



Raffles and Lotteries Code of Fundraising Practice

Check-list: key questions to ask

- Are licenses/permits obtained where necessary? (4.2, 4.3.4, 4.5, 7.2, 8.0, 8.3)
- Do proceeds, costs and prizes fall within relevant thresholds? (3.1, 4.3.4, 8.2, 8.3,)
- Are profits distributed in accordance with regulations? (3.1, 3.2, 4.3.4, 8.1, 8.2, 8.3)
- Are tickets sold and drawn in appropriate places and at appropriate times, as dictated by the regulations? (3.1, 3.2, 3.3, 4.3.1, 4.3.2, 8.1, 8.2, 8.3)
- Are tickets only sold to appropriate persons? (3.1, 3.2, 3.3, 4.3.2, 8.1, 8.2, 8.3)
- Do participants receive a ticket that contains all necessary information? (3.1, 3.2, 4.3.2)
- Are tickets appropriately priced? (3.1, 4.3.2)
- Do any door-to-door sales comply with the relevant regulations? (4.3.2)
- Are all payments received before entry and all counterfoils entered into the draw? (4.3.2, 4.3.5, 8.3)
- Are the contractual terms of the lottery available? (4.3.2)
- Are procedures in place to deal with a situation where the date of the draw has to be changed? (4.3.5)
- Is the draw witnessed appropriately? (4.3.5, 8.2)
- Does the activity abide by any tax regulations? (6.0, 7.4)
- Is any prize donated back to the society shown in accounts as a donation? (4.3.6)
- Are all completed counterfoils and remittances returned to the promoter? (4.3.6)
- Are winners contacted within 7 days of the draw, with every attempt made to award prizes to winners? (4.3.6)
- Are details of winners only published with consent of the individual? (4.3.6)
- Are appropriate records kept of all required information? (4.3.7, 8.1)
- Is the Gambling Commission informed of developments where necessary? (4.3.7)
- Is the PhonepayPlus code of practice followed, where appropriate? (4.6)
- Are appropriate advertising codes followed? (4.3.7, 4.6, 8.2)

Prize competitions and free draws

- Is care taken to ensure these do not qualify as lotteries? (5.0)
- Do prize competitions require a sufficient element of skill? (5.1)
- Do free prize draws offer a convenient, accessible and free entry route? (5.2)

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1.0 The Codes of Fundraising Practice Explained

The Institute of Fundraising's **Codes of Fundraising Practice** are structured in order to highlight what is mandatory at law, what the Institute regards as a mandatory requirement for its members and what constitutes advice on best practice.

In this Code a phrase where the word:

MUST is in bold indicates a requirement that is mandatory at law.

OUGHT in bold indicates a requirement that is mandatory for members and affiliated organisations of the Institute.

SHOULD in bold indicates a course of action that is recommended as best practice.

Organisations engaged in fundraising **SHOULD** join the Fundraising Standards Board and **SHOULD** follow their complaints procedure.

This **Code of Fundraising Practice** is intended to address fundraising

activity throughout the UK. Legal requirements can vary between different jurisdictions (England & Wales; Northern Ireland; Scotland).

In this Code, **MUST*** in bold indicates a legal requirement within one jurisdiction but not in others.

The Institute recommends that organisations adhere to the most rigorous interpretation of the law applicable to an activity.

Users should be aware that this Code addresses the law as it stands at the date of publication throughout the UK.

Reviews of the law relating to fundraising and fundraising activities, governance and charitable status are ongoing in Scotland, England and Wales.

This **Code** will be revised to take into account any developments or changes in the law that may result from these initiatives.

2.0 Introduction

2.1 The relevant law in England, Wales, Scotland and Northern Ireland

In England and Wales, lotteries (apart from the National Lottery) are now governed by the Gambling Act 2005 (the “Act”). For the purposes of this Code, the Act also applies to Scotland. Most of this Code deals with the provisions of the Act. Northern Ireland is subject to a different regime and this is dealt with separately, in section 8 of this Code.

2.2 What is a lottery?

The Act defines a lottery as an arrangement whereby individuals pay for an opportunity to win a prize and the prize-winner is selected entirely by chance (or, where the selection process involves more than one stage, the first stage relies wholly on chance).

2.3 What are the options for organisations who want to raise funds by running a lottery?

It is unlawful for an organisation to run a lottery unless it has the appropriate licences from the Gambling Commission or has registered with the local authority (as required) or the lottery falls into one of the exempt categories of lottery set out in the Act.

