



The new regulatory landscape in the Brazilian Betting market.

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Although the regulation of online sports betting and casinos, the popular BETS, has been in effect in Brazil for just over a year with the approval of Law No. 14.790 of 2023, Brazil can already be considered one of the major global players in this market. Last week, the Brazilian Central Bank released a survey showing that Brazilians spend around 20 billion reais monthly on online gambling, considering only direct cash transfers, without accounting for bets made with credit cards or other payment methods.

In addition to a population in continental numbers that is passionate about sports, especially soccer, Brazil is attractive when it comes to taxation. While in the UK, Spain, and Italy, the segment is taxed at between 15% and 26%, in Brazil, BETS will be taxed at 12%, plus additional charges.

Given this promising scenario for the segment, in August 2024, 113 active players willing to continue operating in the country in the regulated market submitted requests to the Ministry of Finance to continue operating, as determined in Ordinance 827 of 2024 of the ministry's SPA (Secretariat of Prizes and Betting). These requests will be prioritized in the regulatory procedures defined by the agency.

Those that have not yet been regularized will be classified as illegal as of October 2024, until they obtain the proper authorization. Those who have applied for authorization but have not started activities will only be able to start operating in January after the authorization has been granted.

On September 17, the government ordered the suspension of websites that have not applied for authorization by the deadline, meaning that BETS that lack authorization from the Ministry of Finance will have their operations suspended starting October 1, 2024.

However, there are discussions about this deadline, since Law 14.790/2023 expressly established a transition period of no less than 6 (six) months for betting operators to comply with regulatory requirements - a period that will not have expired by October 1.

The SPA stated that it will complete the analysis of the first applications by December 2024 and that the regulated betting market will come into force on January 1, 2025.

In addition to this authorization, players in the segment will be required to deposit a guarantee worth 30 million reais before starting operations and comply with rules aimed at combating fraud, money laundering, and abusive marketing and advertising. Technology giant Google has already announced plans to block ads from bets lacking authorization from the Ministry of Finance as of September 30, 2024.

Another requirement is that beginning in January 2025, all authorized companies must use the ".bet.br" domain and, consequently, comply with the requirements inherent to .br domains, such as having a CNPJ responsible for the domain with Registro.br, Brazil's domain registrar.

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