Securing Racing's Future

Rebalancing taxation to protect jobs, heritage and growth, providing fair funding for a sport that delivers £4bn to the economy

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PLUMPTON RACECOURSE LIMITED

Plumpton Racecourse's main activity is to promote and stage National Hunt horse racing fixtures, providing a hub for the local, rural community. The racecourse operates as Plumpton Racecourse Limited, a company limited by shares with Company Number 03449121.

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EXECUTIVE SUMMARY

Horse racing is the second largest spectator sport in Britain, supporting around 85,000 jobs, contributing over £4 billion in annual economic value, and generating approximately £300 million in annual tax revenue. It serves as both a global showcase for the country — through events such as Royal Ascot and the Grand National — and a vital local employer and source of cultural identity for rural communities.

The industry is, however, facing a structural funding crisis that threatens its long-term sustainability. Prize money in Britain is the lowest among all major racing jurisdictions. Owners — who underpin the livelihoods of trainers, stable staff, jockeys and breeders — are increasingly relocating horses to countries where returns are more competitive. This is leading to a contraction in the domestic horse population, a talent drain of trainers and jockeys, and declining investment at the grassroots of the sport.

The core issue is the way British racing is funded. The sport is uniquely reliant on gambling, yet the flow of betting revenues into racing is insufficient and declining in real terms. The statutory Levy, created in 1961 to compensate racing when off-course betting was legalised, has stagnated. In 2005, the Levy contributed £61.5 million to prize money (62% of the total); by 2023, its contribution was £67.5 million (33% of the total), despite bookmakers' profits increasing substantially over the same period.

International comparisons highlight Britain's relative weakness. Other jurisdictions are supported by totaliser monopolies, year-round casino revenues at racecourses, or significantly higher levels of state aid. Prize money in Britain must at least double from its current £188 million in order to become internationally competitive.

The Social Market Foundation has recommended rebalancing the system by reducing General Betting Duty on horseracing bets from 15% to 5% while doubling the Levy from 10% to 20%, generating an additional £108 million for racing. Applying a similar model to international racing, with 5% to Treasury and 10% to the Levy, would generate a further £20-25 million, totalling £130 million, without adding to operators' fiscal burden on horse racing products.

Without reform, British racing faces continued decline: a shrinking horse population, reduced investment, job losses, and the erosion of its global standing. With reform, the industry can secure a sustainable future, continue to support employment and rural economies, and maintain Britain's position as a world leader in racing.

CHAPTER ONE — THE CURRENT STATE OF BRITISH RACING

Horse racing is the second largest spectator sport in Britain. It supports over 85,000 jobs, contributes more than £4 billion to the economy each year, and generates around £300 million annually in tax revenue for government[1]. Beyond its economic weight, racing is deeply interwoven into Britain's cultural identity. The first recorded race dates back to 1174, but the tradition stretches back two millennia, to Roman times. Today, global spectacles such as the Grand National draw television audiences of 600 million[2], while Royal Ascot remains not only a centrepiece of the sporting calendar but also a unique forum for international diplomacy, particularly with leaders from the Middle East.

At a local level, Britain's 59 racecourses act as anchors for many rural economies and communities, providing both employment and a focal point for regional identity. At Plumpton, as elsewhere, racing is inseparable from local pride and place. Similarly, Dan Carden MP has repeatedly highlighted the way the Grand National has become a symbol of identity and civic pride for the people of Liverpool, where his constituency is based.

The industry rests on two interconnected pillars. Racecourses, such as Plumpton, provide the venues and infrastructure for competition. Alongside them are the so-called "horsemen": owners, trainers, jockeys, stable staff, and breeders. While owners may be international, the day-to-day care of horses falls to British-based trainers, stable staff, jockeys, and breeders. These grassroots professionals form the backbone of the industry, and are the ones who are most directly affected by low prize money levels.

Although prize money is formally paid to owners, grassroots livelihoods depend on owners continuing to invest in British-trained horses. Yet owners' wealth is highly mobile. If prize money is consistently stronger abroad, horses — and with them, jobs — will inevitably move. Recent high-profile examples in just the past 12 months underscore this risk: trainers Adam West and Amy Murphy have relocated to France, while Dan & Clare Kubler have shifted operations to Bahrain. Jockeys too have sought opportunities overseas, as both Richard Kingscote and David Probert, who finished first and

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[1] Thoroughbred Daily News (2025), *British Racing Falls Dark as the Sport Unites in Protest at Tax Hikes.* https://www.thoroughbreddailynews.com/british-racing-falls-dark-as-the-sport-unites-in-protest-at-tax-hikes

[2] BBC (2025), *Grand National 2025: Guide to three-day festival.* https://www.bbc.co.uk/news/articles/c230803ep4mo

second respectively in the 2022 Epsom Derby, have joined other formerly British based riders in Hong Kong, like Harry Bentley and Andrea Atzeni, who was fourth in that 2022 Epsom Derby.

