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UCT academics back national treasury's 20% online betting tax proposal

Academics at the University of Cape Town's (UCT) [Research Unit on the Economics of Excisable Products \(REEP\)](#) are in support of the National Treasury's proposal to impose a 20% tax on Gross Gambling Revenue (GGR) from online betting in addition to existing provincial GGR taxes, which range from 6% to 9% of GGR.

The proposal is intended to curb the rapid growth in online gambling activity and address its negative social harms. From 2021/22 to 2024/25, online and retail betting has more than tripled, while total gambling expenditure (which includes brick-and-mortar casinos, bingo and limited payout machines) has more than doubled.

In an article published in [Econ3x3](#), researchers Dr Nicole Vellios, Mxolisi Zondi and Professor Corné van Walbeek suggest that the National Treasury should also apply the 20% GGR to retail betting to avoid substitution between online and retail betting. The combined provincial and national GGR tax rate would therefore be between 26% and 29%.

The gambling industry has strongly criticised Treasury's proposal, first published in a discussion paper in November 2025. "This is hardly surprising," said Vellios. "We have seen a similar pattern in other sectors, including tobacco, alcohol and sugar-sweetened beverages. The supposed economic benefits of these industries are loudly promoted, while the social, health and financial costs are conveniently ignored."

For some people, betting is a form of entertainment. However, for a large and growing share of South Africans, gambling has become a serious social and economic problem. A 2025 Old Mutual survey of South Africans aged 18–65 earning more than R8 000 per month found that 52% engage in gambling. Gambling is highest among 30–49 year-olds (58%) and men (57%). Three-quarters of these gamblers use online betting or gambling apps. One quarter of gamblers reported experiencing financial difficulty as a result of their gambling.

"The rapid expansion of online betting, fuelled by relentless marketing and frictionless digital access, represents a significant public policy challenge. A tiny fraction of gamblers win large sums, but most lose. The industry functions as an arbitrary and highly asymmetrical income redistributor, where, in aggregate, resources tend to flow from poorer households to corporate operators," said Zondi.

In the 2024/25 financial year, South Africans wagered an estimated R1.5 trillion on gambling. The R1.5 trillion figure includes recycled payouts, whereby the same funds may be staked multiple times.

“While it illustrates the scale of gambling activity, it also reflects the dynamic that payouts are not typically withdrawn in full by players, but are instead frequently reinvested into further betting, although this, of course, poses further risks to income. Industry marketing strategies actively reinforce this behaviour, commonly targeting customers immediately after a payout with incentives, such as exclusive offers, to encourage continued play,” added Van Walbeek.

The article further stated: “Approximately 95% of the R1.5 trillion wagered is returned to players, while around 5% (R74.5 billion in 2024/25) accrues to operators as GGR. This R74.5 billion represents a significant withdrawal from household spending. For context, this figure is almost equivalent to the R84.9 billion the National Treasury allocated to the Child Support Grant in 2024/25.

“Gambling, and problem gambling in particular, carries significant externalities, with public resources often bearing the cost. When households spend money on gambling rather than necessities, it can push families deeper into poverty. The harms associated with gambling extend well beyond financial loss and can affect every aspect of a person's life, including strained or broken relationships, domestic violence and child neglect. Gamblers often face significant stigma, and some may resort to illegal activities, such as theft or fraud, to fund their gambling.”

To reduce gambling participation and its associated harms, the authors noted that taxation should be viewed as part of a broader set of public policy interventions. “Complementary measures should include bans or stricter controls on advertising and promotional offers, enhanced support services for problem gamblers, stronger consumer protection regulations, and limits/bans on features that encourage excessive betting.”

The article also noted: “The proposed online gambling tax should apply comprehensively to all forms of remote betting and gambling. The tax base should include all bets placed through remote channels, including internet and telephone betting, and should apply regardless of the payment method used, including asset transfers, cryptocurrencies and promotional or “free bet” credits.

“The legislative framework should also allow the tax rate to be easily adjusted through the normal national budget process, enabling policymakers to respond to changes in market conditions, revenue needs or harm-reduction objectives. The tax should also be monitored continuously to ensure unintended consequences are identified and addressed quickly.”

The authors encourage policymakers to also consider other potential substitution effects arising from the tax. “Higher effective prices may encourage some gamblers to shift to illegal platforms, offshore operators or other forms of gambling not subject to the same tax regime. This, however, should not weaken the case for introducing the tax or for potential future rate adjustments,” said Vellios.

Vellios concluded: “Increasing tax rates by 20% without strengthening compliance is unlikely to yield the expected revenue gains. The South African Revenue Service should therefore explore and mandate appropriate technologies to enhance monitoring and enforcement.

These technologies crawl the web to search, classify and manage illegal gambling sites, ultimately facilitating the enforcement of compliance.

“The Remote Gambling Bill, introduced to the National Assembly in 2024, would significantly strengthen the regulatory framework by making unlicensed online gambling explicitly unlawful and enhancing enforcement mechanisms against such operators.”

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