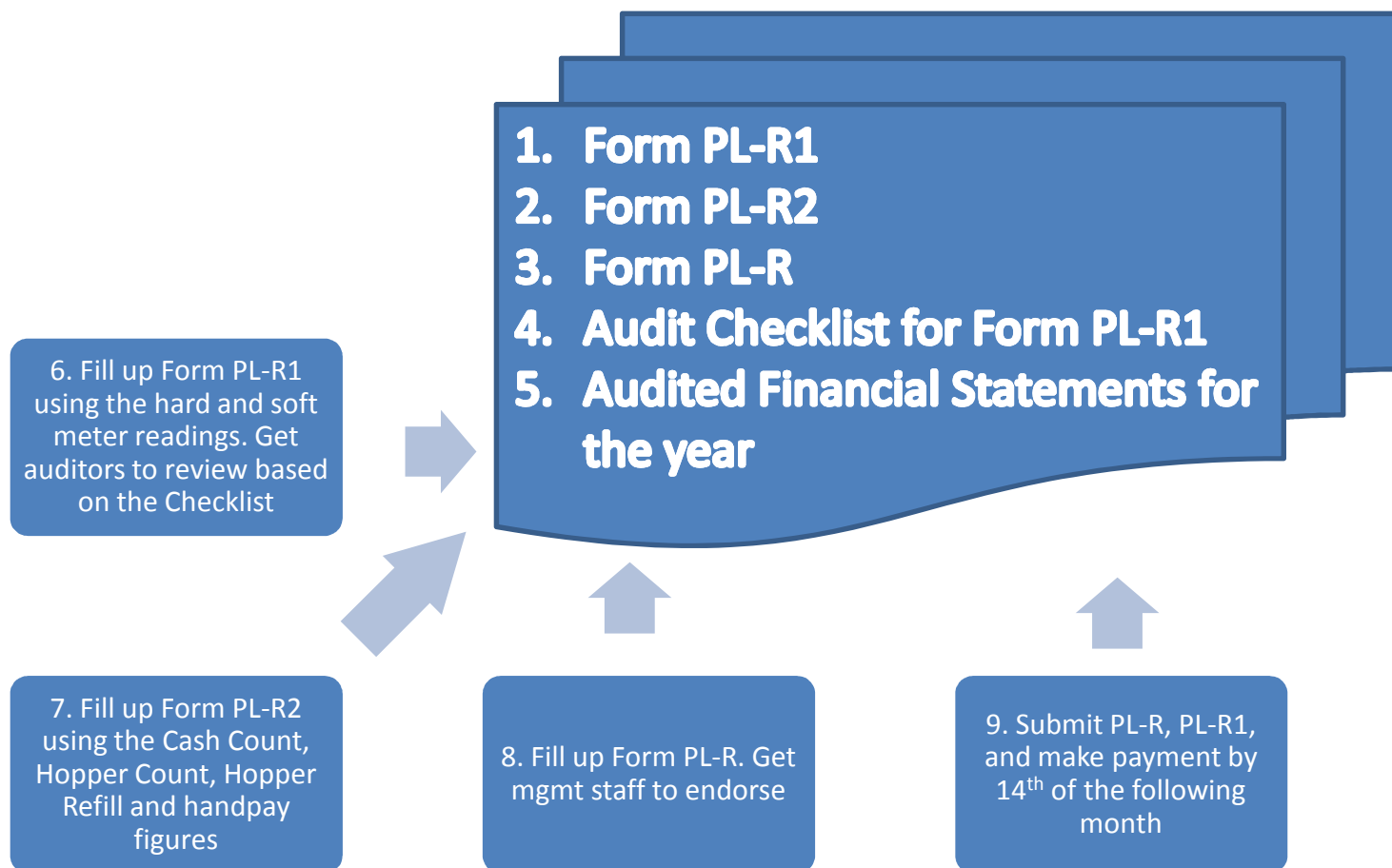


- Investigation findings (Technician Report) for variances on PL-R1 and PL-R2
- Soft meter print outs for meter resets, replacement
- Hard Meter Seal Register for meter or machine replacement

Records to be kept

- For at least 5 years
- There are penalties for failure to comply with the record keeping requirements

Documents to submit/maintain



Documents to be submitted

What to submit	When to submit	To note
Form PL-R (Private Lotteries Duty Return)	<ul style="list-style-type: none"> By 14th of the following month 	-A nil return is required even when there is no lottery conducted during the reporting month
Form PL-R1 (Reconciliation of Soft and Hard Meter Readings)	<ul style="list-style-type: none"> By 14th of the following month 	<p>-PL-R1 is not required if there is no fruit machine operations for the reporting month. Please notify IRAS in writing 2 weeks before suspending the fruit machine operations and state the reason</p> <p>-If there is a difference of > \$5 between the soft and hard meter readings, please provide the explanation in the "Reason if meter difference > \$5" worksheet and submit it to IRAS</p>

Documents to be submitted

What to submit	When to submit	To note
Form PL-R2 (Reconciliation of Meter Readings and Actual Cash Flow)	<ul style="list-style-type: none"> Upon IRAS' request 	
Audit Checklist for Form PL-R1	<ul style="list-style-type: none"> By 14th of the following month <u>only when</u> audit exception is noted 	<p>-If no audit exception is noted, please keep and submit the checklist upon IRAS' request</p> <p>-If the club is issued with the full Auditors' Report, there is no need to submit it to IRAS</p>
Audited Financial Statements for the year	<ul style="list-style-type: none"> Annually within 6 months from club's financial year-end 	<p>-If the PL lottery revenue figures in the audited financial statements do not agree with the club's duty submissions for that year, please provide the reconciliation workings.</p>

Locating the PL-Forms on IRAS' website




The screenshot shows the IRAS website homepage. A red arrow points to the address bar containing the URL <http://www.iras.gov.sg/irasHome/default.aspx>. A red box with white text says "Step 1: Go to IRAS' Homepage at www.iras.gov.sg". Below the navigation menu, there is a "QUICK LINKS" section. A red box with white text says "Step 2: Under Quick links, select 'Forms'". A blue box with white text says "Forms", with a red arrow pointing to the "Forms" link in the "QUICK LINKS" list.

