



LEPL - Revenue Service of the Ministry of Finance of Georgia

Expression of Interests

**For Works to Implement Regulatory Monitoring and Reporting
System for Gambling Business in Georgia**

Content

Introduction 2

Revenue Service Intentions 2

Explanations 2

Description of the project 3

Description of works 3

Start date of works 4

Specifications of the proposal to be submitted 4

Timeframe for project implementation 4

Funding 4

Requirements for expression of interests 4

Submitting proposals for expression of interests 6

Selection of candidates 6

Selected candidates 7

Publicity 7

Exemption from obligations 7

Attempt to influence 7

Rights of the Revenue Service with regard to the expression of interests 8

Applicable law 8

Contact information 8

Criteria for selecting the "short list" of candidates 9

Respective Experience 9

Process of proposal evaluation 9

Additional Information 10

Introduction

LEPL Revenue Service of the Ministry Finance of Georgia (hereinafter referred to as “Revenue Service”) grants the permits for organizing gambling and prize games and checks the compliance with the conditions established by law, as well as due fulfilment of tax obligations.

In accordance with Article 23 of the Law of Georgia on Organizing Lotteries, Games of Chance and other Prize Games, the pay-out to stakes ratio on a slot machine shall be equal to no less than 80%. In compliance with the Tax Code of Georgia, games of chance organized in system-electronic form (online) shall be taxed by income/profit tax; in case of organizing sports betting in system-electronic form, the rate of tax shall be 7% of the sum of stakes received during each reporting month.

As of today, the Revenue Service has no any mechanism to set up and take control over payment of taxes and compliance with licensing conditions, because it does not own information necessary for such control.

For the purpose to monitor of all the above mentioned, the Revenue Service needs to collect data on ingoing and outgoing sums (so called IN-OUT) at slot machines, on the percent of the payout of a slot machine, on history of transactions in case of gambling games organized in system-electronic form (also land based slot machines), and on history of each bet at a betting shop.

Intentions of the Revenue Service

The Revenue Service aims, through this expression of interests, to **Implement Regulatory Monitoring and Reporting System for Gambling Business in Georgia** .

Documents submitted under this expression of interests must provide clear understanding and effective mechanism on how the information, necessary to carry out the control by the Revenue Service, will be provided. Data delivery from machines shall be carried out electronically as soon as possible after the operation. Data received by the Revenue Service must be reliable and true and duly reflect operations made.

Explanations

Candidates can submit existing questions to the following e-mail address **gambling@rs.ge**, no later than October 1, 2018.

The Revenue Service will post answers to the submitted questions on its webpage (**www.rs.ge**) and make such answers available for all candidates.

Definition of Terms

Candidate – interested person, resident of Georgia or a non-resident, having sufficient knowledge, experience and qualification in the field of monitoring over the gambling business and which expresses the wish to submit proposal in compliance with the conditions as defined by this expression of interests.

Corporate group - (with regard to any corporate group) final holding of such entities and all subsidiaries, which are directly or indirectly controlled by the holding company;

Commission – commission with certain composition and authorization, set up under Order N27019 of the Head of Georgia Revenue Service, dated September 26, 2018, which carries out respective responsibilities with regard to the expression of interests and proposals submitted by the candidates;

Laboratory - independent third person selected by the commission in accordance with the specific rule, which shall advise on review and evaluation of the proposals submitted by the short-listed candidates and selection of the best candidate.

Project Description

In order to carry out monitoring over the gambling business, the Revenue Service needs to collect the data on ingoing and outgoing sums (so called IN-OUT) at slot machines, on the percent of the payout of a slot machine, on history of transactions in case of gambling games organized in system-electronic form (also land based slot machines), and on history of each bet at a betting shop.

The candidates shall also provide information on the form in which the data will be provided to the Revenue Service, together with technical specifications (model, mark, system requirements, if any).

Data must be available for the Revenue Service electronically as soon as possible after transaction/stake/bet.

