

25 November 2021

AUDIT 02/21

GAMING TAX PAYABLE AND LEVY ON GAMING DEVICES - TECHNICAL RELEASE

This Technical Release is issued by the Malta Institute of Accountants Gaming Committee, in collaboration with the Malta Gaming Authority (“MGA”), to lay down professional requirements for Members in the carrying out of engagements requiring a confirmation of the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices which fall under the Maltese licence, as per Article 41 (2)(b)(ii) of Directive 3 of 2018 Gaming Authorisations and Compliance Directive (“Gaming Authorisations and Compliance Directive 2018”).

This Technical Release does not constitute an auditing standard, nor does it repeal any provisions contained in Auditing and Assurance Standards and Related Services, though its application is mandatory on all Members when undertaking such engagements for license holders with a December 2021 financial statement year end, onwards.

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The information contained in this Technical Release is for general information purposes only. As such, it should not be used as a substitute for consultation with professional advisers or direct reference to the relevant laws, rules and regulations. Accordingly, the information in this Technical Release is provided with the understanding that the authors and publishers are not herein engaged in rendering any sort of service.

While every attempt has been made to ensure that the information contained in this Technical Release is obtained from reliable sources and is up to date as at the date of issue, the MIA is not responsible for any errors or omissions, or for the results obtained from the use of this information. Any reliance placed on such information is therefore strictly at the user’s own risk. In no event will the MIA, or its agents or employees be liable for any loss or damage including without limitation, indirect or consequential loss or damage, or any loss or damage whatsoever arising from loss of data or profits arising out of, or in connection with, any decision made or action taken in reliance on the information in this Technical Release.

Preface

The MGA as granted by the powers conferred in article 7 of the Gaming Act, 2018 (Cap. 583 of the Laws of Malta), was established as the National Agency responsible to *“regulate competently the various sectors of the gaming industry that fall under the Authority by ensuring gaming is fair and transparent to the players, preventing crime, corruption and money laundering and by protecting minor and vulnerable players.”*

As part of its ongoing operations, the MGA publishes reports, guidelines, policies and/or consultation papers as may be required, for the carrying into effect of the provisions of the Gaming Act and of any other regulatory instrument.

In the context of this Technical Release, the reporting requirements are established in Gaming Definitions Regulations (Subsidiary Legislation 583.04 issued in 2018) that regulate, amongst others, Gaming tax payable.

The scope of this Technical Release is to lay down professional requirements with which MIA Members must comply when undertaking such engagements. Although the guidance set out in document may expediently refer to the procedures and the report required, a practitioner shall use professional judgement to tailor these as required for each licensee. Reporting requirements remain solely those embedded in the relevant legislation.

Introduction

1. The purpose of this Technical Release is to lay down professional requirements, and provide guidance on the agreed-upon procedures to be performed in accordance with the International Standard on Related Services (“ISRS 4400”) [ISRS 4400 (Revised) is effective for agreed-upon procedures for which the terms of engagement are agreed on or after January 1, 2022] ‘Engagements to perform agreed-upon procedures regarding financial information’ to be carried out by the practitioner, when engaged to report on the player funds, the jackpot funds, as well as the portion of player funds account balance falling under the licence issued by the MGA, in response to the requirements of Article 41 (2)(b)(ii) of Directive 3 of 2018 Gaming Authorisations and Compliance Directive.
2. While this Technical Release lays down the Procedures specific to this type of engagement, auditors should familiarise themselves with, and apply the requirements of ISRS 4400, which is considered to be the relevant Standard for this type of engagement. Requirements, not specified in this Technical Release, shall entail;
 - Defining the Terms of the Engagement
 - Planning
 - Documentation and
 - Reportingas prescribed within ISRS 4400.

Kindly note that the scope of an ISRS 4400 is that of a report on factual findings based on procedures performed by the practitioner and agreed in advance with the license holder and the MGA. The procedures and tests performed do not constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements. Accordingly, the practitioner does not express any opinion or overall conclusion on the procedures and tests performed.

3. The practitioner only reports once he/she has performed the Agreed-Upon Procedures (“AUPs”) as indicated in this Technical Release and has complied with the requirements of ISRS 4400. An engagement to report on the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices falling under the licence issued by the MGA, in order to enable an operator to fulfil his obligations stemming from Article 41 (2)(b)(ii) of Directive 3 of 2018 Gaming Authorisations and Compliance Directive is separate and distinct from any procedures that the practitioner might have carried out when conducting an audit in his capacity as the statutory or component audit and is therefore subject to the separate terms of a letter of engagement and is required to have, its own planning, its own working papers and its own evidence to enable the practitioner to report accordingly.
4. Throughout this Technical Release, the following terms and abbreviations are used in the context of the connotations set out in this paragraph:
 - *AUPs*: unless otherwise specifically stated, shall be taken to refer to an engagement to report on Gaming tax payable on revenue from clients classified as Maltese players or Levy on gaming devices in terms of Article 41 (2)(b)(ii) of the Directive 3 of 2018 Gaming Authorisations and Compliance Directive.
 - *Management*: should be read as referring to the directors, or other staff empowered, and to whom the relevant responsibilities are assigned, by the directors, in fulfilling their obligations).
 - *MGA*: the Malta Gaming Authority established under the Malta Gaming Act, 2018 (Cap. 583 of the Laws of Malta). Regulations – S.L. 583.04, 2018.