Step 1: Go to IRAS' Homepage at www.iras.gov.sg

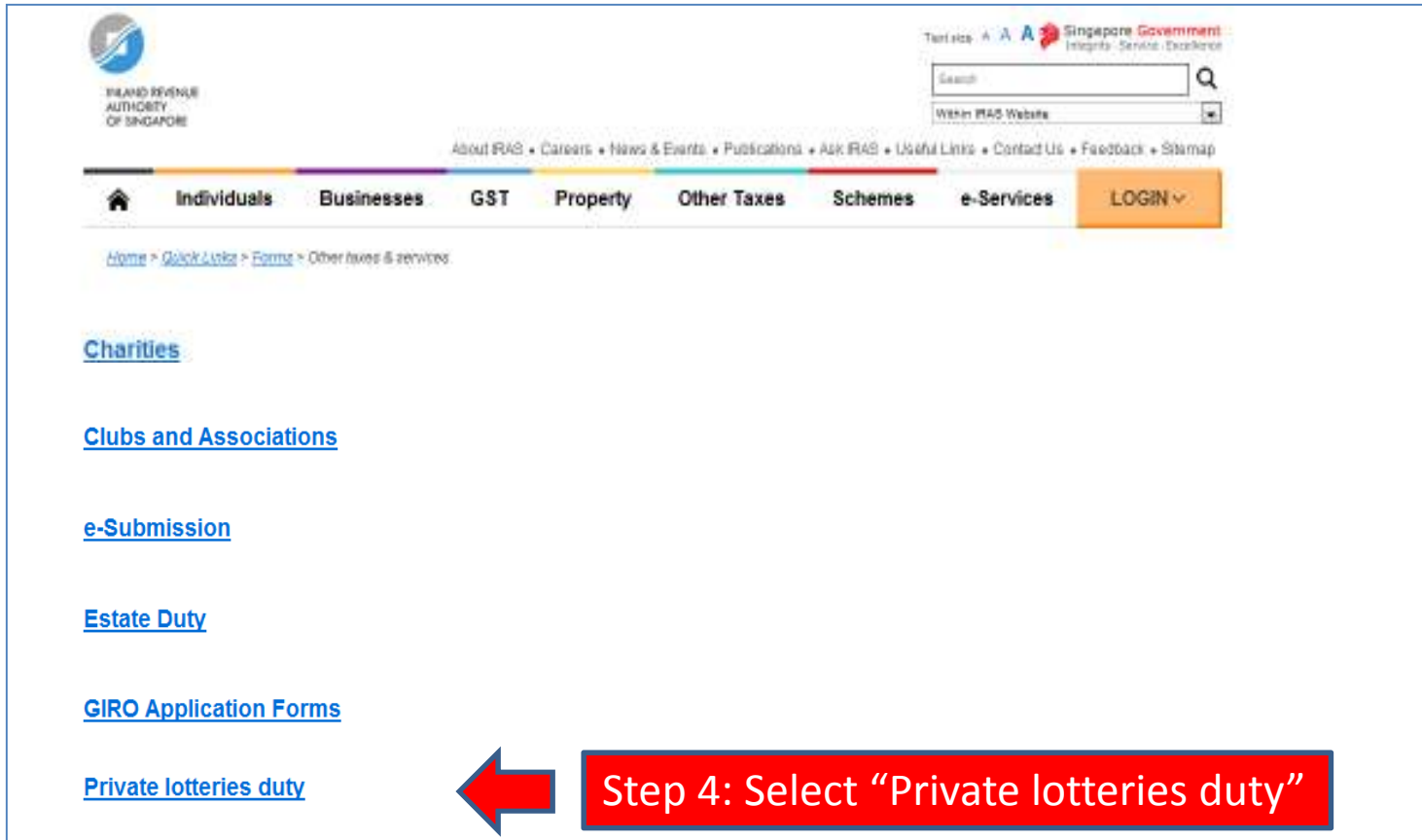
Step 2: Under Quick links, select "Forms"

