

GETTING STARTED IN MOZAMBIQUE

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INTRODUCTION

With this summary exposition, the author intends to share his expertise accumulated during more than twenty years working as gambling inspector at the Mozambique Gambling Board, the Regulator that oversees all gambling activities in the country and advises the government on gambling matters.

The author has been involved on drafting and enforcing gambling legislation since the year of 1996. Presently, he is working on a draft of the Online Gaming Regulation, which is expected to be presented for approval by the Government, later this year.

Mozambique is more than just a beautiful tourist destination; it is also a still growing and promising destiny for land based and online casinos and social gaming industry to set up operations.

In Mozambique, you'll find an ever-increasing market that will require from you, some African strategies when starting up a gaming business. This market is open for bookmakers, software providers, marketing companies, product testing laboratories.

The Social and Amusement Games Act n^o 9/2017, of February 8th, was enacted to regulate social and amusement games conducted in Mozambique.

The Regulation n^o 17/2012, of July 5th, was enacted to make the above Act, more explicit and detailed.

These notes are intended to provide guidance for those who are willing to invest in Mozambique, in promotion or operating social games only. These notes are not concerned with mortar casino gambling nor with online casino gambling.

These notes, also, attempt to provide a single guide to help people comply with the relevant requirements of the Act. They are not comprehensive and should not be treated as such.

Those who plan to conduct social or amusement games in Mozambique should refer to the Act and the Regulation mentioned above, which can be obtained in the Official Gazette (BR n^o and BR n^o) or they should seek professional advice to ensure that they conform to the law.

WHAT IS SOCIAL GAMES

In terms of the Gaming Act, “Social Games” are defined as all forms of game, apart from casino games, through which prizes are given by lot or chance.

It includes any game, scheme, arrangement, system, plan, promotional competition, or device for distributing prizes based on chance, even in those cases where some kind of skills are needed.

These games are named “social games” because a fixed percentage of the proceeds of the business, obviously after the deduction of amounts for prizes and expenses, must be used for benefit of good causes, charitable purposes, participation in or support of, sport or cultural activities.

The Act created two groups of gaming, being social games, in one side and amusement gaming, in other side. The object of these notes is solely the social games and not the amusement games.

The social games comprise the following modes of games:

- a) Lotteries (Normal or in scratch cards);
- b) Bingo (manual, mechanical or electronic)
- c) Mutual Betting (sports, racing and wagering);

- d) Lotto;
- e) Keno;
- f) Lucky Numbers;
- g) Rafles;
- h) Promotional Competition.

WHO QUALIFIES FOR A SOCIAL GAMES LICENCE?

Under the Regulation of the Act, the following entities qualify to a licence of social and amusement games:

- a) Non-profit associations;
- b) Commercial societies;
- c) Physical persons.

The Act provides that a society or a non-profit association wishing to promote social or amusement games must itself be registered with the Legal Entities Registration Authority

5. APPLICATION PROCEDURES

Applications for licence of operating social games in Mozambique must be entered at the Gambling Board (Inspeção Geral de Jogos), at the address shown at the end of this booklet.

Societies are advised to submit their applications at least, one month before the date on which it is proposed to place the game on sale or start operations.

To lodge an application, the following forms and information should be sent to the Gambling Board:

- a) A complete application letter which must be signed by the representative of the company or society;
- b) A letter or statement from the governing body of the society, authorising the signing representative of the company, to act in that capacity;

- c) A copy of the society's constitution, a Certificate of Registration of the Company or the Articles of Association. Where the society is not a formally constituted body, the Gaming Board will accept a copy of the minutes of a meeting recording the purposes of the future society and the decision to apply for a Licence;
- d) Specific Rules of each mode of social games. These rules must tell the public (1) how they stand to prize and what to do to enter, (2) how the results will be determined and made known (3) what are the prizes and where those can be claimed.
- e) A List of Prizes to be given out, accompanied by the invoice of their prices or value.
- f) Sample of the equipment or material to be used in promoting the games (ex.: draft ticket, coupon, voucher, terminal, machine, etc). It is recommended that societies do not print tickets, import machines, buy systems, software or any other equipment, until the Gambling Board has examined the samples and given a view on whether it meets the requirements of the law.
- g) A Business Plan;
- h) Viability Study of the market;
- i) Criminal Record of the shareholders; and
- j) Bank References.

CHECKING THE INTEGRITY

Once the application is received at the offices of the Gambling Board, a process of inquiring the integrity will start.

The society itself, and its shareholders will be investigated by the Board.

The applicant must produce a sufficient proof that every and each person connected with the society has never been convicted of a serious criminal offence involving fraud, corruption or dishonesty.

A check will be made with the Police and other relevant institutions, to obtain details of any relevant convictions.