General Considerations

5. This section identifies the relevant legislative requirements and the regulated undertakings and services to which the legislative provisions apply. Whilst care has been taken to give a fair representation of the prevailing provisions, it is beyond the scope of this Technical Release to lay down professional requirements on the identification of regulated entities, and the respective legislation remains the sole authority in this context.
6. As stipulated in the MGA Notice dated 10th November 2021, the requirement to provide the report set out in Appendix I is applicable for 31 December 2021 financial year ends, onwards.

Procedures and Evidence

7. In satisfying these regulations, MIA members shall observe the Agreed-Upon Procedures prescribed below, in accordance with ISRS 4400, for which the MGA shall be the sole user.

A. Gaming tax payable on revenue from clients classified as Maltese players in terms of the Gaming Tax Regulations – S.L.583.10, 2018

- A i.** Obtain from management the reconciliation of the gaming revenue (the 'Gaming Revenue Reconciliation') prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 1 to our report on findings) reconciling the total gaming revenue as disclosed in [refer to the financial statement caption or note comprising the revenue amount – this has to be exactly the same wording as that used in the financial statements] of the audited financial statements of the Company upon which we separately reported on [date], to gaming revenue as specified in paragraph 4 of Directive 4 of 2018 'Directive on the Calculation of Compliance Contribution', and check for arithmetical accuracy the addition of the subtotals and totals in that report;
- A ii.** Compare the gaming revenue as included in the Gaming Revenue Reconciliation (referred to in A i. above) to the corresponding amount as disclosed in [refer to the financial statement caption or note comprising the disclosed player funds amount – this has to be exactly the same wording as that used in the financial statements] of the audited financial statements of the Company as at [accounting period end] upon which we separately reported on [date];
- A iii.** Obtain from management a report ['title of the report- include report name as stated on system'] prepared by the Company which includes the gaming revenue classified into the components of the formula for revenue specified in paragraph 4 of Directive 4 of 2018 'Directive on the Calculation of Compliance Contribution' issued from [refer to the production platform responsible for accounting of players' transactions, or back office of such platform commonly referred to as the 'back-end'] for the period [dd/mm/yyyy to dd/mm/yyyy] (included in Appendix 2 to our report on findings), check for arithmetical accuracy the addition of the total in that report and compare the total gaming revenue as included in the Gaming Revenue Reconciliation (referred to in A i. above) to the total revenue of this report;
- A iv.** Obtain from management a copy of the Company's policy for classifying players as Maltese players for the period [dd/mm/yyyy to dd/mm/yyyy] [strict parameters of the policy details to be obtained from management included here] (included in Appendix 3 to our report on findings);
- A v.** Obtain from management the report ['title of the report'- include report name as stated on system], prepared by the Company listing the gaming revenue by country distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta issued from [refer to the production platform responsible for accounting of players' transactions, or back office of such platform commonly referred to as the 'back-end'] for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 4 to our report on findings), and check for arithmetical accuracy the addition of the subtotals and totals in that report;

A vi. Either:

A vi.a Obtain from management, the data query used by the Company to generate the results obtained in A v. above (included as Appendix 5 to our report on findings) as issued from [refer to the production platform responsible for accounting of players' transactions, or back office of such platform commonly referred to as the 'back-end'] listing the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta;

A vi.b For the data query obtained in A vi.a above:

- Obtain from management the report [‘title of the report’] which includes an explanation of the logic applied in the data query in A vi.a (included as Appendix 6 to our report on findings) including a narration of what is held within the tables queries and the filters and the parameters applied;
- Observe the server name or Internet Protocol (IP) address used in the data query to extract the gaming revenue for the period. Observe the creation of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] and observe the server name or IP address on which it is created. Compare the server name or IP address used and list any differences;
- Compare the data query parameters to the policy (as referred to in A iv. above) as these are represented in the system database by reference to a data dictionary, system documentation, or an extract thereof, and list any deviations;