Locating the PL-Forms on IRAS' website



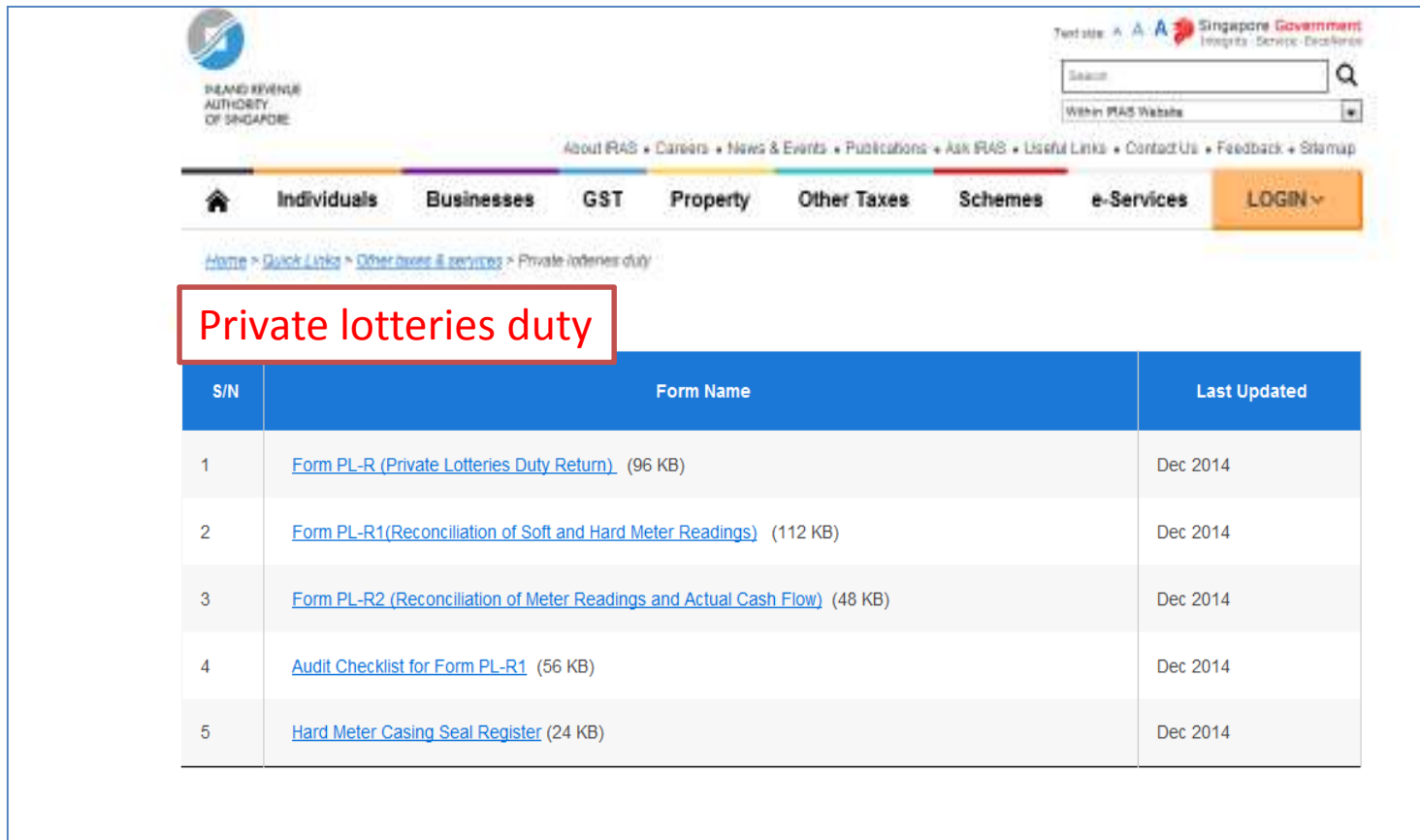
The screenshot shows the IRAS website interface. At the top left is the IRAS logo. To the right is the Singapore Government logo and a search bar. Below the logo is a horizontal navigation bar with links: Home, Individuals, Businesses, GST, Property, Other Taxes, Schemes, e-Services, and LOGIN. Below this is a breadcrumb trail: Home > Quick Links > Forms. Under the breadcrumb trail are five blue underlined links: [Individuals](#), [Businesses](#), [GST](#), [Property](#), and [Other taxes & services](#). A red arrow points from a red callout box to the 'Other taxes & services' link. The callout box contains the text: Step 3: Select "Other taxes & services".

Locating the PL-Forms on IRAS' website



The screenshot shows the IRAS website interface. At the top left is the IRAS logo. To the right is the Singapore Government logo and a search bar. Below the search bar is a navigation menu with links for 'About IRAS', 'Careers', 'News & Events', 'Publications', 'Ask IRAS', 'Useful Links', 'Contact Us', 'Feedback', and 'Sitemap'. Below the navigation menu is a secondary menu with links for 'Individuals', 'Businesses', 'GST', 'Property', 'Other Taxes', 'Schemes', 'e-Services', and a 'LOGIN' button. Below the secondary menu is a breadcrumb trail: 'Home > Quick Links > Forms > Other taxes & services'. Below the breadcrumb trail is a list of links: 'Charities', 'Clubs and Associations', 'e-Submission', 'Estate Duty', 'GIRO Application Forms', and 'Private lotteries duty'. A red arrow points to the 'Private lotteries duty' link, which is highlighted in a red box with the text 'Step 4: Select "Private lotteries duty"'. The text 'Step 4: Select "Private lotteries duty"' is written in white on a red background.