While it is to be expected that, in a free market, there will be movement of people and businesses, there is currently an alarming exodus of young, highly skilled professionals. Stable staff, who are tied to local training yards, are particularly vulnerable. When speaking about the current consultation to harmonise tax rates within gambling, Sarah Guest, 2023 Employee of the Year at the Thoroughbred Industry Awards, stated: *"I love what I do, but if the industry starts shrinking, it will be stable staff like me who will feel it first. It's a genuine worry, and the Government needs to understand this is going to have significant impact on everyone working in racing*[3]*"*.

The reality though, is that contraction is already underway. British breeding faces a steep and accelerating decline. The foal crop for 2026 will be 25% smaller than in 2022, with half of this reduction occurring in just the past year. This represents an extraordinary collapse: a thirty-year decline has been compressed into four years. PwC's 2022 projections[4] had anticipated such a contraction only by 2051; in reality, the industry has reached this point a quarter of a century earlier. Because thoroughbreds have an 11 month gestation period and cannot race until they are at least two years old, this provides the industry with unprecedented, certain foresight into the exact scale of the shrinking horse population in training for the next three years.

The reason for this decline is due to the poor levels of prize money in comparison to other jurisdictions. Figure 1 shows that Britain offers by far the lowest return on investment for racehorse owners among all major racing nations. This is driven by two dynamics — high operating costs and globally low prize money levels. To match Ireland, Britain would require a 60% uplift in prize money, equivalent to an additional circa £100 million. To reach France's level would require almost tripling current figures, an increase of around £338 million. With reduced demand for horses in Britain, it is unsurprising that three-quarters of yearlings sold in 2024 failed to recover costs.

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[3] BHA (2025), *Petition to #AxeTheRacingTax launched as Government tax raid threatens future of British Horseracing.*
https://www.britishhorseracing.com/press_releases/33966/

[4] Thoroughbred Daily News (2025), *Industry 'In Denial': Plain Speaking From Philip Newton as TBA Introduces £60 Mandatory Foal Levy For 2026.*
https://www.thoroughbreddailynews.com/industry-in-denial-plain-speaking-from-philip-newton-as-tba-introduces-60-mandatory-foal-levy-for-2026/

Figure 1: Average Prize Money and Costs to Owners by Jurisdiction (2023)

Country	Average Monthly Training Fees §	Total Prize Money (PM) in £m	Number of Races	Average PM per Race	Average PM to Monthly Training Fees ratio	PM/ Training Fees ratio vs. Britain (%)	Increase needed in Britain for parity (£m)
Hong Kong	£2,854	£149.3	835	£178,786	62.6	720.2%	£1,142.9
Japan	£3,500	£500.5	3,456	£144,810	41.4	475.7%	£692.4
USA *	£1,903	£704.4	12,261	£57,451	30.2	347.1%	£455.4
France	£1,487	£251.3	6,859	£36,638	24.6	283.3%	£337.8
Australia **	£1,748	£340.5	9,743	£34,948	20.0	229.9%	£239.5
Ireland	£1,500	£59.2	2,877	£20,577	13.7	157.7%	£106.4
Britain	£2,115	£184.3	10,019	£18,395	8.7	-	-

* USA includes states of California, Florida, Kentucky and New York only
** Australia includes states of New South Wales and Victoria only
§ Average Monthly Training Fees has been calculated as the mid-point between the lowest and the highest monthly training fees that are publicly available. In Britain, the lowest training fees to be made publicly available are Chris Grant's at £42/day, and the highest are Charlie Johnston's at £99/day.