A vi.c Re-extract the raw data for the gaming revenue for the period [dd/mm/yyyy to dd/mm/yyyy] (distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] using the provided query in A vi.b above (report summary included as Appendix 7 to our report on findings);

A vi.d Compare the sub-totals for the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta in A vi.c and the total revenue amount included in the same extracted report to the corresponding sub-totals and totals in the gaming revenue report (as referred to in A v. above) and list any differences;

A vi.e Using the data obtained in A vi.c above, inspect a sample of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from Maltese players, and 1 revenue transaction chosen haphazardly from the [refer to production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from players from countries other than Malta, and compare the classification of the sample to the policy (referred in A iv. above);

Or

- A vi.a** Obtain from management, the code within the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] that generates the report noted in A v. above (included as Appendix 5 to our report on findings) listing the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta;
- A vi.b** For the code obtained in A vi.a above compare the code parameters to the policy (as referred to in A iv. above) and as these are represented in the system database by reference to a data dictionary, system documentation, or an extract thereof, and list any deviations;
- A vi.c** Re-extract the data for the gaming revenue for the period [dd/mm/yyyy to dd/mm/yyyy] distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] using the code obtained in (A vi.a above (report summary included as Appendix 7 to our report on findings);
- A vi.d** Compare the sub-totals for the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta in A vi.c and the total revenue amount included in the same extracted report to the corresponding sub-totals and totals in the gaming revenue report (as referred to in (A v. above) and list any differences;
- A vi.e** Using the data obtained in A vi.c above, inspect a sample of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from Maltese players, and 1 revenue transaction chosen haphazardly from the [refer to production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from players from countries other than Malta, and compare the classification of the sample to the policy (referred in A iv. above);

- A vii.** Obtain from management the report ['title of the report'] prepared by the Company (included as Appendix 8 to our report on findings) which includes the gaming revenue from Maltese players and the corresponding 5% gaming tax payable (referred to in regulation 3 of the Gaming Tax Regulations – S.L.583.10, 2018), on the revenue from clients of the Company classified as Maltese players, for the period [dd/mm/yyyy to dd/mm/yyyy], check for arithmetical accuracy the addition of the subtotals and totals in that report, and agree the gaming revenue to the analysis referred to in A v. above as included in Appendix 4;
- A viii.** Compare the total gaming revenue from Maltese players in the report ['title of the report'] (referred to in A v. above) to the gaming revenue declared by the Company to the Compliance Contribution Report submitted to the MGA on [date] for the period [dd/mm/yyyy to dd/mm/yyyy].

B. Levy on gaming devices in terms of the Gaming Tax Regulations – S.L.583.10, 2018.

Note: Procedures B i. to B viii. below are only applicable if the licence holder operates gaming devices.

- B i.** Obtain from management the report [‘title of the report’] which includes a monthly breakdown of the individual revenue line items in the reconciliation included in Appendix 1, prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 9 to our report on findings) distinguishing between revenue earned through means of distance communication, revenue earned in gaming premises or revenue earned by any other means, as defined in Gaming Definitions Regulations (S.L. 583.04, 2018), and check for arithmetical accuracy the addition of the subtotals and totals in that report;
- B ii.** For the portion of revenue earned in gaming premises as included in Appendix 9, obtain from management the report [‘title of the report’] which includes a monthly breakdown of this revenue prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 10 to our report on findings) distinguishing between Type 1, Type 2, Type 3 and Type 4 gaming services as determined on the licence issued by the MGA, and a confirmation as to whether, and if so, what proportion of such revenues have been derived from gaming services classified as junket and check for arithmetical accuracy the addition of the subtotals and totals in that report;
- B iii.** For the monthly revenue included in Appendix 10, obtain from management the report [‘title of the report’] prepared by the Company which includes the gaming revenue classified into the components of the formula for revenue specified in paragraph 4 of Directive 4 of 2018 ‘Directive on the Calculation of Compliance Contribution’ (included as Appendix 11 to our report on findings) and compare the total revenue as included in Appendix 10 (referred to in B.ii) above) to the total revenue of this report;
- B iv.** Select 1 month chosen haphazardly for the period [dd/mm/yyyy to dd/mm/yyyy] and for the selected month, obtain from management the report [‘title of the report’] prepared by the Company which includes a list of gaming devices approved by the MGA, operational during the selected month as well as the type of revenues generated by each of these approved gaming devices, i.e. Type 1, Type 2, Type 3 or Type 4 (included as Appendix 12 to our report on findings);
- B v.** Obtain from management the report [‘title of the report’] prepared by the Company for the selected month as per B.iv) above, which includes a listing of revenues derived from each of the approved gaming devices operational during the selected month (included as Appendix 13 to our report on findings) and check for arithmetical accuracy the addition of the subtotals and totals in that report;
- B vi.** Witness the extraction of monthly transactional reports for a sample of 1 approved gaming device chosen haphazardly from the [refer to the relevant production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] (included as Appendix 14 to our report on findings) and compare the extracted revenue per device to the revenue linked to the same approved gaming devices as included in Appendix 13;