Locating the PL-Forms on IRAS' website



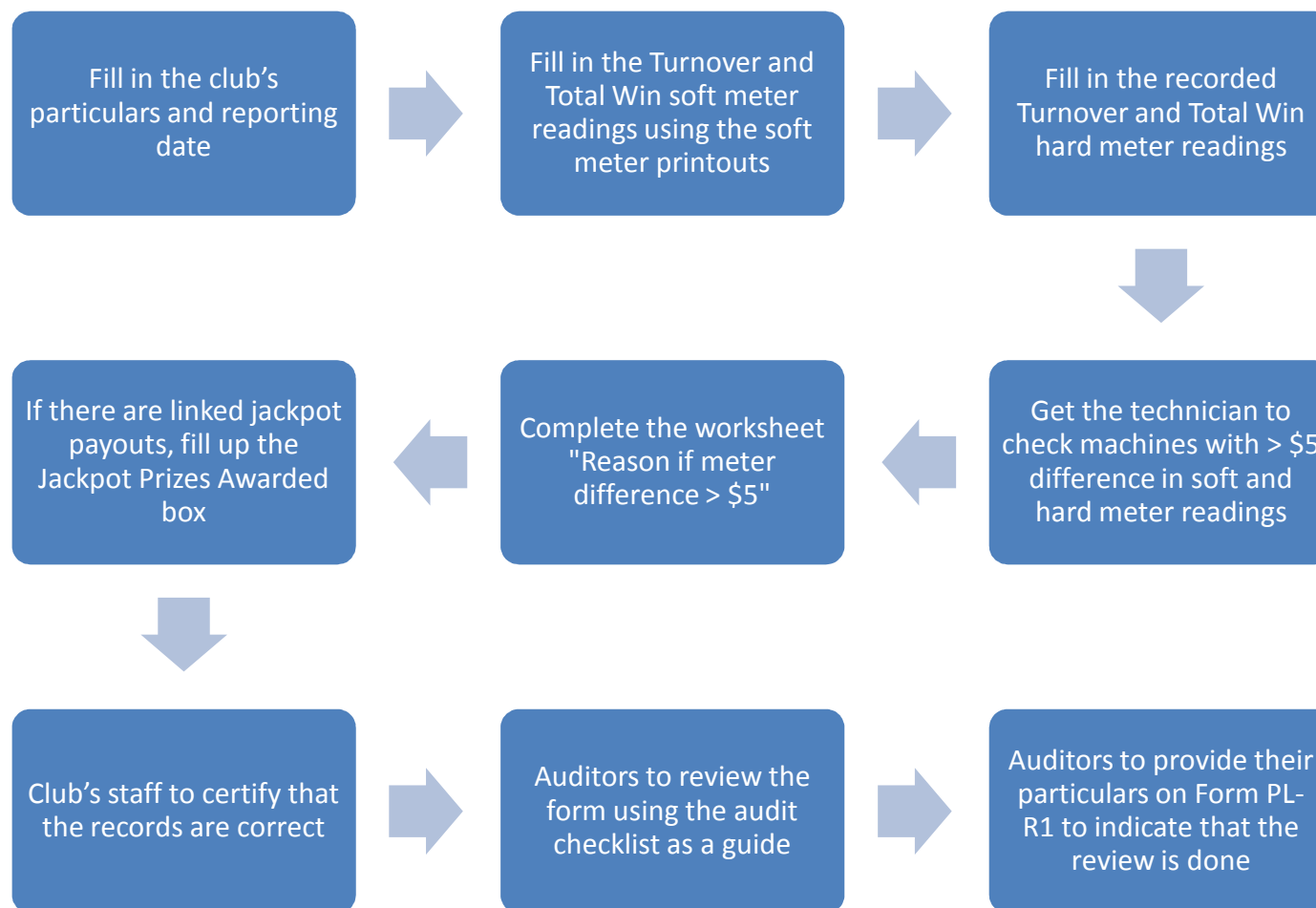
Private lotteries duty

S/N	Form Name	Last Updated
1	Form PL-R (Private Lotteries Duty Return) (96 KB)	Dec 2014
2	Form PL-R1(Reconciliation of Soft and Hard Meter Readings) (112 KB)	Dec 2014
3	Form PL-R2 (Reconciliation of Meter Readings and Actual Cash Flow) (48 KB)	Dec 2014
4	Audit Checklist for Form PL-R1 (56 KB)	Dec 2014
5	Hard Meter Casing Seal Register (24 KB)	Dec 2014

Form PL-R1

Reconciliation of Soft and Hard Meter Readings

Filling up Form PL-R1



Accounting for meter reset

Key highlights:

- To account for the meter increments as if no reset has taken place by adding up the meter increments before and after the reset
- It is important to capture the meter readings before the meters are reset

Meter reset – Scenario 1

When there is no meter reset

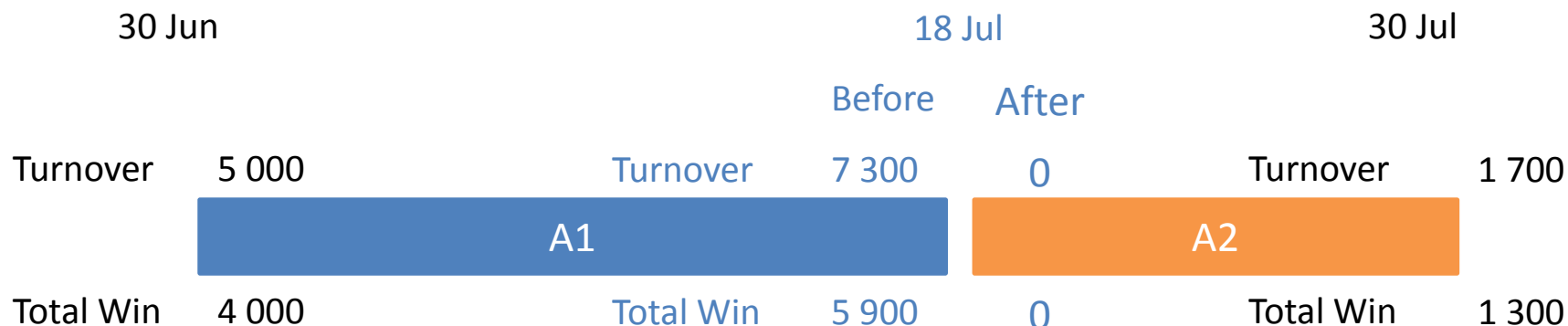


On Form PL-R1 **for July**

	Present Meter Reading	Previous Meter Reading	Increment
Turnover	9 000	5 000	4 000
Total Win	7 200	4 000	3 200