Source: British Horseracing Authority, Racehorse Owners Association, Johnston Racing, Chris Grant Racing, Horse Racing Ireland, French Racing and Breeding Committee, The Jockey Club (USA), Racing NSW, Racing Victoria, Hong Kong Jockey Club, Japan Racing Association

Analysis confirms that the financial structure of British racing is fundamentally unsustainable, relying heavily on the finite personal wealth of a small, ageing cohort of ultra-wealthy, predominantly international owners. This precarious dependency poses a direct and existential threat to the long-term viability of the sport's high-end operations. Leading British trainer John Gosden has recently delivered a stark assessment of the model's fragility, highlighting the over-reliance on this demographic, stating that: "*A lot of those owners are older or are dead and I think it is being very presumptuous of us to assume that their children can maintain that level of investment*[5]". This dependence on individual fortunes, rather than a robust, domestically funded prize money structure, directly compromises Britain's competitive standing. The predictable result is a systematic loss of quality equine talent to better-funded global jurisdictions, a trend exacerbated by non-competitive prize money levels. Mr Gosden went on to say that: "*There are not the numbers they used to have for the very simple reason they don't want to race here because it's such pitiful prize-money. The Japanese, Australians,*

[5] Thoroughbred News (2025), *John Gosden warns of challenges facing British racing on day of protest.* https://www.thoroughbrednews.com.au/news/story/john-gosden-warns-of-challenges-facing-british-racing-on-day-of-protest-176427

Hong Kong Jockey Club and the Americans buy our stock and they export it, understandably, to their countries". The resulting talent drain guarantees the systemic erosion of Britain's competitive edge and its reputation as a world-leading racing nation.

The country with the highest average prize money in the world is Hong Kong, boasting an average prize fund per race almost ten times that of Britain. The Hong Kong Jockey Club are the highest single taxpayer in the country and one of its biggest employers[6]. Speaking at the Asian Racing Conference in August 2024, Winfried Engelbrecht-Bresges, CEO of the Hong Kong Jockey Club, said "*Great Britain is probably the most challenged when it comes to industry fragmentation. For our colleagues in the BHA, I would not call it Mission Impossible but it's close, and even Tom Cruise cannot help you. You need alignment of interest and it is crucial when you have a sport that is probably one of the best racing products in the world, but if you look at the return to owners, if you look at the return to racetracks to invest in the future, to invest in technology, there is not enough revenue coming back to the industry to address this*[7]".

British racing delivers significant economic, fiscal, and cultural value, but the sector is facing structural financial pressures that are accelerating faster than anticipated. At the same time, internationally uncompetitive prize money levels continue to drive the relocation of owners, trainers, jockeys, and horses to alternative jurisdictions, reducing Britain's ability to retain talent and investment. The industry's reliance on a small number of wealthy owners, many of whom are based overseas and ageing, adds further vulnerability to its funding model. Comparisons with other major racing nations underline the scale of Britain's prize money gap and the associated risks to competitiveness. Taken together, these trends indicate that without structural change, the contribution of British racing to employment, taxation, and local economies will diminish over the short-to-medium term.

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[6] Hong Kong Jockey Club (2025), *Celebrating 140 Years: Jockey Club commits HK$1.4 billion to youth development initiatives*.
https://corporate.hkjc.com/corporate/corporate-news/english/2025-04/news_2025041301621.aspx

[7] Thoroughbred News (2024), *ARC 2024: Racing Urged to Think Globally, Act Locally.*
https://www.thoroughbreddailynews.com/arc-2024-racing-urged-to-think-globally-act-locally/

CHAPTER TWO — THE ONGOING GOVERNMENT CONSULTATION ON TAX HARMONISATION WITHIN DIFFERENT GAMBLING SECTORS

The Treasury is currently consulting on the potential harmonisation of tax rates across different gambling sectors. At present, operators offering bets on racing face a General Betting Duty (GBD) of 15%, while Remote Gaming Duty (RGD), applied to online casino products, is set at 21%. The British Horseracing Authority (BHA) has launched the *#AxeTheRacingTax* campaign, opposing harmonisation of these rates and Plumpton Racecourse fully supports this position. It would be ill-advised for the Government to harmonise these rates. Racing and online casino products are fundamentally different industries, and treating them the same for tax purposes would create unfair and damaging consequences.

It is worth recalling that in March 2024, the now Chancellor stated: "*Economics is not just about quantitative models and abstract theory – it is about values, rooted in political, philosophical and moral questions, about human nature and the good of society*[8]". That perspective is relevant when considering the appropriate tax treatment of different gambling sectors.

However, the BHA and other industry stakeholders have been clear that racing should limit its advocacy to matters directly concerning its own taxation position. This is a fair and reasonable approach. Accordingly, this paper confines its analysis to the implications of tax policy for racing. It does not make recommendations on the appropriate rates for other gambling sectors, nor on how government should finance or allocate any wider fiscal measures.

Within that scope, independent analysis commissioned by Regulus Partners has estimated that harmonisation of remote GBD with RGD at 21% would reduce racing's income by approximately £66m per year[9]. Such an outcome would accelerate the financial pressures already documented in Chapter One. However, it should also be recognised that even under the current 15% rate, the long-term funding model for racing remains structurally unsustainable.