- B vii.** Using the data obtained in B.iv) and B.v) above, recalculate for the selected month, the levy charge payable by the Company using the rates specified in regulation 5(1) of the Gaming Tax Regulations – S.L.583.10, 2018;
- B viii.** Compare the levy charge payable as calculated in B.vii) above to the levy charge disclosed by the Company in the declaration submitted to the MGA [to specify the name of the form used in the declaration] on [date] for the month as selected in B iv. above.
8. These AUPs shall be performed on an annual basis and reported to the MGA within the same submission period as the audited financial statements.
9. In the interest of ensuring consistency, an illustrative of the concluding report for these AUPs, to be tailored as required for each licensee, is being made available in Appendix I to this Technical Release.

Appendix I

Report of the Factual Findings

To the [Addressee]³

To the Board of Directors

We have performed the procedures agreed with you (Engaging Party) and enumerated below with respect to the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices of [Insert Name of Company] (the “Company”) as at [insert financial year end] set forth in the accompanying schedules, which fall under the license (“Maltese licence”) issued by the Malta Gaming Authority (“MGA”). The procedures were performed solely to assist you and the MGA (Intended User) in evaluating the validity of the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices of the Company as at [insert financial year end] which fall under the Maltese licence in view of the requirements of Article 41 (2)(b)(ii) of Directive 3 of 2018 Gaming Authorisations and Compliance Directive, and are set out below.

Responsibilities of the Engaging Party

The director(s) has/ have acknowledged that the agreed-upon procedures are appropriate for the purposes of the engagement. The director(s) is/are responsible for the subject matter on which the agreed-upon procedures are performed.

Practitioner’s Responsibilities

Our engagement was undertaken in accordance with the International Standard on Related Services applicable to agreed-upon procedures engagements (“ISRS 4400”)⁴ as well as the Audit 02/21 Gaming Tax Payable and Levy on Gaming Devices Technical Release made available by the Malta Institute of Accountants (“MIA Technical Release”) in November 2021. An agreed-upon procedures engagement involves our performing the procedures that have been agreed with the Engaging Party, and reporting the findings, which are the factual results of the agreed-upon procedures performed. We make no representations regarding the appropriateness of the agreed-upon procedures.

Because the below procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices of the Company as at [insert financial year end].

³In the above example: (a) the engaging party is the responsible party ; (b) the intended user is different from the engaging party and is therefore not an addressee in addition to the engaging party - the regulator (MGA) is the intended user albeit the entity is overseen by the MGA.

⁴Insert the words (Revised) as ISRS 4400 (Revised) is effective for agreed-upon procedures for which the terms of engagement are agreed on or after January 1, 2022 (Ref: ISRS 4400 Para 11,A9)

Professional Ethics and Quality Control

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants* (including International Independence Standards) ("IESBA Code"), together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the *Accountancy Profession* (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Chapter 281, Laws of Malta), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code⁵

Our firm applies International Standard on Quality Control (ISQC 1), *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements*, and accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Procedures and Findings

We have performed the procedures described below which were agreed upon with the Engaging Party in the terms of engagement dated [date]:

Procedures

(if applicable)

A. Gaming tax payable on revenue from clients classified as Maltese players in terms of the Gaming Tax Regulations – S.L.583.10, 2018

- A i. We obtained from management the reconciliation of the gaming revenue (the 'Gaming Revenue Reconciliation') prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 1 to our report on findings) reconciling the total gaming revenue as disclosed in [refer to the financial statement caption or note comprising the revenue amount – this has to be exactly the same wording as that used in the financial statements] of the audited financial statements of the Company upon which we separately reported on [date], to gaming revenue as specified in paragraph 4 of Directive 4 of 2018 'Directive on the Calculation of Compliance Contribution, and checked for arithmetical accuracy the addition of the subtotals and totals in that report;
- A ii. We compared the gaming revenue as included in the Gaming Revenue Reconciliation (referred to in A i. above) to the corresponding amount as disclosed in [refer to the financial statement caption or note comprising the disclosed player funds amount – this has to be exactly the same wording as that used in the financial statements] of the audited financial statements of the Company as at [accounting period end] upon which we separately reported on [date];

⁵The practitioner has therefore agreed with the engaging party that the practitioner's compliance with the independence requirements applicable to audits of financial statements is appropriate for the purpose of the agreed-upon procedures engagement. The practitioner has also agreed to include, in the terms of engagement, compliance with the independence requirements applicable to audits of financial statements for the purposes of the agreed-upon procedures engagement. (Ref ISRS 4400 (Revised) Para 30)