Meter reset – Scenario 2

When there is a reset during the month



On Form PL-R1 for July			
	Present Meter Reading	Previous Meter Reading	Increment
Turnover, A1	7300	5000	2300
Turnover, A2	1700	0	1700
Total on PL-R1	9000	5000	4000

On Form PL-R1 for July			
	Present Meter Reading	Previous Meter Reading	Increment
Total Win, A1	5900	4000	1900
Total Win, A2	1300	0	1300
Total on PL-R1	7200	4000	3200

Meter reset – Scenario 2

In the following month




On Form PL-R1 for **August**

	Present Meter Reading	Previous Meter Reading	Increment
Turnover	9 800	1 700	8 100
Total Win	8 500	1 300	7 200

Meter reset – Scenario 3

When meter reset was done immediately after meter readings were recorded for the reporting month July

	30 Jun		30 Jul
Turnover	5 000		Turnover 9 000
			
Total Win	4 000		Total Win 7 200

On Form PL-R1 for **Jul**

	Present Meter Reading	Previous Meter Reading	Increment
Turnover	9 000	5 000	4 000
Total Win	7 200	4 000	3 200

Meter reset – Scenario 3

When meter reset was done immediately after meter readings were recorded for the reporting month July



On Form PL-R1 for **August**

	Present Meter Reading	Previous Meter Reading	Increment
Turnover	4 800	0	4 800
Total Win	3 900	0	3 900

PL-R1: Common mistake 1

Observation	Correct way
<p>For older machines, the meter readings on the soft meter printouts are recorded in credits.</p> <p>Clubs did not convert the credits to dollars equivalent when reporting the meter readings in PL-R1</p>	<p>To convert the meter readings in credits to dollars equivalent.</p> <p><u>Example:</u> Machine #2 with \$0.20 denom.</p> <p>Turnover (in credit): 65 000</p> <p>Turnover (in \$): $65\ 000 \times \\$0.20 = \\$13\ 000$</p>

PL-R1: Common mistake 2

Observation	Correct way														
<p>There was a meter rollover *and the prefix “1” was not removed in the following month’s opening meter reading figure in PL-R1.</p> <p><i>*It occurs when the meter reading exceeds the capacity of the meter's display</i></p>	<p>Step 1: Add a digit “1” to the left of the present meter reading in the month when the rollover occurs</p> <table border="1" data-bbox="1021 703 1928 946"> <thead> <tr> <th data-bbox="1021 703 1368 874">Mar 13 (Turnover)</th> <th data-bbox="1375 703 1644 874">Present meter reading</th> <th data-bbox="1650 703 1928 874">Previous meter reading</th> </tr> </thead> <tbody> <tr> <td data-bbox="1021 879 1368 946">Machine #3</td> <td data-bbox="1375 879 1644 946">10000711</td> <td data-bbox="1650 879 1928 946">9999888</td> </tr> </tbody> </table> <p>Step 2: Remove the digit “1” in the following reporting month</p> <table border="1" data-bbox="1021 1106 1928 1361"> <thead> <tr> <th data-bbox="1021 1106 1368 1273">Apr 13 (Turnover)</th> <th data-bbox="1375 1106 1644 1273">Present meter reading</th> <th data-bbox="1650 1106 1928 1273">Previous meter reading</th> </tr> </thead> <tbody> <tr> <td data-bbox="1021 1278 1368 1361">Machine #3</td> <td data-bbox="1375 1278 1644 1361">0012555</td> <td data-bbox="1650 1278 1928 1361">0000711</td> </tr> </tbody> </table>			Mar 13 (Turnover)	Present meter reading	Previous meter reading	Machine #3	10000711	9999888	Apr 13 (Turnover)	Present meter reading	Previous meter reading	Machine #3	0012555	0000711
Mar 13 (Turnover)	Present meter reading	Previous meter reading													
Machine #3	10000711	9999888													
Apr 13 (Turnover)	Present meter reading	Previous meter reading													
Machine #3	0012555	0000711													

PL-R1: Common mistake 3

Observation	Correct way
<p>Soft meter readings were not accurately reported or not supported by printouts as a result of meter reset</p>	<ul style="list-style-type: none">❖ Where possible, soft meter readings before and after meter reset should be printed and kept to support the readings reported in Form PL-R1❖ Care has to be taken when recording and computing the correct Turnover and Total Wins meter readings for meter reset cases <p><i>Note:</i> <i>In the event soft meter printout cannot be generated before the meter reset/ machine replacement, the club may use the hard meter readings as the next best alternative. It is advisable to put in place the procedure for at least two authorised personnel to sign off the records of the hard meter readings: the preparer who records the reading and another person to witness it before the reset/ replacement is done.</i></p>

PL-R1: Common mistake 4

Observation	Correct way
Most clubs thought they were required to maintain the Audit Checklist for Form PL-R1 only when there were exceptions noted by their auditors	Regardless of whether there are exceptions noted by the auditors, the club has to maintain the Audit Checklist for Form PL-R1 for every reporting month