Description of Works

Submitted proposals must involve the mechanism, including details of its implementation, prices, procedures and stages, the use of which shall allow:

- a) Collection of data on ingoing and outgoing (in-out) sums (including on jackpots) from each slot machine and slot machines grouped according to the respective license. For the second quarter of 2018, 6394 slot machines were operating at slot machine saloons throughout Georgia;
- b) Consideration of at least 80% of payout for each slot machine;

- c) Collection of data on all transactions (including on jackpots) of gambling offered in system-electronic form (online), development of the mechanism for checking correctness of collected data. For the second quarter of 2018, gambling in system-electronic form (online) were organised through 7 web-pages throughout Georgia (14 permissions in total: 7 - for the games of chance and 7 - for the prize games);
- d) In case of betting shop, elaboration of mechanisms to monitor and report each bet. For June of 2018, betting shops (land based) were arranged at 90 units throughout Georgia.

Start Date of works

Estimated date of commencement of works is December 1, 2018.

Specifications of the Proposal to be submitted

Proposals must be submitted in English. They must cover all measures for achieving the tasks as defined in the scope of work, including technical solutions, respective estimations, approximate reasonable timeframes for the performance of works and implementation of the project.

Period for Project Implementation

Deadlines for project implementation will depend on the works to be done and on those technical solutions and ways of implementation, which will be defined by proposal (the candidate shall submit its offer).

Funding

The sources, amount and respective funds for financing the works to be done will be defined as a result of review of the models offered within the scope of the expression of interests.

Requirements with regards to the Expression of Interests

To participate in the expression of interests, two or more companies can set up a legal entity (hereinafter referred to as “jointly established legal entity”). In such a case, jointly established legal entity shall indicate, within the scope of the expression of interests, particular responsibilities of each founder.

Candidates will be responsible to submit, together with the proposal, the following information and documents:

- 1) Official name and address.
- 2) Mailing address.
- 3) Duly certified extract from entrepreneurial register/legal entity registration certificate (or other documents, such as papers on establishment or/and name change of the company, etc.).
- 4) Duly certified charter of the legal entity;
- 5) Resume of the company.
- 6) Description of experience demonstrating the ability of candidate or its subcontractors to meet requirements as defined by the annex (experience) of this document. In case candidate's experience relies on experience of subcontractors, the documents demonstrating the readiness of a subcontractor to participate in the project must be also submitted for each subcontractor. Description of experience shall be annexed with respective documents and certificates.
- 7) For all parties participating in the project – audited financial reports for previous 3 (three) years, including consolidated financial reports for that corporate group, to which these parties belong. If a candidate's experience relies on the experience of its subcontractors, audited financial reports of subcontractors for previous 3 (three) years must be submitted.
- 8) Duly certified list of those partners, who own more than 5% of the candidate's shares, including information on ultimate beneficiary owner.
- 9) Information on all court proceedings and arbitrations, to which any company member to the candidate's corporate group (as defined in previous paragraph) was a party during last 5 (five) years.
- 10) If the candidate is a consortium, the list of consortium members and all above documents/information for each member. In case the candidate fails to submit the said information while submitting application within the scope of the expression of interests or submits it in part, the application will be rejected. If the candidate is a consortium, none of its members shall have the right to be the member of other candidate.
- 11) The candidate must be independent and must not be affiliated with the producers of gaming devices/games, companies producing or providing betting products and casino games for online use, with acting operators (persons owning permits for gambling business) and providers of gaming software to the acting operators.

- 12) The candidate (or its subcontractors) must have at least five-year experience in the field. In case of jointly established legal entity, the founder companies must have five-year experience.
- 13) The candidate (or its subcontractors) must have experience of implementation of several identical projects for the respective regulators in the EU member states or/and USA. In case of jointly established legal entity, the founder companies must also meet this requirement.
- 14) Offered solution has to comply with international technical standards

Note: in case of jointly established legal entity, the candidate must submit the bellow listed information not only about jointly established legal entity, but also about its founders.

The Revenue Service may invite candidates to deliver the presentations in person.

Submission of a Proposal for the Expression of Interests

Proposal for the expression of interests must be submitted in three printed and signed originals (and in one electronic copy in PDF file) in the sealed envelope. The proposal must be delivered to the LEPL Revenue Service no later than **October 2, 2018, 6:00 p.m.** local time, at the following address: 16 Gorgasali Street, Tbilisi, Georgia, LEPL Revenue Service.