- A iii.** We obtained from management a report [‘title of the report- include report name as stated on system’] prepared by the Company which includes the gaming revenue classified into the components of the formula for revenue specified in paragraph 4 of Directive 4 of 2018 ‘Directive on the Calculation of Compliance Contribution’ issued from [refer to the production platform responsible for accounting of players’ transactions, or back office of such platform commonly referred to as the ‘back-end’] for the period [dd/mm/yyyy to dd/mm/yyyy] (included in Appendix 2 to our report on findings), checked for arithmetical accuracy the addition of the total in that report and compared the total gaming revenue as included in the Gaming Revenue Reconciliation (referred to in A i. above) to the total revenue of this report;
- A iv.** We obtained from management a copy of the Company’s policy for classifying players as Maltese players for the period [dd/mm/yyyy to dd/mm/yyyy] [strict parameters of the policy details to be obtained from management included here] (included in Appendix 3 to our report on findings);
- A v.** We obtained from management the report [‘title of the report’- include report name as stated on system], prepared by the Company listing the gaming revenue by country distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta issued from [refer to the production platform responsible for accounting of players’ transactions, or back office of such platform commonly referred to as the ‘back-end’] for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 4 to our report on findings), and checked for arithmetical accuracy the addition of the subtotals and totals in that report;

A vi. Either:

A vi.a We obtained from management, the data query used by the Company to generate the results obtained in A v. above (included as Appendix 5 to our report on findings) as issued from [refer to the production platform responsible for accounting of players’ transactions, or back office of such platform commonly referred to as the ‘back-end’] listing the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta;

A vi.b For the data query obtained in A.vi.a) above:

- We obtained from management the report [‘title of the report’] which includes an explanation of the logic applied in the data query in A.vi.a) (included as Appendix 6 to our report on findings) including a narration of what is held within the tables queries and the filters and the parameters applied;
- We observed the server name or Internet Protocol (IP) address used in the data query to extract the gaming revenue for the period. Observed the creation of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] and observed the server name or IP address on which it is created. We compared the server name or IP address used and list any differences;

⁶Analysis of gaming revenue by country refers to the players’ country of where s/he is established, has his/her permanent address, or usually resides.

- We compared the data query parameters to the policy (as referred to in A.iv) above) as these are represented in the system database by reference to a data dictionary, system documentation, or an extract thereof, and list any deviations;

A vi.c We re-extracted the raw data for the gaming revenue for the period [dd/mm/yyyy to dd/mm/yyyy] (distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] using the provided query in A vi.b above (report summary included as Appendix 7 to our report on findings);

A vi.d We compared the sub-totals for the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta in A vi.c and the total revenue amount included in the same extracted report to the corresponding sub-totals and totals in the gaming revenue report (as referred to in (A v. above) and listed any differences;

A vi.e Using the data obtained in A vi.c above, we inspected a sample of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from Maltese players, and 1 revenue transaction chosen haphazardly from the [refer to production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from players from countries other than Malta, and compared the classification of the sample to the policy (referred in A iv. above);

Or

Avi.a We obtained from management, the code within the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] that generates the report noted in A v. above (included as Appendix 5 to our report on findings) listing the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta;

Avi.b For the code obtained in A vi.a above we compared the code parameters to the policy (as referred to in A iv. above) and as these are represented in the system database by reference to a data dictionary, system documentation, or an extract thereof, and listed any deviations;

Avi.c We re-extracted the data for the gaming revenue for the period [dd/mm/yyyy to dd/mm/yyyy] distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] using the code obtained in (A vi.a above (report summary included as Appendix 7 to our report on findings);

Avi.d We compared the sub-totals for the gaming revenue distinguishing between

gaming revenue from Maltese players and gaming revenue from players from countries other than Malta in A vi.c and the total revenue amount included in the same extracted report to the corresponding sub-totals and totals in the gaming revenue report (as referred to in A v. above) and listed any differences;

- Avi.e** Using the data obtained in A vi.c above, we inspected a sample of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from Maltese players, and 1 revenue transaction chosen haphazardly from the [refer to production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from players from countries other than Malta, and compared the classification of the sample to the policy (referred in A iv. above);

- Avii.** We obtained from management the report ['title of the report'] prepared by the Company (included as Appendix 8 to our report on findings) which includes the gaming revenue from Maltese players and the corresponding 5% gaming tax payable (referred to in regulation 3 of the Gaming Tax Regulations – S.L.583.10, 2018), on the revenue from clients of the Company classified as Maltese players, for the period [dd/mm/yyyy to dd/mm/yyyy], checked for arithmetical accuracy the addition of the subtotals and totals in that report, and agreed the gaming revenue to the analysis referred to in A v. above as included in Appendix 4;
- Aviii.** We compared the total gaming revenue from Maltese players in the report ['title of the report'] (referred to in A v. above) to the gaming revenue declared by the Company to the Compliance Contribution Report submitted to the MGA on [date] for the period [dd/mm/yyyy to dd/mm/yyyy].