Form PL-R2

Reconciliation of Meter Readings and Actual Cash Flow

Reconciling meter readings and actual cash flow

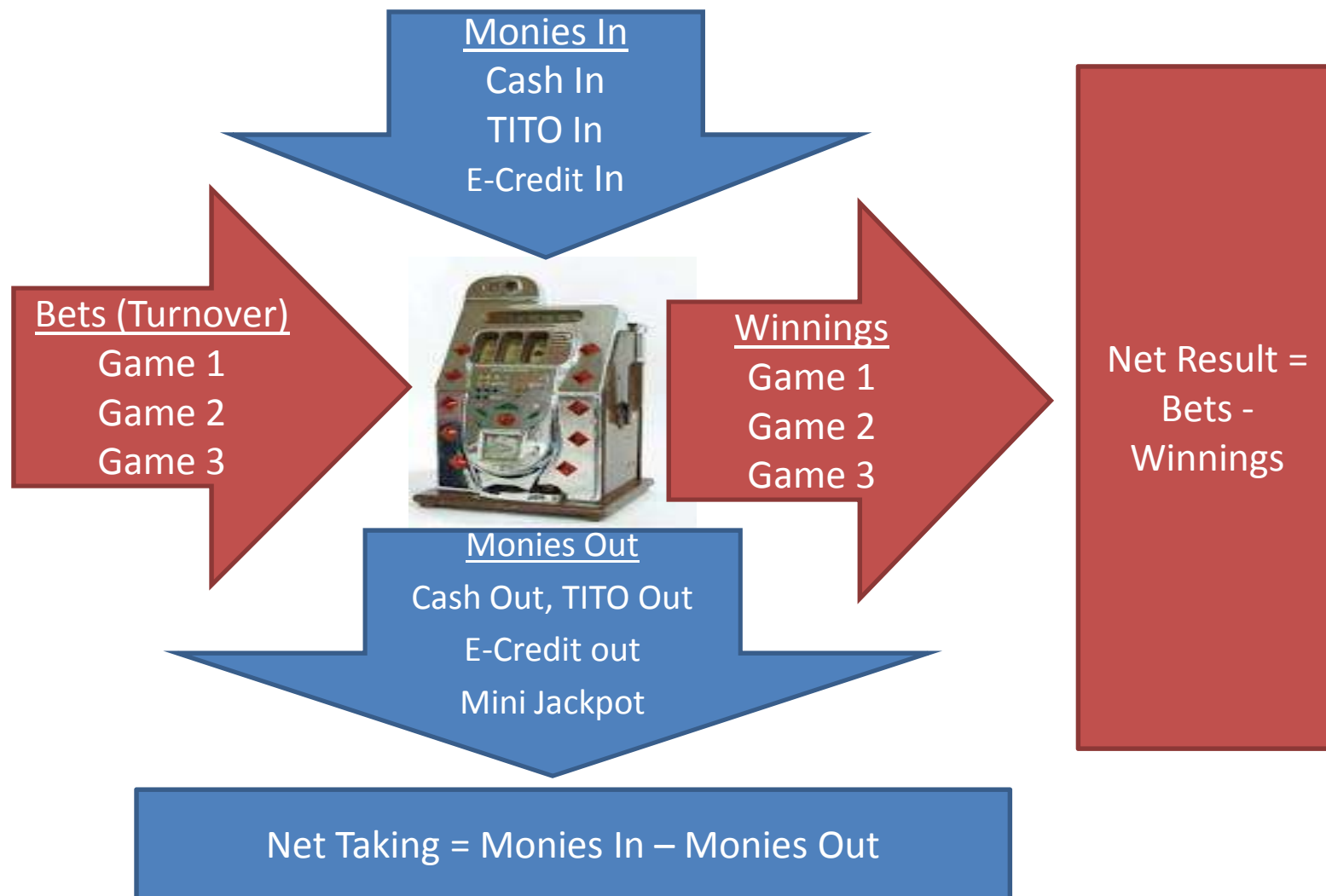
Purpose:

- The net taking, which is the difference of all monies in and monies out, of the machine

is the same as

- The net result, which is the difference of all bets (Turnover) and all winnings, of the machine