This Code looks at the following possibilities for fundraising:

- running exempt lotteries (Section 3);
- running society lotteries, either by registering with a local authority or under a licence regime from the Gambling Commission (Section 4); and
- running a prize competition or a free draw (Section 5).

3.0 Exempt Lotteries

3.1 Incidental, non-commercial lotteries

This covers lotteries held, for example, during fundraising events. To fall within the exemption:

- the lottery **MUST** be promoted for a purpose other than private gain;
- tickets **MUST** only be sold during the event, on the premises where the event is taking place;
- the draw **MUST** take place during the event; and
- the amount deducted from ticket sales **MUST** be no more than:
 - In the case of costs, £100,

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- In the case of prizes, £500,

with the remaining sum going to the good cause.

- These amounts may change from time-to-time, so an organisation planning to run a raffle as part of an event **SHOULD** check the figures with the Gambling Commission.

There are no specific ticket requirements, so, for example, cloakroom tickets can be used.

No rollovers are allowed.

3.2 Private Lotteries

There are different types of private lottery.

- Residents' lotteries and work lotteries are often sweepstake-type affairs, which only people who live in or work on the relevant premises can enter, and in which all money collected **MUST** go to the winner.

Residents' lotteries and work lotteries are of little relevance to charity fundraising.

Private society lotteries are more relevant.

- An organisation (which, in this case, includes any organisation other than one established for purposes connected to gambling) can promote a private society lottery to raise funds for any of its purposes, but the lottery **MUST** only be promoted on the organisation's premises and tickets **MUST** be sold only to the organisation's members and those who work on its premises.
- The promoter **MUST** be a member of the organisation and act under its written authorisation.
- Tickets for private society lotteries **MUST**:
 - give the name and address of each of the lottery's promoters;
 - give the ticket price;
 - say who is allowed to buy tickets; and
 - all be sold at the same price, which **MUST** be paid over to the promoter before the buyer can be entered into the draw.

The rights attached to private society lottery tickets are non-transferable and no rollovers are allowed.

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3.3 Customer lotteries

- Briefly, tickets **MUST** be sold only to people who come onto shop premises, with all the takings going to the winner.

Charity shops may use these to attract people in, but otherwise they are of little relevance to charity fundraising. For more information, see the Gambling Commission's website (see Section 9.2).

4.0 Society Lotteries

4.1 Introduction

Society lotteries can only be promoted for the benefit of:

- charities;
- organisations established for the purpose of enabling participation in, or supporting, sport, athletics or a cultural activity; or
- other organisations conducted for non-commercial purpose and not for private gain.

There are two types of society lottery:

- small society lotteries, where the value of tickets put on sale in any one lottery is not more than £20,000 and the proceeds from lottery tickets do not exceed £250,000 in any year; and
- large society lotteries: where the above limits are exceeded. If a society runs a lottery that qualifies as a large society lottery, then every lottery it promotes in the following three years will also be a large society lottery.

One of the advantages of running a society lottery is that the society in question can put large numbers of tickets on sale to the general public.

In the commentary that follows, many of the requirements are the same for both small and large society lotteries, and in those cases this section of the Code uses the generic term "society lottery". Where there are differences, the Code refers to small society lotteries or large society lotteries, as appropriate.

4.2 Licences/registration

Small society lotteries

- The society **MUST** register with the local authority of the area in which it is based before it can run any small society lotteries.

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The local authority will be able to provide registration forms.

A local authority may refuse to register a society in certain circumstances.

Large society lotteries

- A large society lottery **MUST** be run under a licence from the Gambling Commission.
- A society **MUST** also obtain licences if it intends running a series of lotteries that, over a calendar year, could bring in more than £250,000.

There are two types of licence:

- an operating licence, which authorises an individual or organisation to promote lotteries; and
- a personal management licence, which authorises an individual to perform specific management or operational functions in connection with the promotion of lotteries under an operating licence.

Every society that proposes running a large society lottery will need an operating licence. There are two types of operating licence:

- one for remote lotteries; and
- another for non-remote lotteries.

See Section 7.1 of this Code for definitions of these terms.

A smaller society may fall within the “small scale operator exemption”.

- If so, it will not need a personal management licence, but **MUST** appoint a “responsible person”, who **MUST** complete a personal declaration form and a Criminal Records Bureau disclosure form (in England and Wales) or a Scottish Criminal Records Office disclosure form (if in Scotland).