(if applicable)

B. Levy on gaming devices in terms of the Gaming Tax Regulations – S.L.583.10, 2018.

Note: Procedures B.i) to B.viii) below are only applicable if the licence holder operates gaming devices.

- B i.** We obtained from management the report ['title of the report'] which includes a monthly breakdown of the individual revenue line items in the reconciliation included in Appendix 1, prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 9 to our report on findings) distinguishing between revenue earned through means of distance communication, revenue earned in gaming premises or revenue earned by any other means, as defined in Gaming Definitions Regulations (S.L 583.04, 2018), and checked for arithmetical accuracy the addition of the subtotals and totals in that report;
- B ii.** For the portion of revenue earned in gaming premises as included in Appendix 9, we obtained from management the report ['title of the report'] which includes a monthly breakdown of this revenue prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 10 to our report on findings) distinguishing between Type 1, Type 2, Type 3 and Type 4 gaming services as determined on the

licenced issued by the MGA, and confirmed as to whether, and if so, what proportion of such revenues have been derived from gaming services classified as junket and checked for arithmetical accuracy the addition of the subtotals and totals in that report;

- B iii.** For the monthly revenue included in Appendix 10, we obtained from management the report [‘title of the report’] prepared by the Company which includes the gaming revenue classified into the components of the formula for revenue specified in paragraph 4 of Directive 4 of 2018 ‘Directive on the Calculation of Compliance Contribution’ (included as Appendix 11 to our report on findings) and compared the total revenue as included in Appendix 10 (referred to in B ii. above) to the total revenue of this report;
- B iv.** We selected 1 month chosen haphazardly for the period [dd/mm/yyyy to dd/mm/yyyy] and for the selected month, obtained from management the report [‘title of the report’] prepared by the Company which includes a list of gaming devices approved by the MGA, operational during the selected month as well as the type of revenues generated by each of these approved gaming devices, i.e. Type 1, Type 2, Type 3 or Type 4 (included as Appendix 12 to our report on findings);
- B v.** We obtained from management the report [‘title of the report’] prepared by the Company for the selected month as per B iv. above, which includes a listing of revenues derived from each of the approved gaming devices operational during the selected month (included as Appendix 13 to our report on findings) and checked for arithmetical accuracy the addition of the subtotals and totals in that report;
- B vi.** We witnessed the extraction of monthly transactional reports for a sample of 1 approved gaming device chosen haphazardly from the [refer to the relevant production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] (included as Appendix 14 to our report on findings) and compared the extracted revenue per device to the revenue linked to the same approved gaming devices as included in Appendix 13;
- B vii.** Using the data obtained in B iv. and B v. above, we recalculated for the selected month, the levy charge payable by the Company using the rates specified in regulation 5(1) of the Gaming Tax Regulations – S.L.583.10, 2018;
- B viii.** We compared the levy charge payable as calculated in B.vii) above to the levy charge disclosed by the Company in the declaration submitted to the MGA [to specify the name of the form used in the declaration] on [date] for the month as selected in B iv. above.

Findings

We report our findings below:

_____ (if applicable) _____

1. Gaming tax payable on revenue from clients classified as Maltese players in terms of the Gaming Tax Regulations – S.L.583.10, 2018

- 1i.** With respect to item A i. we obtained from management the reconciliation of the

gaming revenue (the 'Gaming Revenue Reconciliation') prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 1 to our report on findings) reconciling the total gaming revenue as disclosed in [refer to the financial statement caption or note comprising the revenue amount – this has to be exactly the same wording as that used in the financial statements] of the audited financial statements of the Company upon which we separately reported on [date], to gaming revenue as specified in paragraph 4 of Directive 4 of 2018 'Directive on the Calculation of Compliance Contribution, and found the addition of the subtotals and totals in that reconciliation to be arithmetically correct;