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[8] Reeves (2024), *Mais Lecture 2024*.
https://labour.org.uk/updates/press-releases/rachel-reeves-mais-lecture/

[9] BHA (2025), *BHA urges the sport to call on Government to Axe the Racing Tax as sport threatened with £66m in lost income*.
https://www.britishhorseracing.com/press_releases/bha-urges-the-sport-to-call-on-government-to-axe-the-racing-tax-as-sport-threatened-with-66m-in-lost-income/

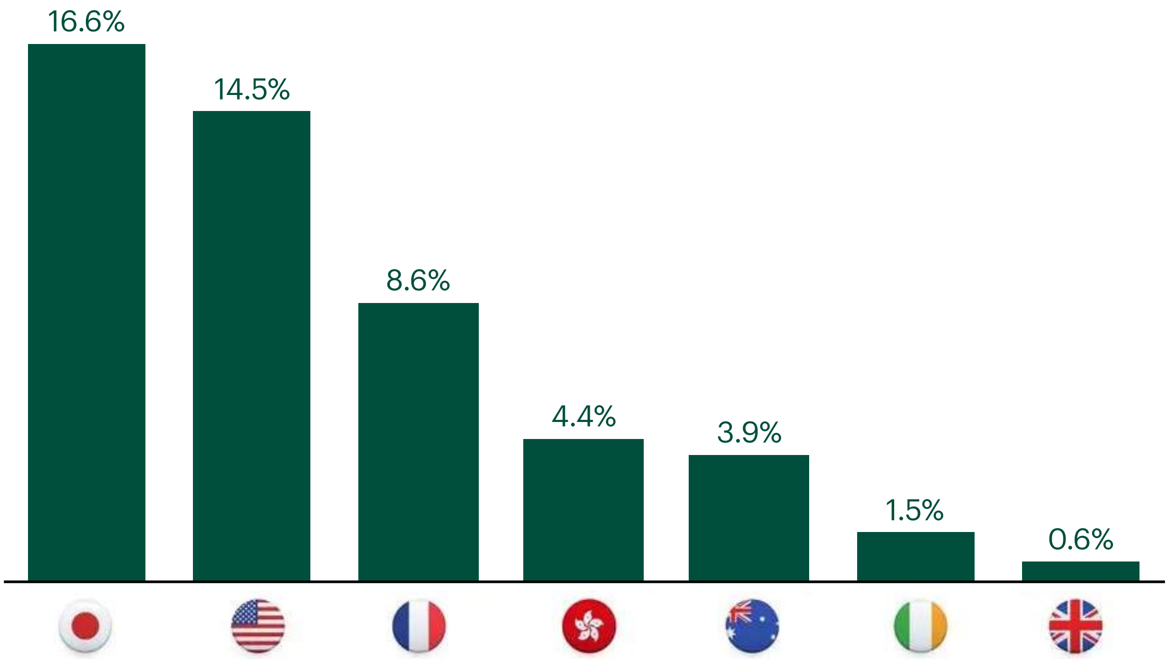
CHAPTER THREE — HOW BRITISH RACING IS FUNDED

Horse racing is unique among major sports in that it relies heavily on gambling revenues for its financial sustainability. Apart from greyhound racing, no other sport in Britain depends on a licensing fee or receives income directly tied to a share of betting operators' gross profits. This reflects the historic and symbiotic relationship between racing and betting. For much of history, horse racing was the only product on which wagering was legally permitted.

The median number of fixtures at British racecourses is 20 days per year, leaving approximately 345 days without racing. At Plumpton, for example, 17 fixtures are scheduled in 2025, generating more than 98% of annual revenue. The remaining 348 days account for less than 2% of revenue. There is no realistic scope to significantly increase the number of fixtures at Plumpton: the available horse population and the physical limitations of turf management mean that staging additional meetings is not feasible.

Britain ranks lowest internationally in terms of percentage of betting turnover returned to prize money, currently just 0.6% of betting turnover. Figure 2 below highlights just how far behind the rest of the world it trails when it comes to this key metric in determining the level of prize money.

Figure 2: Betting Turnover Returned To Racing by Jurisdiction



Source: British Horseracing Authority, Asian Racing Federation

Several international models highlight why Britain's funding structure underperforms by comparison:

- **Japan, Hong Kong and France:** In these jurisdictions, betting is conducted through a totaliser monopoly. Revenues are channelled directly into the sport, ensuring high levels of prize money. This model is not feasible in Britain, where bookmakers are long established.