The individual named who holds the personal management licence or the one who is appointed as a “responsible person” is responsible for ensuring that the lotteries are conducted lawfully.

Application forms, guidance notes on the different types of licence and fee details are available from the Gambling Commission’s website (see Section 9.2).

4.3 Running the lottery

4.3.1 Role of the promoter

The promoter of a lottery is personally responsible in law for the legality and conduct of the lottery. Under the Gambling Act, the promoter is the entity and therefore is the licensed society.

- The promoter (i.e. the society) **MUST** ensure that those distributing and selling tickets are aware of the regulations which apply, even when distribution is sub-contracted.
- Accordingly, field staff **OUGHT** to be conversant with this Code.
- The designated individual promoter **SHOULD** normally be a member of the society, authorised in writing by the governing body of the society to act as such.

However, it is permissible for a society to engage an external lottery manager to run the lottery on its behalf. See Section 4.5 for more information on external lottery managers.

4.3.2 Tickets

- The customer **MUST** get a document (this may be a ticket, but it can also be a scratch-card or an electronic document that they buyer can keep or print off).
- This document **MUST** contain the following details:
 - the name of the society on whose behalf the lottery is being promoted;
 - the name and address of the person that the society has authorised to promote the lottery (this will be the external lottery manager, if one is used); and
 - the date of the draw.
- Tickets for large society lotteries **MUST** also say that the lottery is licensed by the Gambling Commission and give details of the Gambling Commission's website (see Section 9.2).
- Although there is no restriction on ticket price, the price of each ticket **MUST** be the same and be shown on the ticket (or other document) and there **MUST NOT** be any discounts (e.g. five sold for the price of four).
- The price **MUST** be paid before the customer becomes eligible to win a prize.

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- An organisation **MUST NOT** ask customers to pay more than the price of a ticket to qualify for entry into the draw.
- Tickets **MUST NOT** be sold to individuals under the age of 16.
- Tickets **MUST NOT** be sold on the street, though they can be sold in kiosks.

A society that holds a remote operating licence may, of course, sell tickets online or by telephone.

- Door-to-door sales are permitted, but societies **MUST** comply with door-to-door sales law.

See the Institute of Fundraising's House-to-House Collections Code of Fundraising Practice for further information.

- Customers **MUST** have access, in writing, to the contractual terms of the lottery.

4.3.3 Prizes

- In small society lotteries, the value of the top prize for each lottery **MUST NOT** be more than £16,000 and lotteries can roll over only if the rollover lottery will also qualify as a small society lottery (i.e. in terms of the value of the tickets being put on sale) and the rollover prize will be no more than £16,000.
- In large society lotteries, a person buying a ticket **MUST NOT** be able to win more than £25,000 in any lottery, or 10% of the lottery proceeds, if greater.

In other words, if the maximum number of tickets is sold (£4m worth), the top prize could be as high as £400,000. Rollover lotteries are allowed, provided that the maximum prize allowances are not breached.

- Lotteries **MUST NOT** be linked to other lotteries or competitions where the maximum statutory prize in a lottery could be exceeded (e.g. so that buying one ticket automatically enters the customer into a second lottery).

4.3.4 Proceeds

- For small society lotteries, sales in a single lottery **MUST NOT** exceed £20,000 and the total value of tickets sold in separate lotteries in a calendar year **MUST NOT** exceed £250,000.

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- If a small society lottery knows that it will exceed the limits they **OUGHT** to apply to the Gambling Commission for a ('large') society lottery operating licence.
- For large society lotteries, the proceeds of each lottery **MUST** be no more than £4m, and the aggregate proceeds from all lotteries in a year **MUST NOT** exceed £10m.
- In both cases, at least 20% of lottery proceeds **MUST** go to good causes.

It follows from this that up to 80% of lottery proceeds may be used to provide prizes and cover expenses.

NB Both the expense ratios and the limits on prize values may vary from time-to-time.

- Promoters **SHOULD** check current rates with the Gambling Commission when planning a lottery.

4.3.5 The draw

- All counterfoils of purchased tickets **MUST** be entered in the draw.

Late entries may be transferred to the next draw, or assumed to be a donation, provided that it is made clear to the purchaser, at the point of sale, that this is how late entries will be treated. Printing this information on the ticket itself may fulfil this requirement.

