

THE PREMIER EGAMING LICENSING JURISDICTION

A GUIDE TO EGAMING IN THE ISLE OF MAN



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ISLE OF MAN. WHERE YOU CAN FIND A WORLD CLASS BASE FOR YOUR EGAMING BUSINESS

The Isle of Man has established itself as a jurisdiction of excellence for the eGaming sector. Home to some of the most influential companies in the industry, it offers everything you'll need to not only succeed, but thrive.

Above all, the reputation that comes with having an Isle of Man licence sets it apart from the rest. With an experienced and globally respected regulator, you can be assured that businesses, investors, financial services, and players will have confidence engaging with a company that can show it is upholding Isle of Man standards of corporate governance.

Committed to providing the best possible conditions for those operating in the sector, the Isle of Man Government is both supportive and approachable, and in Digital Isle of Man there's a dedicated team readily available to provide comprehensive support throughout your journey.

**EXPERIENCED
AND GLOBALLY
RESPECTED
REGULATOR**



**PROVEN TRACK
RECORD - HOME TO
SOME OF THE MOST
INFLUENTIAL
COMPANIES
IN THE
INDUSTRY**



**FINANCIALLY
REWARDING - 0%
CORPORATION TAX,
LOW GAMING
DUTY & NO
CAPITAL
GAINS TAX**

0%

**ONE LICENCE
THAT COVERS
ALL GAMING
VERTICALS**



**SUPPORTIVE AND
APPROACHABLE
GOVERNMENT
ECOSYSTEM**



**SAFE AND SECURE
JURISDICTION - FREE
FROM CONFLICT, AND
WITH POLITICAL
AND ECONOMIC
STABILITY**



**WORLD-CLASS
RESILIENT IT,
DATA AND
POWER
INFRASTRUCTURE**



**FINTECH ENABLED
EGAMING**



HERE TO HELP YOU, EVERY STEP OF THE WAY

As an Executive Agency within the Isle of Man Government's Department for Enterprise, Digital Isle of Man is responsible for promoting and developing the Island's digital economy, helping to create an environment where businesses are supported to flourish.

LYLE WRAXALL
CHIEF EXECUTIVE



Lyle is the Chief Executive of Digital Isle of Man. He is a highly experienced management and technology consultant who has worked across the whole digital and FinTech space. Most recently he was Head of the New York office for Pcubed – a significant international management consultancy practice with offices around the world.

Lyle has worked extensively with large private sector and public sector clients in London and America including RBS, Deutsche Bank, IMF, US Federal Reserve and UK Cabinet Office.

ABBY KIMBER
**HEAD OF STRATEGIC
PARTNERSHIPS**



Abby joined Digital Isle of Man in April 2019, bringing with her over ten years' experience working with the eGaming, technology and professional services sectors in the Isle of Man and Gibraltar.

Abby is responsible for leading our Strategic Partnership team. The team enable regular dialogue right across the spectrum of our digital economy, giving us the chance to discuss policies and strategies which best help Isle of Man businesses not only thrive and expand, but also to create a fertile ground for new sectors and opportunities.

THE STRATEGIC PARTNERSHIP TEAM



NATHAN LUNT
**STRATEGIC
PARTNERSHIP
MANAGER**



TARA LENEGHAN
**STRATEGIC
PARTNERSHIP
MANAGER**



BETHAN DAVIES
**STRATEGIC
PARTNERSHIP
MANAGER**

Contact us at contact-digital@gov.im
Find out more: www.digitalisleofman.com/egaming

LICENSING IN THE ISLE OF MAN AT A GLANCE

WHY AN ISLE OF MAN LICENCE?

The Isle of Man has earned the reputation of having an experienced and globally respected regulator, always at the forefront of new developments. Integrity is of the utmost importance to the Island, with crime free gambling and player protection at the heart of its licensing regime.