- **United States:** Historically, racetracks operated as the only legal venues for wagering, and many now run casinos on non-racing days. Profits from these casinos are reinvested into racing.

- **Ireland:** Racing receives significant state aid. Government funding equates to roughly £24,000 per race[10], compared to around £10,000 in Britain.

- **Australia:** Australia is the most similar jurisdiction to Britain in terms of funding structure. Alongside "race fields" payments (equivalent to media rights in Britain but set at a higher rate), Australia applies a Point of Consumption Tax (POCT) to all forms of wagering, not just racing. A proportion of this revenue is directed back to racing, meaning bets on other sports also contribute to funding the racing industry. This essentially operates as state aid, just with a broader scope than the British Levy. Figure 3 below shows that across New South Wales, Queensland, and Victoria, the effective levy rate is 18.4% of horseracing Gross Gambling Yield (GGY) — more than double Britain's effective rate of 8.5%[11]. The British levy falls below the nominal 10% because of a £500,000 threshold allowance for operators on horseracing GGY. Horse racing's share of all wagering Gross Gambling Yield (GGY) in the three main Australian states amounts to 5.9%. In Britain, the equivalent figure is 0.9% when lotteries are excluded[12] — less than one-sixth of the Australian return. While this comparison is not entirely like-for-like, as online casinos are prohibited in

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[10] Racing Post (2024), *Irish racing to receive increased funding from government in 2025 as budget reveals support of €79.28m.*
https://www.racingpost.com/news/ireland/irish-racing-to-receive-increased-funding-from-government-in-2025-as-budget-reveals-support-of-79.28m-a1j9t6S0J0R4/

[11] Gambling Commission (2024), *Industry Statistics - November 2024.*
https://www.gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2024-official-statistics

[12] Gambling Commission (2024), *Industry Statistics - November 2024.*
https://www.gamblingcommission.gov.uk/statistics-and-research/publication/industry-statistics-november-2024-official-statistics

Australia, the disparity remains stark. Even when excluding lotteries, online casino and online bingo from the British figures, the Levy only accounts for 1.5% of total GGY. This highlights the structural imbalance in Britain's funding model and explains why prize money is so inferior to Australia.

Figure 3: Racing Statistics by Australian State (2023-24 Fiscal Year)

Financial Year 2023-24	NSW	QLD	VIC	TOTALS
Point of Consumption Tax (%)	15.0%	20.0%	15.0%	**16.5%**
Horse Racing's Share of POCT (%)	22.2%	51.4%	33.3%	**35.6%**
Horse Racing's Share of all GGY (%)	3.3%	10.3%	5.0%	**5.9%**
Total POCT Receipts 2023-24 (£M)	£143.0	£150.0	£199.5	**£492.5**
Racing Revenue from State Aid (£M)	£31.8	£77.2	£66.5	**£175.4**
Horse Racing Turnover (£M)	£2,082.8	£1,992.8	£2,697.8	**£6,773.4**
Horse Racing Margin (%)	14.5%	13.8%	13.9%	**14.1%**
Horse Racing GGY (£M)	£302.0	£275.0	£375.0	**£952.0**
Effective Levy Rate on Racing GGY (%)	10.5%	28.1%	17.7%	**18.4%**

Source: Racing New South Wales, Racing Queensland, Racing Victoria

The financial gap between Britain and comparator jurisdictions has direct effects on the ability to retain equine talent. Last year, Via Sistina was the best horse in Australia and the third best horse in the world[13], but the previous year, she was one of Britain's leading racehorses. In Britain, she earned £590,442 across her 10 races (an average of £59,044 per start). After being sold to Australia at the end of 2023, she has since earned £6,261,068 in her 13 starts to date — an average of £481,621 per race, more than eight times the British figure[14]. Similar cases have been repeated in recent years, underlining the structural disadvantage Britain faces in attracting and retaining high-quality horses.

The current structure in Britain leaves the sport at a disadvantage, with lower returns to prize money, reduced incentives for owners, and a growing risk of talent and investment being diverted abroad. Without urgent and radical reform, the gap between Britain and other racing nations will continue to widen, directly impacting the industry's ability to sustain itself.