- If, for any reason, the draw date needs to be deferred from that stated on the ticket, all reasonable steps **MUST** be taken to ensure that participants are made aware of the change.

For example, press releases could be sent out and/or letters sent to participants.

- The steps taken **OUGHT** to be discussed with the relevant licensing authority.
- The draw **OUGHT** to be witnessed, and a statement giving full details of the winning tickets **OUGHT** to be completed and signed by both the person making the draw and the witness(es).
- These people **SHOULD** include the named promoter of the lottery or his/her authorised representative.

4.3.6 Post-draw procedure

- Any prize donated back to a society by the legal owner of a winning ticket **OUGHT** to be shown in the lottery's accounting records as a donation.
- All completed counterfoils and remittances **MUST** be returned to the promoter for audit purposes.
- Every effort **SHOULD** also be made to ensure that all unsold tickets are returned to the promoter for audit purposes.
- Details of winners **OUGHT NOT** to be publicly published in such a way that the winner could be identified or contacted without his/her explicit consent.
- All winners **OUGHT** to be contacted within seven days of the draw.
- Prizes **SHOULD** be distributed or presented as soon as possible after the draw.
- All reasonable efforts **OUGHT** to be made to award prizes to the holders of winning tickets.

4.3.7 Record-keeping and communication with the Gambling Commission/local authority

- Records **OUGHT** to be kept of:
 - tickets ordered and received from the printers, together with relevant invoices;
 - tickets issued to each point of sale;
 - tickets sold;
 - returned and unsold tickets;
 - tickets unsold but not returned (with brief reasons for non-return);
 - all income received from ticket sales, together with supporting banking records;
 - all prizes, together with invoices (or, if the prizes were donated, details of the donor);
 - winners; and
 - winning tickets.
- All records **MUST** be kept for at least three years for each lottery.

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Small society lotteries

- Within three months of each draw, the society **MUST** send a return to the local authority, signed by the person named on the lottery tickets as the promoter.

The local authority can provide a copy of the appropriate return form. The information required includes:

- the date on which tickets were put on sale;
- the date of the draw;
- total proceeds of the lottery;
- amounts deducted in providing prizes (including rollover prizes)
- amount deducted for expenses;
- amount applied for the purposes of the society (at least 20% of the proceeds); and
- whether any expenses incurred were paid from a source other than the proceeds of ticket sales and, if so, what that source was.

Large society lotteries

The requirements are not set out in the Act and are, instead, contained in the licences issued by the Gambling Commission.

- Organisations **MUST** fulfil the obligations set out in their licences, which will include the following requirements:
 - to keep accurate records of each lottery they run, showing:
 - the total proceeds of the lottery;
 - the percentage of proceeds used for prizes;
 - the amount of lottery proceeds taken up by expenses; and
 - the total number of sold and unsold tickets;
 - to send the Gambling Commission a description of, and/or a copy of the rules of, the lottery, at least 28 days before lottery tickets go on sale;
 - within three months of the draw (or, in the case of a scratch card lottery, within three months of the tickets ceasing to be available for sale), to send a statement to the Gambling Commission detailing the proceeds of the lottery (i.e. the value of tickets sold) and how the proceeds were distributed between prizes, expenses and good causes. This statement **MUST** be verified by the society's personal management licence holder or, where the society is exempt from needing such a licence, by the "responsible person" (see Section 4.2);
 - at the end of every year (or quarter, depending on the terms of the licence), to send a return to the Gambling Commission giving whatever information the Commission requires; and

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- to keep accounting records of each lottery for at least three years following the draw.
- Societies **MUST** also contact the Gambling Commission if certain things occur, for example if they suspect that someone is breaking gambling law.
- Licence holders **MUST** also comply with certain codes of practice, published by the Gambling Commission.

These codes include ‘social responsibility codes’ (which are generally to do with addressing problem gambling) and ‘ordinary’ codes of practice. It is an offence to breach licence conditions or any of the social responsibility codes and the Gambling Commission can take into account any breach of the ordinary codes in deciding whether or not to prosecute a defaulting licence holder.

For full information about the duties placed on licence holders, see the guidance sheets and lottery codes of practice on the Gambling Commission’s website (see 9.2).