CHECKING THE FINANCIAL CAPACITY

Provide a bank guarantee for the payment of the prizes, fees and taxes.
Lodging a security deposit for the total prize value with the Board.
The Board reserve the right of to waive payment of fees or review the fee structure on annual basis.

CHECKING THE TECHNICAL CAPACITY

The society will be asked to produce proof of its technical capacity which can be done by one of the following means:

- a) Being, one of the shareholders of the society, a company with large experience on similar gaming activities.
- b) A written contract of management with a company or a physical person whose curriculum vitae proves to be expert on gambling management;
- c) A draft of a contract with a company that will provide technical assistance or its platform to the society.

DECIDING AN APPLICATION

In view of the nature of these inquiries, it is possible that there may be some delays in reaching a decision on an application. But, in normal cases, it may take between 10 and 15 days to decide on an application.

If all procedural requirements are met, the Minister of Finance will give “*authorization*”, which allows the society to go ahead with the project.

From this point, the society will start implementing the project, setting up the venue or shop, furniture, computers, signage, training staff, etc.

After everything is set in place, the Gambling Board will inspect the venue, the software, the website, and the equipment before the licence is awarded.

LICENCE FEES

When applying for a licence of any mode of gaming, there are some basic fees that must be incurred. In the mode of promotional competition, the societies will be charged 10% of total value of the prizes. This amount will be paid to FURJOGO (Gambling Revenue Trust Fund).

Societies carrying on competitions to promote other licenced modes of gaming will be exempted from this fee.

In other modes of gaming, the licence fee will be of 100.000,00Mt (i.e. \$1.200), per mode of game and per subsequent shops.

DISTRIBUTION OF INCOME

The Act and its Regulation state that, a minimum of 40% of the income (sales) must return to the punters in form of prizes. Our experience in gambling shows that some operators pay prizes of more than 80% of the income, to make their games more attractive and popular.

7% of the GGR (i.e., sales minus prizes) will be handed to FURJOGO (Gambling Revenue Trust Fund). This Fund was created by Decree n^o 11/2000, of March 24th, as a mean of funding and supporting good causes .

At the end of every month, the society is required to submit a monthly report to the Gambling Board, giving details of the proceeds, prizes, taxes and fees.

The society will not be requested to show how the balance of the amount raised was distributed.

OPERATIONAL FEES AND TAXES

Fees paid upon a cash payment or upon a Bank deposit or transfer to the Gambling Board account.

GENERAL ADVICE

Once you start operations, kindly confirm if all the employees are registered for tax and social security purposes.

You may also be required to submit the nominal list, holiday schedule, economic activity tax (TAE) and “*Ficha de prova de serviço*” (solid waste).

Nominal List

For the registration, you will need to attach the following documents:

- Proof of registration for tax purposes – NUIT (Form – M/01) duly stamped by the Tax Authority;
- Declaration of commencement of activities (Form - M/02) duly stamped by the Tax Authority;
- Proof of registration for social security purposes containing the Social Security number;
- Licence/Alvará.

For the Nominal List of the Employees, the following information is required from each employee:

- Genders of each employee and respective category (including managers, directors, and other head positions);
- Tax number (NUIT) and Social Security;
- Nationality and place of birth;
- Date of birth;
- Academic qualifications;
- Type of contract (fixed-term, unfixed-term, indefinite-term);
- Working monthly hours;
- Normal weekly working period (40 or 48hours);
- Salary (in attention to the minimum salary in force for the sector of activity);
- Date of employment.

Holiday Schedule

By means of the Mozambican Legislation, the employees are granted annual holidays, in the following terms:

- 1 day of holiday for each month of effective work, on the first year of employment;
- 2 days of holidays for each month of effective work, on the second year;
- 30 days of holidays from the third year forward.

The law grants the employee the right to benefit of uninterrupted holidays, but, in case of an agreement between the employer and the employee, the holidays can be fractioned provided that, it is not for less than 6 days.

For the application for approval, kindly provide a map indicating the expected holidays for each employee.

“Prova de serviço” (solid waste)

Public or private entities that produce 25 to 50 ltr of solid waste, (like operators that use paper for odds and tickets), are obliged to contract a collection service. This can be done through conclusion of a contract with the Municipal Council or with a service provider duly licenced to this activity.

Economic Activity Tax (TAE) and Publicity Tax

Economic Activity Tax is due for the development of any economic activity of commercial or industrial nature, including provision of services and gaming. It is calculated based on the following:

- nature of the activity;
- localization of the business; and
- Area occupied.

It is paid in 3 instalments: last day of March, last day of May and during the month of September. There can also be a once-off payment on March. For its payment, Alvará is required, along with a proper form given by the Municipal Council.

Publicity Tax is due if you make any kind of advertisement in your shop or office, such as signage, billboards, outdoors, etc. It is payable once a year and its amount is calculated according to the size of the advertising.

The calculation of these taxes is done by the Municipal Council upon confirmation of the above information, along with the details of the owner/manager.