The credibility of being able to demonstrate a company is upholding Isle of Man standards of corporate governance, especially with regards to AML/CFT/KYC requirements, is invaluable for companies looking for B2B partnerships, investment, financial services and respect. Additionally, the unblemished record of player protection

ensures players feel confident their funds are safe with an Isle of Man licensee.

The Island also offers compelling financial benefits, with low Gambling Duty on a sliding scale (between 0.1% and 1.5%) that is based on gross gaming yield/profit, not turnover. As well as 0% Corporation Tax and 0% Capital Gains Tax.

REQUIREMENTS

To gain an Isle of Man Online Gambling Regulations Act 2001 (OGRA) Licence, the following conditions must be met:

- A company must be incorporated in the Isle of Man;
- There must be two local Directors – which can be provided by a corporate service provider if necessary;

- A resident Designated Official, or if the D.O. is not resident then there must be a resident Operations Manager – The O.M. can be the same person as a resident Director and can be provided by a corporate service provider;
- An application fee of £5,250 is paid and all relevant application forms are completed;
- Player funds must be protected at all times for B2C licensees;
- All games, RNGs and gambling systems must be certified by an approved test house;
- Directors, D.O., Money Laundering Reporting Officers and beneficial owners owning 5% or more of the company will be subject to due diligence obligations.

The licensing process is straightforward, and you are never far away from expert support and guidance from both Digital Isle of Man and our Island's service providers, who will be able to guide you

through the licensing process, business incorporation and beyond.

One licence covers all gaming verticals, and the regulator aims to process applications within 12 weeks of being accepted.

COSTS

All licences are subject to a £5,250 application fee, preceded by the following annual rates:

- Full Licence – £36,750 per annum
- Sub Licence – £5,250 per annum (conditions apply)
- Network Licence – £52,500 per annum
- Software Supplier Licence – £36,750 per annum
- Token/Blockchain based Software Supplier Licence – £52,500 per annum

Further information on licence types is available starting from page 13.





WHY LICENSE IN THE ISLE OF MAN?

PROGRESSIVE REGULATIONS

The Isle of Man prides itself on being an innovative jurisdiction, with a regulator that's demonstrated its willingness to adapt the regulatory environment, ensuring businesses are never left behind and can capitalise on the latest industry developments. Some examples include:

- Bringing digital currency under AML and Proceeds of Crime legislation
- Legislation allowing digital currencies and other digital assets and virtual goods to be deposited, withdrawn and gambled
- The licensing of the first blockchain powered lottery, run on Ethereum using smart contracts
- The licensing of the first operator to offer skins betting under regulations protecting RNG integrity and preventing under-age gambling

GLOBALLY RESPECTED REGULATOR

eGaming in the Isle of Man is legislated by the Online Gambling Regulation Act 2001 (OGRA) and regulated by the Isle of Man Gambling Supervision Commission (GSC). Acquiring an eGaming licence in the Isle of Man is invaluable to a company looking for B2B partnerships, investment, and financial services. It enables a company to demonstrate exceptional standards of corporate governance and compliance with AML/CFT regulations. Additionally, the unblemished record of player protection ensures players feel confident their funds are safe with an Isle of Man licensee.

The regulations are both general and company specific and set out to ensure the governing principles are adhered to. The core principles that govern the legislation are to:

- Keep gambling crime free
- Protect the young and vulnerable; and
- Ensure that the facilities offered by licensees are fair and that players receive their true winnings

LICENSING - GAMBLING VERTICALS

The licensing regime operated by the GSC is simple and clear. All gambling verticals can be facilitated under one licence and come with an uncomplicated fee arrangement – details of licensing fees can be found starting on page 12. Once an application has been accepted, the GSC will work to complete the process within 12 weeks.

FINANCIAL BENEFITS

Gaming Duty is based on profit, not turnover. Duty is paid on either 'stakes minus winnings' or 'retained profit' depending on the type of gambling activity. With written approval from Customs and Excise, an operator may be authorised to exclude affiliate payments from their duty calculation.