Reconciling meter readings and actual cash flow



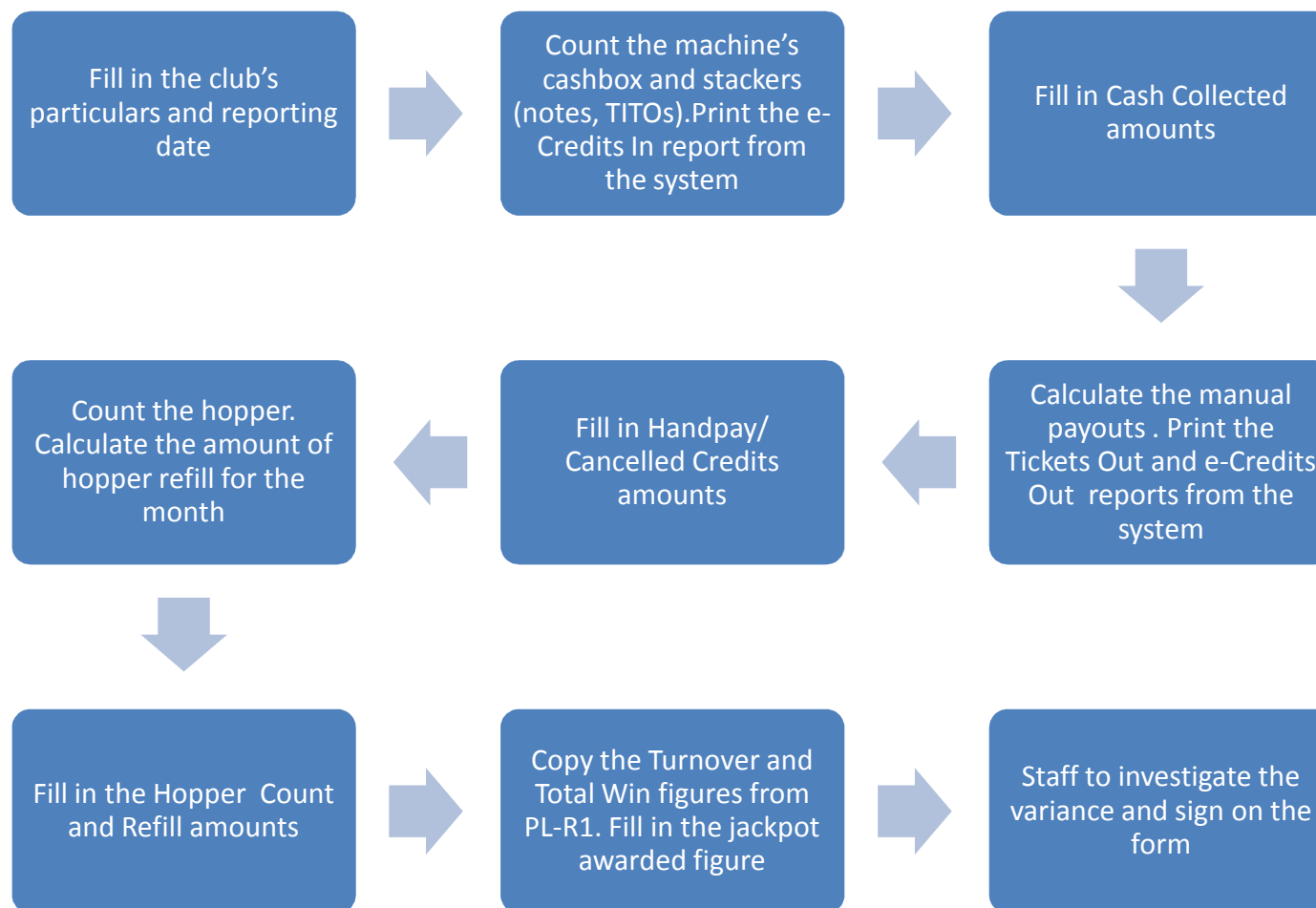
Reconciling meter readings and actual cash flow

Activity	Monies In	Monies Out	Gaming Credits before wagering	Bets / Turnover	Winnings	Jackpot	Gaming Credits after wagering
Player A inserts \$60 cash	\$ 60.00		\$ 60.00				\$ 60.00
Bets \$40 and Wins \$30			\$ 60.00	\$ 40.00	\$ 30.00		\$ 50.00
Player A cashes out \$50 cash		\$ 50.00	\$ -				
Player B inserts \$20 TITO	\$ 20.00		\$ 20.00				\$ 20.00
Bets \$10, Wins \$45			\$ 20.00	\$ 10.00	\$ 45.00		\$ 55.00
Bets \$50, Wins \$5 mini jackpot			\$ 55.00	\$ 50.00		\$ 5.00	\$ 10.00
Inserts \$30 TITO	\$ 30.00		\$ 40.00				\$ 40.00
Bets \$20, Wins \$30			\$ 40.00	\$ 20.00	\$ 30.00		\$ 50.00
Player B cashes out \$50 ticket		\$ 50.00	\$ -				
Total	\$ 110.00	\$ 100.00		\$120.00	\$ 105.00	\$ 5.00	

Net Taking = Monies In – Monies Out
Net Taking = \$110 - \$100 = \$10

Net Result = Bets – Winnings - Jackpot
Net Result = \$120 - \$105 - \$5 = \$10

Filling up Form PL-R2



PL-R2: Common mistake

Observation	Correct way
<p>Data for “Cash Collected” and “Handpays / Cancelled Credits” (columns ([A] and [B])) were extracted from soft meter printouts</p>	<p>“Cash Collected” is the sum of:</p> <ul style="list-style-type: none"> ❖ The money in the coin box and stacker ❖ Wagering Voucher (Ticket In) in the stacker ❖ Electronic credit transfer made to the machine <p>“Handpays/ Cancelled Credits” is the sum of:</p> <ul style="list-style-type: none"> ❖ Manual Handpays that are processed by the cashier ❖ Wagering Voucher (Ticket Out) from the machine ❖ Electronic credit transfers made to the players ❖ Jackpot prizes awarded (e.g. cascade payouts)

Form PL-R

Private Lotteries Duty Return

Filling up Form PL-R

Form PL-R (Private Lotteries Duty Return)
Private Lotteries Act

I Club's Particulars

PL reference number

Name of club (in uppercase)

GST registration status

This Return may take you 10 minutes to fill in. Please get ready the relevant information on the lottery before completing the return.

Please use this return to declare the Private Lotteries Duty Payable for the reporting month. For a series of lotteries completed return must be submitted to the Inland Revenue Authority of Singapore (IRAS) within 14 days after the reporting month. For a single lottery, the completed return must be submitted to IRAS within 14 days after the lottery is conducted. When there is no lottery conducted during the reporting month.

Important: Please read the Explanatory Notes before completing the Return.

