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**MEMORANDUM**

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**TO:** Peter Herring

**FROM:** Edwin Aquino-Revenue Audit Manager

**DATE:** 22 March 2012

**SUBJECT:** Proposal Classifying Gaming Machines F&B Promotional Program to be part of Bonus Jackpot.

**CC:** Justine Henwood  
Greg Foord

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I refer to your proposed reclassification of Gaming Machines Food Program to be part of the Bonus Jackpot and allow the promotional cost to be a Gaming Machine Tax deduction.

A meeting was held between Justine Henwood, Greg Foord and myself to discuss your proposal. The impact of the change to the Daily Revenue Report, Gross Gaming Revenue and your concern of a possible reaction of the VCGLR to the proposed changes were considered.

Based on the statistics you have given, the inclusion of Food Program to the Bonus Jackpot field will decrease Gaming Machines taxable revenue.

We estimated the following:

- Average decrease in monthly taxable revenue – 2.46%
- Average decrease in monthly tax payable – 1.29%

Factoring in the refurbishment, economic environment, impacts from negative publicity and the increase in Gaming Machines Gaming Tax by 1.72% in 1 July 2012, we are of the opinion that the proposed change will not be noticed by the VCGLR.

We would recommend the Gaming department prepares a roll forward style explanation in the event that the VCGLR questions the budgeted gaming tax once our budgets are eventually submitted. We are happy to assist in this process.