The Gaming Duty rates are:

GROSS GAMING YIELD (GGY) (MILLIONS)	DUTY PAYABLE
<£20M	1.5%
>£20M - <£40M	0.5%
>£40M	0.1%

What's more, the Island has 0% Corporation Tax, 0% Capital Gains Tax and 0% Inheritance Tax, attractive personal tax rates with high tax allowances and with annual income tax payable capped for individuals, it is clear to see why the Isle of Man is highly desirable as a place to live and do business.

INFRASTRUCTURE

Licence holders operating on the Island can be ensured of a safe and secure environment to do business. The Island's energy is not reliant on any single or external energy source, and on average exports 20-25% of the energy it generates. It is also at low risk of natural disasters.

The Island's ICT infrastructure is world-class with leading edge fixed and mobile telecoms providing robust and reliable bandwidth connectivity. The Island's National Broadband Plan aims to ensure that 99% of premises will be equipped with ultrafast fibre broadband, ensuring high-speed internet access.

PREMISES

There is no shortage of office accommodation for companies looking to establish a presence in the Isle of Man. The Strategic Partnership team can help you source premises to buy or rent, including shared spaces.

HOSTING YOUR DISASTER RECOVERY

The Isle of Man provides a resilient and reliable environment in which to host your disaster recovery, including:

- Secure geographical environment with very low natural environmental risks
- Excellent infrastructure
- High-tech, high capacity, world-class data centres
- Self-generated, fully backed up power supplies
- Specialist technicians, standby generators, fuel supplies, fire suppression and early warning systems on site at data centres
- Servers that can be switched on quickly without difficulty
- Connectivity to Europe and the USA via seven undersea cables

Legislation allows temporary operation under the terms of your home jurisdiction for up to 90 days (with milestone permissions required every 30 days) you will not need to pay additional licensing fees by invoking your disaster recovery servers based here.

PROFESSIONAL SUPPORT

There is a vast network of professional service providers able to support eGaming businesses looking to obtain a licence in the Isle of Man. This includes banking, payment services, corporate service providers and world-class data hosting centres.

The Isle of Man Government provides ongoing support and guidance to the eGaming sector by having a hands-on approach and guiding every potential new licensee through the licensing process and beyond, it prides itself on having an open door policy at all times.

CONCLUSION

With a globally respected regulatory environment, the Island's outstanding reputation, strategic location and robust infrastructure make its appeal evident.

Why not explore what it has to offer and join the many leading eGaming companies that have already chosen the Isle of Man.





LICENSING OPTIONS

If your business model involves registering players and taking bets, you will require one of the three following licences:

FULL LICENCE

The Full Licence could be considered the 'standard' licence. Full Licence holders register their own players and keep their player data, and are responsible for anti-money laundering (AML) and know your customer (KYC) requirements relating to them. The Full Licence costs £36,750 per annum, and Full Licence holders can also allow other businesses to either sub-licence or White Label under them.

SUB LICENCE

Sub licensees must enter into an agreement with a Full Licence holder in order to operate, and they can only offer games they have either produced in-house and/or games the Full licensee has the rights to offer. The Sub Licence fee is £5,250 per annum. White Labels can be offered, and Sub licensees keep their players' data – although they are responsible for their AML and KYC compliance as though they were a Full Licence holder.

NETWORK LICENCE

A Network Licence operates the same as a Full Licence, however Network Licence holders have more B2B options to complement their opportunities to sub-licence and White Label. Network Licence holders can enter into agreements with other operators located in other jurisdictions, who become known as Network Partners once these agreements are in place. Network Licence holders can then allow the Network Partner's registered players to play their games without being required to reregister them, and they also do not have any AML or KYC responsibilities for these players, as this lies with the Network Partner. No fees are due to the Gambling Supervision Commission (GSC) for adding Network Partners; however they do need to be reassured about the Network Partner's controls before being added. Network Partners are not liable to pay any duty or fees to the GSC. A revenue sharing agreement between the Network Licence holder and Network Partner is generally in place and is normal practice. The Network Licence costs £52,500 per annum.

