



Direct Line: [Redacted]
E-mail: [Redacted]

1 July 2021

Mr David Martine
Secretary
Department of Treasury and Finance
1 Treasury Place
Melbourne VIC 3002

Via email: [Redacted]

Dear Secretary,

Re: Casino Gaming Tax

I write regarding recent media reports relating to Victorian Gaming Taxes.

As you may be aware, I joined Crown four weeks ago as Chief Executive Officer – Crown Resorts. I will formally be appointed as CEO and Managing Director once probity clearance is obtained.

On starting at Crown, it has become apparent that Crown's tax affairs are complex, involving a range of taxes in a number of jurisdictions, including income tax, Victorian gaming taxes, goods and services tax (GST), payroll tax, stamp duty and other potential taxes, some of which overlap.

Following the media reports on Monday 7 June 2021 regarding the potential underpayment of Victorian Gaming taxes related to bonus jackpots, immediate enquiries were made and are ongoing, and I am now in a position to provide you with the preliminary outcome.

In short, we have received preliminary advice there has been an under-reporting of casino tax liability of approximately \$8.8 million (excluding interest) over the period FY2013 to date, related to the incorrect deduction of certain bonus rewards referable to free accommodation and car parking provided to patrons.

This represents approximately 3% of the \$272.6 million suggested in the media to have been underpaid.

I am informed the balance relates to amounts which should not be recognised as revenue to begin with and have therefore been validly offset, with the vast majority relating to bonuses involving "free" bets (as represented by non-redeemable Pokie Credits).

Crown Resorts Limited

ABN 39 125 709 953

Crown Towers
8 Whiteman Street Southbank 3006
Victoria Australia

Whilst we do not believe the level of underpayment is as has been reported in the media, it is regrettable that there has been any underpayment at all and the circumstances giving rise to the underpayment reflect a poor and unacceptable culture.

As CEO, I am determined that any shortcomings identified by Crown or by regulatory investigations will be addressed quickly. It is our intention to pay, on a reservation of rights basis, our estimation of the amount owing, together with penalty interest, once we have finalised our inquiries and had the chance to explain to you our calculations of the amount outstanding. We would then like to engage to resolve all outstanding issues about the precise amount.

Crown is a great Victorian business with premium assets that can stand against the best in the world and it deserves a corporate governance program of an equivalent standard. As a regulated business with social responsibility associated with gambling it is even more important that these high standards are consistently maintained.

I will continue to drive the necessary reforms that will instil confidence the Victorian Government, the community and importantly, the 12,000 people who work at Crown Melbourne, are looking for.

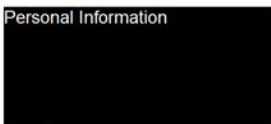
I have also written to Ms Catherine Myers, CEO of the Victorian Commission for Gambling and Liquor Regulation. A copy of the letter is attached.

May I respectfully propose a meeting between Crown representatives and relevant departmental officials from Treasury and Finance and the Department of Justice and Community Safety to provide you further information.

I look forward to hearing from you soon.

Yours sincerely,

Personal Information



Steve McCann
Chief Executive Officer
Crown Resorts Limited