- 1ii. With respect to item A i. we found the gaming revenue as included in the Gaming Revenue Reconciliation (referred to in A i. above) to be in agreement with the corresponding amount as disclosed in [refer to the financial statement caption or note comprising the disclosed player funds amount – this has to be exactly the same wording as that used in the financial statements] of the audited financial statements of the Company as at [accounting period end] upon which we separately reported on [date];
- 1iii. With respect to item A iii. we obtained from management a report [‘title of the report- include report name as stated on system’] prepared by the Company which includes the gaming revenue classified into the components of the formula for revenue specified in paragraph 4 of Directive 4 of 2018 'Directive on the Calculation of Compliance Contribution' issued from [refer to the production platform responsible for accounting of players' transactions, or back office of such platform commonly referred to as the 'back-end'] for the period [dd/mm/yyyy to dd/mm/yyyy] (included in Appendix 2 to our report on findings), and found the addition of the subtotals and totals in that reconciliation to be arithmetically correct and that the total revenue of this report is in agreement with the total amount included in the Gaming Revenue Reconciliation (referred to in A i. above);
- 1iv. With respect to item A iv. we obtained from management, and attached, the Company's policy for classifying players as Maltese players (included in Appendix 3 to our report on findings);
- 1v. With respect to item A.v. we obtained from management, and attached, the report [‘title of the report’- include report name as stated on system], prepared by the Company listing the gaming revenue by country⁷ distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta issued from [refer to the production platform responsible for accounting of players' transactions, or back office of such platform commonly referred to as the 'back-end'] for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 4 to our report on findings), and found the addition of the subtotals and totals in that reconciliation to be arithmetically correct;

1 vi. Either:

- 1 vi.a With respect to item A vi.a. we obtained from management, and attached, the data query used by the Company to generate the results obtained in A.v. above (included as Appendix 5 to our report on findings);

⁷Analysis of gaming revenue by country refers to the players' country of where s/he is established, has his/her permanent address, or usually resides.

1 vii.b For the data query obtained in A vi.a above:

- We obtained from management, and attached, the report [‘title of the report’] which includes an explanation of the logic applied in the data query in A vi.a (included as Appendix 6 to our report on findings);
- We found that the server name or Internet Protocol (IP) address used in the data query agrees to the extracted gaming revenue for the period. Observed the creation of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] and observed the server name or IP address on which it is created.;
- We found the data query parameters agree to the policy (as referred to in A iv. above);

1 vi.c With respect to item A vi.c we re-extracted, and attached, the raw data for the gaming revenue for the period [dd/mm/yyyy to dd/mm/yyyy] (distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] using the provided query in (A vi.b above (report summary included as Appendix 7 to our report on findings);

1 vi.d With respect to item A vi.d we compared the sub-totals for the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta in A vi.c and the total revenue amount included in the same extracted report to the corresponding sub-totals and totals in the gaming revenue report (as referred to in (A.v. above) and found the addition of the subtotals and totals in that report to be arithmetically correct;

1 vi.e Using the data obtained in A vi.c above, we found that the classification of the sample of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] of gaming revenue from Maltese players, and 1 revenue transaction chosen haphazardly from the [refer to production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] of gaming revenue from players from countries other than Malta, agrees to the policy (referred in A iv. above);

Or

1 vi. a With respect to item A vi.a we obtained from management, and attached, the code within the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the ‘back-end’] that generates the report noted in A v. above (included as Appendix 5 to our report on findings);

1 vi. b For the code obtained in A vi.a above we found that the code parameters agree to the policy (as referred to in A iv. above);

1 vi. c We re-extracted, and attached, the data for the gaming revenue for the period [dd/mm/yyyy to dd/mm/yyyy] distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta from the [refer to the production platform responsible for accounting for

revenue transactions, or back office of such platform commonly referred to as the 'back-end'] using the code obtained in (A vi.a above (report summary included as Appendix 7 to our report on findings);

- 1 vi.d With respect to item A vi.d we compared the sub-totals for the gaming revenue distinguishing between gaming revenue from Maltese players and gaming revenue from players from countries other than Malta in A vi.c and the total revenue amount included in the same extracted report to the corresponding sub-totals and totals in the gaming revenue report (as referred to in (A v. above) and found the addition of the subtotals and totals in that report to be arithmetically correct;
- 1 vi.e Using the data obtained in A vi.c above, we found that the classification of the sample of 1 revenue transaction chosen haphazardly from the [refer to the production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from Maltese players, and 1 revenue transaction chosen haphazardly from the [refer to production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] of gaming revenue from players from countries other than Malta, agrees to the policy (referred in A iv. above);

- 1 vii. With respect to item A vii. we obtained from management, and attached, the report ['title of the report'] prepared by the Company (included as Appendix 8 to our report on findings) which includes the gaming revenue from Maltese players and the corresponding 5% gaming tax payable (referred to in regulation 3 of the Gaming Tax Regulations – S.L.583.10, 2018), on the revenue from clients of the Company classified as Maltese players, for the period [dd/mm/yyyy to dd/mm/yyyy], and found the addition of the subtotals and totals in that report to be arithmetically correct, and agrees to the gaming revenue to the analysis referred to in A v. above as included in Appendix 4;
- 1 viii. With respect to item A viii. we found that the total gaming revenue from Maltese players in the report ['title of the report'] (referred to in A v. above) agrees to the gaming revenue declared by the Company to the Compliance Contribution Report submitted to the MGA on [date] for the period [dd/mm/yyyy to dd/mm/yyyy].