SOFTWARE SUPPLIER LICENCE

If your business model involves selling services to other eGaming businesses, you can elect to apply for the Software Supplier Licence.

This licence is elective rather than mandatory, however many software businesses choose to become licensed in order to demonstrate adherence to top-tier Isle of Man standards, thus giving reassurance to B2B partners such as operators, banks, payment processors, investors, shareholders and others. Further to this, a software supplier holding a licence can have their products listed as approved on the GSC's website, and any Isle of Man B2C operator can then deploy these games on their site without needing to acquire RNG testing certificates, as the GSC will have already received these from the software supplier.

As well as software developers, the licence can also be applicable to other service providers in the gaming industry such as aggregators, who may also

benefit from the reputation of the Isle of Man's regulatory standards, along with their B2B partners.

Some of the standard licence conditions do not apply to the Software Supplier Licence, i.e. those which relate to player registration such as server location, KYC and AML, as no player data is held (if player data is held you will require a B2C licence). No gaming duty is due as no bets are taken, however other requirements such as having Directors located on-Island still apply.

There are two types of Software Supplier Licence:

1. Standard fiat platforms/software - £36,750 p.a.
2. Token/blockchain enabled platforms/software - £52,500 p.a.

For blockchain enabled platforms, applicants must meet further conditions not applied to fiat platform applications:

- Applicants must prove their understanding of their technology

- Tokens must be available and not in development
- A news blackout will be enforced throughout the application process in order to prevent attempts to inflate the value of tokens

NON-LICENSABLE BUSINESS

Even if your business is not deemed as licensable by the GSC, the Isle of Man can also be a strong base for your business. The most common form of non-licensable business is a White Label.

WHITE LABEL

As White Labels are treated as non-licensable, there are no licence fees or gaming duty due. Also, as no player data is held, there are no AML or KYC responsibilities to take care of. These duties would generally be performed by the licensee offering the White Label.

Under a White Label arrangement your business would market a website, from which the services provided are

processed by a licence holder, and thus all regulatory responsibility would lie with this licence holder.

A revenue sharing agreement would generally be in place between this operator and your business. At times and where pre-agreed, an exit strategy may be arranged whereby the White Label can take the player data they have generated with them when their relationship comes to an end with the licensed operator.

White Labels can typically go live within 4 to 8 weeks and can be a good introduction to the sector.

For a list of operators in the Isle of Man please visit:

www.gov.im/gambling/licensees



ACQUIRING A LICENCE

In order to gain an Isle of Man Online Gambling Regulations Act 2001 (OGRA) Licence, the following conditions must be met:

- A company must be incorporated in the Isle of Man;
- There must be two local Directors – which can be provided by a corporate service provider if necessary;
- A resident Designated Official, or if the D.O. is not resident then there must be a resident Operations Manager – The O.M. can be the same person as a resident Director and can be provided by a corporate service provider;
- An application fee of £5,250 is paid and all relevant application forms are completed;
- Player funds must be protected at all times for B2C licensees;
- All games, RNGs and gambling systems must be certified by an approved test house;
- Directors, D.O., Money Laundering Reporting Officers and beneficial owners owning 5% or more of the company will be subject to due diligence obligations.

APPLICATION PROCESS

Once the GSC is satisfied that a complete application has been received, they aim to provide a decision within 12 weeks. This period officially begins when the GSC issues a letter stating that your application has been accepted and the process is underway. You can contact our Strategic Partnership team for the latest application forms.

COMPANY ADMINISTRATION

Lawyers, advisory services and corporate service providers can help with many aspects of company administration, including company incorporation, filing company returns, payroll, recruitment, company structuring and providing on-Island Directors, MLROs, Designated Officials and Operation Managers.

Our Strategic Partnership team can provide a list of service providers with experience in the eGaming sector in the Isle of Man.