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[13] International Federation of Horseracing Authorities (2024), 2024 *Longines World's Best Racehorse Rankings*.
https://www.ifhaonline.org/resources/WTRRankings/LWBRR.asp?batch=127

[14] https://www.racingpost.com/profile/horse/3521637/via-sistina/form

CHAPTER FOUR — HOW THE FUNDING SHOULD BE CHANGED

The most credible proposal to address racing's funding gap has been put forward by the Social Market Foundation (SMF), a leading Westminster think tank, in its recent paper *The Duty to Differentiate*. The SMF recommends a rebalancing of the current system by reducing the Treasury's share of betting tax on gross profits for horseracing bets (General Betting Duty) from 15% to 5%, while doubling the Levy from 10% to 20%. This suggestion would be fiscally neutral for operators, maintaining an overall effective tax rate of 25% regardless of allocation, and therefore should not, in principle, disadvantage the betting industry — and with a stronger, more sustainable racing industry underpinning the betting market, it is ultimately in operators' long-term interests as well. At present, racing receives around £100 million per year from the Levy and an additional £100m would go a significant way towards meeting the requirement to double the current prize money figure of £188 million, needed in order to restore international competitiveness.

Under the SMF logic, international bets (which currently attract only the 15% General Betting Duty and no Levy) should be treated in a similar way to domestic bets: 5% of Gross Gambling Yield going to HM Treasury with the remainder of duty directed to the Levy. Under the current taxation system, where GBD is at 15%, that would redirect 10 percentage points of GGY on international racing to the Levy, which on current volumes is estimated to deliver approximately £20-25 million per year for British racing. As with domestic racing, this would be a reallocation of existing duties rather than an increase in the tax burden on operators for racing. This would still leave racing around £55-60 million short of the target of doubling prize money, but would be a vital step in the right direction to creating a sustainable ecosystem in British racing.

Dr James Noyes, Senior Fellow at the Social Market Foundation, said "*British racing is facing an existential threat. The government's current tax consultation risks accelerating the demise of a vital part of the British economy, society and culture. The Social Market Foundation's proposal to increase much needed Levy funds should provide the sport, and the jobs and communities which depend on racing, with a lifeline and hope for a sustainable future*".

The SMF is not alone in calling for this Levy reform. Martin Cruddace, CEO of Arena Racing Company (ARC), has suggested inverting the current ratio of Treasury and Levy contributions, with 15% directed to the Levy and

10% to the Treasury[15]. While the principle of shifting more funding toward racing is supported, this adjustment would increase revenues by only £50 million — insufficient against the estimated £190 million shortfall faced by the sport.

It is important to emphasise that additional Levy funding would not represent a subsidy, but an investment. In 2019, a Racecourse Association report recorded owner expenditure at £621 million[16] against prize money of just £161 million, representing a return on investment of negative 74%. These figures exclude the cost of acquiring horses, which are often very substantial. It follows that increases in prize money are likely to generate new investment into the British economy at rates significantly greater than the sums paid out.

Even if Britain were to double its prize money, it would still rank sixth of the seven major racing jurisdictions, ahead only of Ireland. Other leading countries — Hong Kong, Japan, the United States, France, and Australia — would continue to offer higher levels of financial return to owners. Ireland itself is also facing pressures. Just last month, Thurles, the country's only privately owned racecourse, announced closure with immediate effect due to "*ever increasing industry demands and the cost of doing business*[17]". While Horse Racing Ireland intervened to secure fixtures until March 2026, the long-term future of the racecourse, which has been in business since 1732, remains in jeopardy, highlighting significant concerns about the viability of Irish racing, as well as British racing.

Rebalancing the Levy as proposed by the SMF would provide British racing with a sustainable pathway toward addressing its funding deficit. While not sufficient on its own to close the gap with international competitors, such reform would significantly strengthen the industry's financial base and help to stabilise prize money. The case for reform is therefore not one of subsidy, but of safeguarding economic activity, jobs and tax revenues that are at risk under the current model, while also unlocking further investment and growth in the wider economy.

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[15] The Guardian (2024), *Arena Racing CEO urges reform to save racing from gambling tax fallout*. https://www.theguardian.com/sport/2024/oct/14/arena-racing-ceo-urges-reform-to-save-racing-from-gambling-tax-fallout

[16] Racecourse Association (2020), *Racecourse Finance Presentation*. https://racecourseassociation.co.uk/wordpress-cms/wp-content/uploads/2020/08/RCA-Racecourse-Finances-Presentation-Final.pdf

[17] BBC (2025), *Thurles racecourse closed with immediate effect*. https://www.bbc.co.uk/sport/horse-racing/articles/cn845nddplpo

CHAPTER FIVE — THE PRECEDENCE OF THE LEVY

When off-course betting was legalised in 1961, Government established the Horserace Betting Levy as compensation to the sport. This was set at 10% of bookmakers' gross profits on racing and paid to the Horserace Betting Levy Board (HBLB). For several decades, the Levy was the primary mechanism for ensuring that racing received a fair return from betting. However, over time, its funding to prize money has stagnated and its relative contribution has declined.