(if applicable)

2. Levy on gaming devices in terms of the Gaming Tax Regulations – S.L.583.10, 2018.

- 2 i. With respect to item B i. we obtained from management, and attached, the report ['title of the report'] which includes a monthly breakdown of the individual revenue line items in the reconciliation included in Appendix 1, prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 9 to our report on findings) distinguishing between revenue earned through means of distance

communication, revenue earned in gaming premises or revenue earned by any other means, as defined in Gaming Definitions Regulations (SL 583.04, 2018), and found the addition of the subtotals and totals in that report to be arithmetically correct;

- 2 ii.** With respect to item B ii. for the portion of revenue earned in gaming premises as included in Appendix 9, we obtained from management, and attached, the report ['title of the report'] which includes a monthly breakdown of this revenue prepared by the Company for the period [dd/mm/yyyy to dd/mm/yyyy] (included as Appendix 10 to our report on findings) distinguishing between Type 1, Type 2, Type 3 and Type 4 gaming services as determined on the licenced issued by the MGA, and confirmed as to whether, and if so, what proportion of such revenues have been derived from gaming services classified as junket and found the addition of the subtotals and totals in that report to be arithmetically correct;
- 2 iii.** With respect to item B iii. for the monthly revenue included in Appendix 10, we obtained from management, and attached, the report ['title of the report'] prepared by the Company which includes the gaming revenue classified into the components of the formula for revenue specified in paragraph 4 of Directive 4 of 2018 'Directive on the Calculation of Compliance Contribution' (included as Appendix 11 to our report on findings) and found the total revenue as included in Appendix 10 (referred to in B ii. above) agrees to the total revenue of this report;
- 2 iv.** With respect to item B iv. we selected 1 month chosen haphazardly for the period [dd/mm/yyyy to dd/mm/yyyy] and for the selected month, obtained from management the report, and attached, ['title of the report'] prepared by the Company which includes a list gaming devices approved by the MGA, operational during the selected month as well as the type of revenues generated by each of these approved gaming devices, i.e. Type 1, Type 2, Type 3 or Type 4 (included as Appendix 12 to our report on findings);
- 2 v.** With respect to item B v. we obtained from management, and attached, the report ['title of the report'] prepared by the Company for the selected month as per B iv. above, which includes a listing of revenues derived from each of the approved gaming devices operational during the selected month (included as Appendix 13 to our report on findings) and found the addition of the subtotals and totals in that report to be arithmetically correct;
- 2 vi.** With respect to item B vi. we witnessed the extraction of monthly transactional reports for a sample of 1 approved gaming device chosen haphazardly from the [refer to the relevant production platform responsible for accounting for revenue transactions, or back office of such platform commonly referred to as the 'back-end'] (included as Appendix 14 to our report on findings) and found that the revenue per device agrees to the revenue linked to the same approved gaming devices as included in Appendix 13;
- 2 vii.** Using the data obtained in B iv. and B v. above, we recalculated for the selected month, the levy charge payable by the Company using the rates specified in regulation 5(1) of the Gaming Tax Regulations – S.L.583.10, 2018;
- 2 viii.** With respect to item B vii. we found the levy charge payable as calculated in B vii. above agrees to the levy charge disclosed by the Company in the declaration submitted to the MGA [to specify the name of the form used in the declaration] on [date] for the month as selected in B iv. above.

[Detail the exceptions]

Because the above procedures do not constitute either an audit or a review made in accordance with International Standards on Auditing or International Standards on Review Engagements, we do not express any assurance on the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices of the Company as at [insert financial year end].

Had we performed additional procedures on the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices of the Company as at [insert financial year end] falling under the Maltese license, in accordance with International Standards on Auditing or International Standards on Review Engagements, other matters might come to our attention that would be reported to you.

Restriction on use and distribution

Our report is solely for the purpose set forth in the first paragraph of this Report and is therefore for your information and the information of the MGA and is not to be used for any other purpose or to be distributed to any other parties. This report relates only to the Gaming tax payable on revenue from clients classified as Maltese players, as well as Levy on gaming devices of the Company specified above and does not extend to any financial statements of the Company, taken as a whole.

[insert name of signatory] as Director/Partner

in the name and on behalf of

[Insert Audit Firm Name]

Registered auditor

[Address], Malta

[insert date of report]