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## Risks of using taxation as a public health measure to reduce gambling-related harms

Taxation can be used to increase the prices of and reduce the consumption and harms arising from public health concerns related to tobacco, alcohol, and sugary drinks.<sup>1</sup> Gambling is another public health concern,<sup>2-4</sup> and some authors have therefore made the analogous recommendation that gambling-related harms might also be reduced via increases in taxation.<sup>2,5</sup> However, this recommendation neglects the fact that it is largely excessive gambling losses, rather than the act of gambling itself, that produces gambling-related harm.<sup>6</sup> Gambling taxes can have negative effects on gambling-related harm via this channel of increasing the losses of gamblers.

The UK government has previously taxed the winnings of gamblers.<sup>7</sup> However, this tax effectively increased the overall net losses of gamblers, because any wins were shrunk by the incidence of the tax. Furthermore, this tax fuelled the black market, because it provided an aspect of price that illegal operators could compete on.<sup>7</sup> Taxing gambling operators is another approach. However, operators are incentivised by profits net of taxes. Any tax increase therefore means the operator must increase gambler losses, and therefore harm, just to maintain a steady level of profit for its owners. A smart gambling tax on operator profits, which is higher on more harmful products, is likely to be the most resistant to these concerns.<sup>2</sup> However, any smart tax requires an exact quantification of gambling-related harm to be implemented optimally. Gambling researchers can largely agree on which gambling products are the most harmful,<sup>8</sup> but cannot precisely quantify these differences.

Furthermore, governments can become overly reliant on gambling

taxation revenue. Many governments legalised gambling to raise taxation revenue for other social issues.<sup>9</sup> This approach can make it harder to enact other public health measures for gambling, which will necessarily reduce gamblers losses and corresponding taxation revenue. Hypothecation of gambling taxes, so that they can only be spent on gambling issues, is necessary to eliminate these risks.<sup>7</sup>

Taxation has been effective with tobacco, alcohol, and sugary drinks.<sup>1</sup> But analogous recommendations for gambling pose risks because of the harmful effects of excessive gambling losses. For the UK government's current review of gambling, we are in favour of the proposed 1% hypothecated levy on gambling profits to spend on gambling research, education, and treatment. But additional gambling taxes might do more harm than good.

PN is a member of the Advisory Board for Safer Gambling, an advisory group of the Gambling Commission in Great Britain, and in 2020 was a special advisor to the House of Lords Select Committee Enquiry on the Social and Economic Impact of the Gambling Industry. In the past 5 years PWSN has contributed to research projects funded by Clean Up Gambling, GambleAware, Gambling Research Australia, NSW Responsible Gambling Fund, and the Victorian Responsible Gambling Foundation. PWSN has received travel and accommodation funding from the Spanish Federation of Rehabilitated Gamblers and received open-access-fee grant income from Gambling Research Exchange Ontario. MJR has received research funds from Gambling Research Australia, Victorian Responsible Gambling Foundation, Queensland Treasury, Victorian Treasury, NSW Responsible Gambling Fund, NSW Office of Liquor & Gaming, Tasmanian Department of Treasury and Finance, New Zealand Ministry of Health, Department of Families, Housing, Community Services and Indigenous Affairs, Alberta Gambling Research Institute, and the First Nations Foundation. MJR declares no competing interests in relation to this manuscript.

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