In 2005, the HBLB contributed £61.5 million to prize money, representing 62% of the total prize fund. By 2023, the Levy's contribution had increased only marginally to £67.5 million, but now accounted for just 33% of total prize money. While media rights have emerged as an additional revenue stream in the intervening years, it is difficult to argue that the Levy continues to fulfil its original mandate of adequately compensating racing. In contrast, bookmakers' overall profits have reached record highs, driven largely by the growth of online casinos.

It is also important to note that the scope of the Levy has narrowed since its introduction. When first implemented in 1963, it applied to wagers on both domestic and international racing. In the early 2000s, the British Horseracing Board (BHB) proposed the introduction of "Data Rights" — a 2% turnover payment from operators for the use of UK racing data, payable via the HBLB. As part of that proposal, racing conceded that it would cease collecting Levy payments on international racing, as it did not own the underlying data for those events. Although the Data Rights model was initially upheld in UK courts, it was subsequently overturned by the European Court of Justice. Crucially, the Levy on international bets was never reinstated. The result is that foreign racing is exempt, leaving British racing at a structural disadvantage — a position comparable to imposing tariffs on domestic goods while exempting imports.

For international racing, a similar approach should be applied as with domestic bets: 5% of Gross Gambling Yield would continue to flow to HM Treasury, with the remaining 10% (based on the current 15% GBD rate) redirected to racing, ensuring fiscal neutrality for operators.

The pressures on the sport are already clear, and the threat of higher gambling taxes is already having an impact on racing. Flutter, one of the largest betting operators, has recently signalled a reduction in discretionary spend and withdrawn support for Season 3 of Full Gallop[18]. Several smaller operators, such as AK Bets, have ceased offering early prices on midweek horse racing, citing rising product fees and tax burdens[19]. This reduces the risk for bookmakers by not having exposure to markets with less liquidity, but it also reduces the appeal of the product for punters. Robust Levy reforms are essential to supporting the sport's financial equilibrium because these consequences demonstrate that racing cannot be insulated from wider fiscal changes by merely preserving the sport's existing taxation structure.

The Levy was created to guarantee that racing received a fair return from betting, but it no longer fulfils that role. Its revenue has stagnated, the relative contribution to prize money has fallen dramatically, and its scope has narrowed. Meanwhile, operators' profits have increased substantially, particularly in gambling sectors that do not support racing or wider society.

Modernising the Levy to restore its original intent is a logical and necessary step if British racing is to remain financially sustainable. Without reform, the gap between British prize money and the rest of the world will continue to widen, with direct consequences in Britain for jobs, investment, and the long-term health of the sport.

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[18] Racing Post (2025), *Racing risks losing major TV showcase as Flutter halts £1 million funding over tax fears*.
https://www.racingpost.com/news/britain/racing-risks-losing-major-tv-showcase-as-flutter-halts-funding-over-tax-fears-a8g1j8b8NWHg/

[19] AK Bets (2025), *Statement on X*.
https://x.com/AKBets/status/1967503525031907646

CHAPTER SIX — POLITICAL SUPPORT FOR THIS PROPOSAL

The current groundswell of political support for this proposal is substantial with 101 MPs having signed an open letter to the Chancellor[20] to this effect and Gordon Brown endorsing £100 million being returned to the racing industry as additional support to sustain the sector[21].

Iain Duncan Smith MP, Chair of the All-Party Parliamentary Group (APPG) on Gambling Reform and a former Leader of the Conservative Party, has stated that horseracing must be given "*very careful consideration*" in any reforms of gambling taxation[22].

Two other members of that APPG, Dr Beccy Cooper MP, a public health expert, and Alex Ballinger MP, were the principal signatories on that recent open letter to the Chancellor backed by over 100 Labour MPs. That letter stated: "*we do not advocate for an increase in betting duty on the British horseracing sector. As outlined in the Social Market Foundation's report, horseracing is not only a sport of cultural and historical significance but also supports approximately 85,000 jobs. Increasing taxes on horseracing risks driving consumers toward more harmful gambling products. To safeguard this unique industry, horseracing should be protected through a differentiated tax approach that reflects its social and economic importance, as outlined in the SMF's recent report — which also received the 'full backing' of the National Trainers Federation.*"

Ballinger also authored the foreword to the Social Market Foundation report, which set out the case for reforming the Levy through a redistribution to a 20/5 split in favour of racing. Similarly, Dan Carden MP, Co-Chair of the APPG on Racing and Bloodstock, has called for reviewing — and potentially