II Computation of Duty Payable

Series of lotteries conducted during the month **Note** **Filing**
(mm-yyyy)

1 Fruit Machine

a	Total amount wagered by players	3	\$	<input type="text"/>
b	Total winnings paid		\$	<input type="text" value="-"/>

Section I: Club's Particulars

1. Indicate the name of the clubhouse as per PL Permit
2. Change the status to "Non-Registered" if you are not a GST registered club

Filling up Form PL-R

Please read the Explanatory Notes before completing the form.

PL-R1

II Computation

Series of lottery tickets during the month **\$100.82** (mm-yyyy)

1 Fruit Machine

a	Total amount wagered by players	3	\$	100
b	Total winnings paid		\$	-
(i)	Total Wins	4	\$	
(ii)	Jackpot prizes awarded	5	\$	
(iii)	Adjustments	6	\$	
c	GST chargeable on gaming supplies		\$	-
d	Duty Payable		\$	-

Other Information

e	Number of fruit machines	7		
f	Total cash collected	8		

Section II: Computation of Duty Payable

1. Copy figures for Line 1a, 1b(i) and 1b(ii) from PL-R1
2. Drop the cents and enter dollars only when doing so

Filling up Form PL-R

Section II: Computation of Duty Payable

1 Fruit Machine

a	Total amount wagered by players
b	Total winnings paid
(i)	Total Wins
(ii)	Jackpot prizes awarded
(iii)	Adjustments:
c	GST chargeable
d	Duty Payable

Less: Expired TITO tickets
Less: Unclaimed winnings
Less: Unclaimed credits
Add: Redemption of Expired TITO tickets


■ Line 1b(iii) – Adjustments

■ a. Adjustment dropdown list:

- Expired TITO tickets
- Unclaimed winnings
- Unclaimed credits
- Redemption of Expired TITO tickets

b. For other adjustments, you may manually enter your reasons in the box directly

Filling up Form PL-R



PL-R2

(iii)	Adjustments	6	\$	
c	GST chargeable on gaming supplies		\$	-
d	Duty Payable		\$	-
<i>Other Information</i>				
e	Number of fruit machines	7		
f	Total cash collected	8	\$	80
g	Total handpays/ cancelled credits	9	\$	
h	Amount of hopper refills	10	\$	
i	Previous hopper amount	11	\$	
j	Present hopper amount	12	\$	
2. Tombola				
a	Total amount raised		\$	
b	Total cash prizes paid		\$	

\$80.22

→

Section II: Computation of Duty Payable

1. Copy figures for Line 1f to 1j from PL-R2
2. Again, drop the cents and enter dollars only when doing so

Filling up Form PL-R

Section III: Declaration by person making the Return

III Declaration by person making the Return

I hereby declare that the total amount wagered/raised and total winnings/prizes paid for the this return are true, correct and complete.

With respect to fruit machine lottery, I declare that a public accountant has reviewed the ac checks imposed by IRAS and any exception noted is detailed in the *Audit Checklist for For*

Name and Signature

Capacity of Person making the Return

PL-R ver5.0

There are penalties for failing to submit a return on time

1. Form to be signed by the President, Hon. Treasurer or a member of management committee
2. Use only the latest version of the form available at IRAS' website

Accounting for cashless wagering

Cashless wagering can be in the form of using a:

- Ticket system (TITOs) or
- Card system (e-Credits)

Accounting for cashless wagering

Reporting in PL-R2:

Manual Records		
	Cash Collected [A] \$	Handpays/ Cancelled Credits [B] \$
TITO System	Cash Counted + Tickets In	Handpays + Tickets Out
Card System	Cash Counted + e-Credits In	Handpays + e-Credits Out

Tickets In, e-Credits In, Tickets Out and e-Credits Out have to be supported by the cashless system printout reports

The role of external auditor

- The auditor is required to perform a review of Form PL-R1 based on the minimum checks on the Audit Checklist for Form PL-R1 issued by IRAS
- The auditor need not confine his work to these minimum checks
- The auditor is expected to exercise his professional judgment, make enquires and/or perform additional procedures to clear his doubts if there is anything to suggest that the particulars and meter readings on Form PL-R1 are incorrect.

The role of external auditor

- To indicate that the review is done based on IRAS' minimum checks, the auditor has to provide the following on Form PL-R1:
 - The audit firm's stamp; and*
 - The name of auditor or his representative who is involved in the review*
- Clubs and their auditors should review any huge variances in Form PL-R2 as these are signs that “something is not right”

To recap the main points:

- Total Winnings Paid
 - Includes: Increments in Total Win meters, jackpot prizes awarded
 - Excludes: Non-monetary prizes, winnings not paid to players
- On record keeping and filing requirements
 - Forms PL-R and PL-R1 are to be submitted by 14th of the following month
 - Audited Financial Statements are to be submitted within 6 months from club's financial year-end
 - Form PL-R2, Audit Checklist and other source documents will have to be kept for 5 years and provided at IRAS' request

To recap the main points:

- It is important to capture the meter readings before the meters are reset or replaced or the machine is decommissioned
- For PL-R2:
 - It is possible to obtain a nil variance between the two profit figures on Form PL-R2. A variance indicates that something is wrong somewhere
 - For PL-R2, figures for “Cash Collected” and “Handpays/ Cancelled Credits” columns are based on actual records, not meter printouts
- For PL-R:
 - Use only the latest version of the form available at IRAS’ website
 - Drop the cents when entering the figures in Section II

Thank you

This information aims to provide a better general understanding of taxpayers' tax obligations and is not intended to comprehensively address all possible tax issues that may arise.

While every effort has been made to ensure that this information is consistent with existing law and practice, should there be any changes, IRAS reserves the right to vary our position accordingly.