4.4 Running a lottery through a trading subsidiary

Large society lotteries

The Act only allows the Gambling Commission to issue lottery licences to “non-commercial societies”. On the face of it, this prohibits non-charitable trading subsidiaries from running lotteries. Nevertheless, the Gambling Commission has agreed to treat charity trading subsidiaries as non-commercial societies, provided that they are:

- companies limited by guarantee whose member is the charity or whose members are the charity trustees; or
- companies limited by shares in which all the shares are held by the charity or its trustees; and
- in either case:
 - the company’s purposes include express or implied support of the charity;
 - the company’s powers extend to the promotion of lotteries; and
 - the company’s net profits in any trading period are donated to the charity, subject only to a reasonable retention for working capital.

Small society lotteries

- Societies wanting to run a lottery through a trading subsidiary **SHOULD** contact the local authority to ask whether it will register a trading subsidiary.

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4.5 Using an External Lottery Manager

External lottery managers are individuals or organisations who have been licensed by the Gambling Commission to promote lotteries on behalf of other societies. The Gambling Commission keeps a list of external lottery managers.

- Societies using external lottery managers **MUST** still obtain an operating licence and, unless they fall into the small operator exemption, may need a personal management licence.

4.6 Considerations other than the Gambling Act

PhonepayPlus

- A society that uses a premium phone line to allow people to enter its lotteries **OUGHT** to comply with the code of practice published by PhonepayPlus.

PhonepayPlus is the independent regulator of premium rate services in the UK and a number of sections of its code are relevant to lotteries. The code can be downloaded from the website of PhonepayPlus website (see Section 9.2).

Advertising Codes

- A society that intends advertising its lottery publicly **OUGHT** to comply with the appropriate advertising codes.

These codes are the responsibility of two industry Committees of Advertising Practice: CAP (Broadcast) and CAP (Non-Broadcast) and are administered by the Advertising Standards Authority (see Section 9.2).

5.0 Prize Competitions and Free Draws

Prize competitions and free prize draws are free from statutory control under the Gambling Act. They are not entirely unregulated and are subject to consumer protection law and codes such as the Advertising Standards Authority's Code on Sales Promotions.

- The definitions of these types of arrangement (see Section 7.1) are such that promoters of prize competitions and free draws **MUST** be careful to ensure that they do not inadvertently find themselves running illegal lotteries.
- For this reason, organisations wanting to use these arrangements **SHOULD** read the Gambling Commission's guidance "*Prize competitions and free draws: the requirements of the Gambling Act 2005*".

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5.1 Prize competitions

- The prize competition **MUST** require the participant to exercise knowledge or judgement or to display an element of skill in order to be eligible for a prize.

This is unlike lotteries, which rely wholly on chance.

The Act offers guidelines on the minimum amount of skill required for an arrangement to qualify as a prize competition (see Section 7.1). Before the Act came into force, it was common (for example, on television programmes) for supposed prize competitions to demand a derisory level of knowledge. This will no longer be sufficient: a purported prize competition that requires insufficient skill or knowledge will be treated as a lottery.

5.2 Free draws

The key with a free draw is to ensure that there is a “free” method of entry. It is acceptable for there to be a way for people to participate that involves payment, at a ‘normal rate’ i.e. first or second class post, standard telephone charges etc.

- The free route **MUST** also be convenient, accessible and the participant **MUST** have the same chance as if entering by the paid route

See Section 7.1 and the Gambling Commission’s guidance referred to in 9.2 for further information on what constitutes “payment to enter”.

6.0 Summary of Points to Consider

- Is your activity a lottery?
- If so, what type of lottery is it?
- With/by whom should your lottery be registered/licensed?
- Have you allowed time to register/obtain licences?
- What legal restrictions apply to your lottery?
- Is the value of your prizes within the limits allowed?
- Will your expenses be within the limits allowed?
- Will the combined size of all lotteries in the same calendar year be within the limits allowed?
- Do your lottery tickets meet the legal requirements?
- What figures and paperwork will you need for the lottery return and/or auditor?
- Do your systems allow you to collect all the information you will need for the lottery?
- When does your lottery return need to be completed?
- Will your lottery require an external audit?
- Have any tax implications been considered?

7.0 Key Legal Points and Definitions

7.1 Definitions

A “**free draw**” is like a lottery, except that participants do not have to pay to enter. Schedule 2 of the Act provides full details of what is to be treated as “payment to enter”. Broadly speaking, a method of entry will be free if it involves paying only the normal rate for the form of communication used to enter, e.g. regular telephone rates or the cost of a postage stamp. Where a premium is charged, over and above what it normally costs to use that form of communication, that method of communication will be treated as involving a “payment to enter”. For more details on what constitutes a payment, see the guidance on the Gambling Commission’s website (see Section 9.2).