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[20] ITV (2025), *More than 100 Labour MPs urge Chancellor to hike gambling taxes and scrap two child benefit limit.*
https://www.itv.com/news/2025-09-24/101-mps-urge-reeves-to-hike-gambling-taxes-and-scrap-two-child-benefit-limit

[21] Brown (2025), *The gambling industry is a licence to print money. Tax it properly – and turbocharge the fight against child poverty.*
https://www.theguardian.com/commentisfree/2025/aug/06/gambling-industry-profitable-tax-fight-child-poverty

[22] Racing Post (2025), *Iain Duncan Smith: racing must be given 'careful consideration' in gambling tax reforms.*
https://www.racingpost.com/news/britain/iain-duncan-smith-racing-must-be-given-careful-consideration-in-gambling-tax-reforms-atcsH3P28sW4/

reducing — the fiscal burden on the sector[23]. Nigel Farage MP, Leader of the Reform Party, has also criticised the Government's tax harmonisation proposals, stating: "*it's worrying for the racing industry because what they're proposing to put in is going to do the most enormous amount of damage. It's a really important part of what we do as a country and so there are some concerns around it*[24]".

Last week, the Chancellor gave her clearest indication to date that betting taxes are set to rise, stating: "*I do think there is a case for gambling firms paying more. They should pay their fair share of taxes and we'll make sure that happens*[25]". Again, while this paper doesn't make recommendations on gambling tax rates, it is important to recognise the current climate and to stress that any changes to the gambling sector should take proper account of the impact on horseracing's financial position and its wider economic contribution.

The breadth of support is both considerable and cross-party, underlining the recognition that racing has unique cultural, social and economic significance and must be treated accordingly in fiscal policy.

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[23] Dan Carden MP interview with Nick Luck on Racing TV (2025), *Luck On Sunday - 6th July 2025* https://www.youtube.com/watch?v=H6WEXga1c6M

[24] Racing Post (2025), *'I will certainly be fighting it' - Reform leader Nigel Farage voices opposition to government's 'racing tax' proposals*. https://www.racingpost.com/news/britain/racing-tax/i-will-certainly-be-fighting-it-reform-leader-nigel-farage-voices-opposition-to-governments-racing-tax-proposals-aBwcY0A2smTM/

[25] ITV News (2025), *Reeves' conference speech: a swipe at a rival and a signal that major tax rises are coming.* https://www.itv.com/news/2025-09-29/a-swipe-at-a-rival-and-a-signal-that-major-tax-rises-are-coming

CHAPTER SEVEN — WHY PLUMPTON RACECOURSE?

Plumpton Racecourse is uniquely positioned within British racing. Unlike most stakeholders, Plumpton has direct experience of both pillars of the industry — the racecourse side and the horsemen side. This dual perspective provides a balanced understanding of the pressures facing the sport.

It is also important to note that the British Horseracing Authority, while serving as the sport's governing body, is also a regulator, which limits the extent to which it can advocate for fiscal reform. Independent voices from within racing therefore have a responsibility to make the case directly to Government.

British racing is at a critical juncture. Political momentum for reform of gambling taxation is gathering pace, with recognition across Parliament that horseracing must be treated differently from other gambling sectors. At the same time, the sport faces a structural funding deficit, with prize money levels falling far behind international competitors and ownership becoming increasingly unviable.

Italian racing offers a cautionary precedent. Once a leading European racing nation, it has experienced sharp decline since the early 2000s as betting turnover fell, prize money disputes escalated, the foal crop halved, and owners moved horses abroad[26]. Today the government is having to put together tax breaks and support measures simply to restart the industry[27]. The lesson is clear: once a sport is allowed to decline, it is far harder and more costly to rebuild than to sustain it properly in the first place.

With that in mind, Plumpton Racecourse has prepared this paper because we believe that without meaningful reform, the industry will continue to contract, with significant consequences for jobs, investment, rural economies and Britain's cultural heritage. Our proposals are not about securing subsidy, but about restoring the principles that underpin the Levy — fairness, reciprocity and sustainability. Change is necessary to ensure that British racing does not merely survive, but has the means to thrive in a global and highly competitive environment.

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[26] Thoroughbred Racing Commentary (2014), *Will Italian racing find a way back from the brink of disaster?*
https://www.thoroughbredracing.com/articles/1690/will-italian-racing-find-way-back-brink-disaster-pti/

[27] SBC News (2025), *Budget Law extends Italian gambling concessions as tax segments are adjusted*
https://sbcnews.co.uk/featurednews/2025/01/15/budget-law-italia-tax/?utm_source=chatgpt.com