Get in touch at
contact-digital@gov.im

COMPANY FORMATION AND STRUCTURE

Companies can be opened through the Isle of Man Company Registrar. If you wish to incorporate the required structure yourself, the fee per company incorporated is either £100 for within 48 hours, £250 for within two hours or £500 for a while-you-wait service. Professional service providers can help with this process, advising on optimal company structuring and, if required, provide assistance with Memorandum of Association and Articles.

SOFTWARE TESTING

All RNG gambling software must receive testing certificates of compliance from an approved testing company before a licence will be awarded. The Isle of Man has played a pivotal role in developing cooperation between jurisdictions to promote common testing standards. The GSC introduced regulatory changes that will allow it to accept test certificates issued to other gambling regulators by approved testing laboratories, if the regulatory authority has entered into a Memorandum of Understanding (MoU) with the GSC. The Isle of Man has MoUs in place with Alderney, Denmark,

Estonia, Jersey, Malta, Seychelles and United Kingdom, which will allow it to accept certificates which have been issued following testing to the standards set down by those other regulatory jurisdictions.

SERVER HOSTING/PLATFORM

Player registration must be hosted in the Isle of Man. Gameplay will preferably be hosted in the Isle of Man, although the GSC will be pragmatic and allow hosting elsewhere if there are sound business reasons for doing so. There is a selection of world-class highly advanced data centres greatly experienced in hosting eGaming companies to choose from on the Island.

LEGAL ADVICE

Legal advice should be sought regarding the legality of an operator's offering. You must ensure that your activities are legal, and that you are targeting appropriate markets. The GSC may request a written legal opinion via a board minute to confirm that markets you are targeting are legal.



RELOCATING TO THE ISLAND

RELOCATION ASSISTANCE

The Isle of Man offers a wide variety of financial assistance schemes, including loan and equity schemes to accelerate or relocate your business. Investments must come with an exit strategy within around five years, although applications will be considered on a case by case basis. Other financial assistance available includes up to 40% of the cost of a variety of items such as office rent, initial set up costs of the business (including professional fees and relocation costs), office fit outs and furnishings, training, equipment, implementing quality standards and off-Island marketing.

The Department for Enterprise also runs a scheme whereby any newly created roles with staff being sourced off-Island are eligible for a grant of 20% of the first year's salary (capped at £10,000) – paid to the employing company. Further to this, employees moving to the Island are also eligible to apply to the IOM Income Tax Division for a refund of their National Insurance paid during their first year of

employment on the Island under the National Insurance Holiday Scheme.

LIVING ON THE ISLE OF MAN

The Isle of Man not only lends itself as the ideal base for your business, it's also perfectly set-up as a place you'd be proud to call home.

Its stunning natural beauty, relaxed culture, rich heritage and strong community spirit, offers the perfect blend to help you escape and recharge after a busy day in the office.

With 95 miles of coastline to explore, a diverse range of pubs and restaurants, and an extensive array of indoor and outdoor activities, the Isle of Man offers a complete package for a life well lived.

Combined with average commute times of just 20 minutes, as well as being routinely voted as the safest place to live in the British Isles – you can have peace of mind, giving you more capacity for both life and work.

THE ISLE OF MAN IS HOME TO MANY OF THE WORLD'S LEADING GAMING BRANDS AND SOFTWARE DEVELOPERS, WHICH IS NO SURPRISE WHEN YOU CONSIDER THAT THE ISLAND OFFERS:

- Supportive and approachable Government
- Experienced and globally respected regulator that are accessible and engaging
- Financially attractive jurisdiction
- Public/Private sector collaboration via Digital Isle of Man
- World-class resilient IT, data and power infrastructure with sub-sea cable connectivity to Europe and the USA
- Six world-class data centres
- Gaming duty between 0.1% and 1.5% based on profit or yield, not turnover
- The only tech hub in the world located in a UNESCO biosphere
- One licence that covers all gaming verticals
- Licence approval typically in 12 weeks



Contact the Digital Isle of Man
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ISLE OF MAN OPENS