A “**lottery**” is an arrangement whereby:

- people pay to enter;
- prizes are allocated; and
- the allocation of such prizes relies wholly on chance or, if allocation involves a series of processes, the first of those processes relies wholly on chance.

“**Non-remote gambling**” is gambling that is not remote gambling (see below).

“**Prize Competitions**” are arrangements whereby eligibility to win depends on the exercise of skill, judgement or knowledge by the participant. An arrangement will be a lottery - and not a prize competition - if the level of skill etc. required is so low that it cannot reasonably be expected to prevent a significant proportion of people (a) who want to enter from doing so and (b) who do enter from being eligible to win a prize. The Gambling Commission has produced guidance on how to judge whether the level of skill in any proposed arrangement will be sufficient to qualify it as a prize competition (see Section 9.2).

“**Remote gambling**” is gambling in which people participate by remote communication e.g. via the internet, telephone, television or radio. This term only applies to arrangements whereby participants obtain their lottery tickets electronically: a lottery in which tickets are sold at kiosks, but in which the results are available only via the internet, is not a form of remote gambling.

7.2 Consequences of not meeting the requirements

Revocation of licence

In some situations, the Gambling Commission has power to revoke a licence if the society does not meet its conditions. It may also revoke licences if the licence holder commits any offence under the Act

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Offences

There are a number of lottery-related offences under the Act, including:

- running an illegal lottery (a prize competition in which the required skill level is considered too low will be an illegal lottery);
- selling tickets to a society lottery to people under the age of 16;
- refusing to comply with certain requests of the Gambling Commission in connection with licences; and
- misusing the profits of a lottery.

Subject to the available defences, the penalty for these offences can be a large fine and even imprisonment. In addition to the promoter, any person who is party to a contravention of the Act (or its regulations) will, unless he has a defence, be guilty of an offence.

7.3 Unfair Commercial Practices Regulations

The Consumer Protection from Unfair Commercial Practices Regulations look to ensure consumers are able to make free and informed purchasing decisions and are likely to apply to the sale of raffle tickets.

- Fundraising organisations **MUST** ensure they comply with these regulations, where applicable.

Details about the regulations and how to ensure compliance are available from the Department for Business Enterprise and Regulatory Reform (see Section 9.2). Non-compliance may lead to an investigation from the local trading standards authority.

7.4 Taxation

- Fundraisers **SHOULD** consider taking professional advice on potential tax issues.

Further information is available from HMRC's website (see Section 9.2).

Briefly:

- **Income/corporation tax:** In England and Wales, the proceeds of ticket sales of a lottery run by a charity is tax-exempt, provided it is run in accordance with the law, under the proper licences or registration, where applicable.

The proceeds of lotteries run by other organisations are subject to income or corporation tax, as applicable.

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- **VAT:** For the purposes of VAT, the sale of lottery tickets is an exempt supply i.e. VAT is not chargeable to purchasers of tickets and VAT incurred in connection with the lottery cannot be reclaimed.

8.0 Raffles in Northern Ireland

- Lotteries **MUST** only be conducted in Northern Ireland in compliance with the Betting, Gaming and Lotteries (NI) Order 1985, as amended by the Betting and Lotteries (NI) Order 1994 and as supplemented by the Lotteries Regulations (NI) 1994.
- Societies wishing to conduct a lottery in Northern Ireland **OUGHT** to consult this legislation and, where appropriate, the district council in which the society is based.
- They **SHOULD** also consider contacting the Charity Advice Officer at the Northern Ireland Council for Voluntary Action (see Section 9.2) and reading their guidance.

8.1 Small Lotteries at Exempt Entertainments

- The requirements are similar to those set out in Section 3.1 above, in that the lottery **MUST** take place during an entertainment event.

However, the restrictions on cash prizes and the amount of proceeds that may be used to purchase prizes do not apply.

- Lotteries under this heading **MUST** meet the following criteria:
 - the person organising the event **MUST** inform the police, at least seven days before the event itself, that it is to take place;
 - the lottery **MUST NOT** be the only, or the only substantial, inducement for the public to attend the entertainment event where the lottery is taking place;
 - tickets **MUST** only be sold on the premises where the event is taking place;
 - the winners **MUST** be announced during the event;
 - all proceeds of the event (after deducting expenses) **MUST** be devoted to purposes other than private gain;
 - the organiser of the event **MUST** tell participants in the lottery how the proceeds are going to be applied; and
 - the organiser of the event **MUST** keep records and accounts of the entertainment, including a record of how the proceeds of the entertainment are to be applied.

