



TO All Pennsylvania Licensed Racing Entities and Secondary Pari-mutuel Organizations

DATE March 11, 2016

PARI-MUTUEL TAX CHANGE BULLETIN 2016-02.

On February 23, 2016, Governor Tom Wolf signed into law House Bill 941, now Act 7 of 2016. The law repeals Article XVI-B of the Tax Reform Code as well as the Race Horse Industry Reform Act and provides a new article XXVIII-D in the Administrative Code for race horse industry reform.

Effective February 23, 2016, a licensed racing entity that conducts horse race meetings or a secondary pari-mutuel organization shall pay tax under Act 7 of 2016 to the Department of Revenue. The tax rate imposed on a licensed racing entity or a secondary pari-mutuel organization will be 1.5 percent of the amount wagered each racing day on win, place or show wagers. The amounts wagered on multiple and exotic pools, including an exacta, daily double, quinella and trifecta wager will be taxed at 2.5 percent.

The breakage for licensed racing entities has changed from 25 percent to 37.5 percent and applies to standardbred tracks and thoroughbred tracks. The breakage does not apply to the secondary pari-mutuel organizations.

Licensed racing entities are no longer required to file and pay admissions tax.

Below is a summary of the changes that apply to filing pari-mutuel tax returns.

- Licensed racing entities are no longer required to remit pari-mutuel admissions tax.
- Thoroughbred and standardbred (harness) meets are now subject to breakage.
- The breakage is 37.5 percent.
- The total exotic pool tax is 2.5 percent.
- The wagering tax is 1.5 percent of the amount wagered each day on win, place, show wagers.
- Licensed racing entities and secondary pari-mutuel organizations are required to file two wagering tax returns for the month of Feb. 2016 for both thoroughbred and standardbred meets. The old tax rates should be used for the period Feb. 1– Feb. 22, 2016. The new tax rates should be used for the period Feb. 23–Feb. 29, 2016.
- Secondary pari-mutuel organizations no longer pay a 10 percent wagering tax. The tax rate has changed to 1.5 percent of the amount wagered on win, place or show wagers and 2.5 percent on exacta, daily double, quinella and trifecta wagers.

Please visit our website at www.revenue.pa.gov for updated wagering tax returns.