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8.2 Private Lotteries

These requirements are very similar to those set out in Section 3.2 of this Code. However, in the case of a private lottery promoted by and for members of one society, that society may sell tickets to non-members on the society's premises.

- A private lottery in Northern Ireland **MUST NOT** realise more than £1,000 on the sale of tickets.
- All proceeds, after printing and stationery expenses, **MUST** be devoted to prizes or the purposes of the society, or both.

Additional rules in respect of the sale of tickets for participation in a private lottery in Northern Ireland include:

- a requirement that each ticket **MUST** include a statement that no prize won will be paid or delivered to anyone other than the person to whom the winning ticket or chance was sold;
- a requirement that no ticket or chance may be issued except by way of sale and that the full price **MUST** be paid for it when it is issued. This means that no ticket or chance may be sold at a discount, for example 5 for the price of 4; and
- no ticket sold in the lottery may be sent through the post.
- The total amount of expenses (exclusive of prizes) deducted from the proceeds **MUST NOT** exceed whichever is the less of the expenses actually incurred or 10 per cent of the proceeds.
- A society wishing to operate a private lottery **MUST** also adhere to the rules relating to advertisement of the lottery.

No advertisement of the lottery is permitted other than a notice which is exhibited on the premises of the society.

8.3 Society Lotteries

A society lottery is one run by a non-commercial society, but which is neither a small lottery nor a private lottery. A society is non-commercial if it is established and conducted for:

- charitable purposes; or
- the purpose of enabling participation in, or support of, athletic sports, games or cultural activities; or
- any other non-commercial purpose other than that of private gain.

Society lottery tickets can be sold to the general public.

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The Gambling Commission has no jurisdiction in Northern Ireland, so the Gambling Commission's requirements do not apply.

- However, a society that wants to promote a society lottery **MUST** obtain a licence from the District Council in which it is based by sending an application form together with a copy of their approved lottery scheme and the relevant application fee; it **MUST** also lodge a copy of its licence application with the local police headquarters.
- To maintain its registration a society **MUST** send a renewal fee on 1 January of each year together with a copy of its updated lottery scheme, if different to the one submitted in the previous year, to the District Council.
- A society lottery in Northern Ireland **MUST** be promoted in Northern Ireland by a society member who has been duly authorised in writing.
- If lottery managers/consultants are used, a lottery certificate **MUST** first be obtained from the magistrate's court.
- Tickets **MUST** specify:
 - the name of the society;
 - the name and address of the promoter;
 - the name and address of the District Council where the lottery is registered; and
 - the date of the lottery.
- Tickets **MUST NOT** be sold:
 - in the street;
 - to or by any person under 16 years of age;
 - at a bookmaker's office;
 - for more than £1 each;
 - door-to-door by people who visit people's homes as part of their employment;
 - as a group of tickets in a set of lotteries where the winner wins a prize in each lottery; or
 - by means of machine.
- The only means of participating in the lottery is by way of the purchase of a ticket and the ticket **MUST** be paid for in full before the purchaser can participate in the draw.
- Ticket money cannot be returned and prices **MUST** be as stated on the ticket.

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- The price of each ticket sold **MUST** be the same.
- Therefore tickets **MUST NOT** be sold as, for example, 5 for the price of 4.
- If a society promotes two or more lotteries with the same date, the tickets sold in each lottery **MUST** bear a serial number to identify which of the lotteries they relate to.
- Winning tickets **MUST NOT** be identifiable in advance and winning **MUST NOT** depend on the purchase of more than one ticket, unless the purchase price of the total number of tickets is no more than £1.

The amount of lottery proceeds which may be deducted to meet expenses (exclusive of prizes) is whichever is the lesser of:

- the expenses actually incurred;
- where the proceeds are £10,000 or less, 20% of the proceeds; or
- where the proceeds exceed £10,000, 15% of the proceeds.
- The total value of tickets sold in any one lottery **MUST NOT** exceed £80,000 and the total sold by the society for all the lotteries promoted in any 12 month period **MUST NOT** exceed £1 million.
- No prize may be worth more than £25,000 or 10% of the proceeds (whichever is the greater) and the total spent on prizes **MUST NOT** be more than 50% of the proceeds.
- All proceeds, after lawful deductions, **MUST** be applied for the purposes of the society.
- When the lottery has concluded the promoter **MUST**, within three months of the date of the lottery, send the following information to the District Council:
 - a completed return form; and
 - a copy of a ticket.
- Societies **MUST** keep copies of all returns, supporting bills, receipts and accounts for at least 18 months after the date of the lottery.

Societies may be asked to supply copies of the above information to the District Council or Police Service of Northern Ireland.

- Societies **SHOULD** also bear in mind that any officer of the District Council may enter their offices and inspect their records and promotion of any lottery.

9.0 Appendices

9.1 Legislation

In England and Wales, gambling law (including the law on lotteries) is now covered by the Gambling Act 2005 and subsidiary legislation.

There is also legislation governing the National Lottery, but that is generally irrelevant to societies that want to run lotteries to raise funds.

In Northern Ireland, the relevant legislation is:

- Betting, Gaming, Lotteries and Amusements (NI) Order 1994; and
- Lotteries Regulations (NI) 1994.

The Gambling Commission

The Gambling Commission is responsible for regulating gambling in Great Britain. It has the power to investigate all areas of lottery management, including a power to inspect lottery accounts and records. In many of the inspections it has undertaken, it has proved difficult and sometimes impossible to reconcile the figures in societies' records with entries in the lottery account submitted to the Commission. The Commission has the power to revoke licences and, in extreme cases, to refer a case to the police.

Although the Gambling Commission does not exist to help promote fundraising, it is also a useful source of information on running lotteries.

9.2 Useful Contacts

- **Advertising Standards Authority**
Mid City Place
71 High Holborn
London
WC1V 6QT
Phone: 020 7492 2222
Fax: 020 7242 3696
Email: enquiries@asa.org.uk
Website: www.asa.org.uk
- **BIS (Department for Business, Innovation and Skills)**
Ministerial Correspondence Unit
Department for Business, Innovation and Skills
1 Victoria Street
London

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SW1H 0ET
 Phone: 020 7215 5000
 Fax: 020 7215 0105
 Email: enquiries@berr.gsi.gov.uk
 Website: www.berr.gov.uk

- **Committee of Advertising Practice**

Mid City Place
 71 High Holborn
 London
 WC1V 6QT
 Phone: 020 7492 2100
 Fax: 020 7242 3696
 Email: advice@cap.org.uk
 Website: www.cap.org.uk

- **The Gambling Commission**

Lotteries Section
 Victoria Square House
 Victoria Square
 Birmingham
 B2 4BP
 Phone: 0121 230 6666
 Fax: 0121 230 6720
 Email: info@gamblingcommission.gov.uk
 Website: www.gamblingcommission.gov.uk

The following guidance notes are particularly useful:

- *Lotteries and the Law*
- *Lotteries – do I need a licence?*
- *Licence Conditions and Codes of Practice: Code of Practice for Remote Society Lottery Operators*
- *Licence Conditions and Codes of Practice: Code of Practice for Non-Remote Society Lottery Operators*
- *Prize Competitions and Free Draws: the requirements of the Gambling Act 2005*

- **HM Revenue & Customs**

Website: www.hmrc.gov.uk

- **The Lotteries Council**

Website: www.lotteriescouncil.org.uk

- **Northern Ireland Council for Voluntary Action**

61 Duncairn Gardens

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Belfast
BT15 2GB
Phone: 028 9087 7777
Fax: 028 9087 7779
Email: nicva@nicva.org.uk
Website: www.nicva.org

The following guidance note is particularly useful:

- *Advice Note 9: Lotteries*
- **Office of Public Sector Information**
(to download legislation or read it online)
Website: www.opsi.gov.uk
- **PhonepayPlus**
Clove Building
4 Maguire Street
London
SE1 2NQ
Phone: 0207 940 7474
Fax: 0207 940 7456
Email for advice on compliance: compliance@PhonepayPlus.org.uk
Website: www.phonepayplus.org.uk
- **The Stationery Office**
(to order copies of legislation)
TSO Head Office
St Crispins
Duke Street
Norwich
NR3 1GN
Phone: 0870 600 5522
Fax: 0870 600 5533
Email: customer.service@tso.co.uk
Website: www.tso.co.uk
- **Trading Standards**
Website: www.tradingstandards.gov.uk