In case of discrepancy between the original and electronic copies, the printed original shall prevail.

Formation of Shortlist and Selection of Candidates

Evaluation of proposals will be carried out in two stages. First of all, the commission shall evaluate positively or negatively completeness of general information submitted by the candidates.

If the information submitted by the candidate is evaluated negatively, proposal of this candidate will not be assessed at the next stage.

If the information submitted by the candidate is evaluated positively, the proposal of this candidate will be short-listed by the commission.

After submitting proposals within the scope of expression of interests, special commissions authorized respectively by the minister of finance will shortlist the candidates.

Only those candidates that based on the decision of the commission meet requirements of the expression of interests, including criteria for inclusion in the short list, will be selected for the short list.

Timeframe for forming the short list will be defined by the commission.

Technical valuation of compliance of the proposals to the requirements of the expression of interests submitted by shortlisted candidates will be advised by the laboratory, which will evaluate the content of these proposals, and submit to the commission recommendation on the proposals, together with respective comparative analyses of all short listed proposals.

Selected Candidates

Selection criteria for the shortlist are defined in Annex 1.

Selection criteria may be changed or amended at any time, before the deadline for submission of applications. Information on such change or amendment will be published on the official webpage of the Revenue Service.

Publicity

Public announcements or speeches with regard to the proposals made within the scope of expression of interests will be permitted only by prior consent of the Revenue Service.

Exemption from Obligations

Under this expression of interests the Revenue Service will not be responsible to select certain candidate or pay any expenses to any applicant. Submission of documents will not grant candidates the right to submit any claim against the Revenue Service based on the argument, that such company or consortium responded to the expression of interests.

All costs related to the participation in the expression of interests and to the request with regard to any additional information shall be borne by candidates.

Attempt to Influence

Any attempt by the candidate or its representative to influence the process of the expression of interests may result in disqualification of that candidate.

Rights of the Revenue Service with regard to the Expression of Interests

The Revenue Service, within the scope of the expression of interests, shall have the rights to:

- Cancel or revise conditions (including criteria for shortlist formulation) of the expression of interests without prior notice, through publication on the webpage of the Revenue Service;
- Require clarification or additional documentation with regard to the proposals submitted by the candidate;
- Disqualify any candidate, the proposal of which does not meet the requirements of the expression of interests;
- Disqualify any candidate, which falsifies data given in the proposal;
- Revoke this expression of interests or re-invite candidates based on the same or other grounds, through publishing information on the official webpage of the Revenue Service;
- Not to sign agreement as a result of this process or continue selection of candidates, or request the shortlisted candidates to submit the proposal, or/and make any amendment to the timeframe for expression of interests and evaluation, or to the structure and content of this invitation and post this information on the official webpage of the Revenue Service.

Applicable Law

Expression of interests and submission of documents shall be governed by legislation of Georgia.

Contact Information

LEPL Revenue Service
16 Gorgasalai Street, Tbilisi, Georgia

Email: gambling@rs.ge

Criteria for the Selection of Shortlisted Candidates

This document is the annex to the expression of interests called by the Revenue Service to perform the works aimed to Implement Regulatory Monitoring and Reporting System for Gambling Business in Georgia and includes information on respective experience of candidate and criteria for selecting candidates for the shortlist

Respective Experience

Each candidate must clearly demonstrate and describe its experience in the relevant field, namely of provision of similar services to the gaming authorities/regulators in the EU member states and/or USA.

Candidate must have experience with regulatory monitoring and reporting of :

- land based sports betting terminals
- land based casino slots & other games
- Online Sports betting
- Online casino games

Candidate must describe in detail its current and past experience (during last three years) in the field, regulation of which is intended through the proposal submitted under the expression of interests. Information submitted may contain confidential data.

Process of proposal evaluation

Candidate must demonstrate information on its technical abilities and resources (including financial ones) clearly and show how it will meet requirements as described in “a”-“d” points of the chapter - “Description of Works” - of the expression of interests.

Commission shall make a decision considering of the completeness of the proposal submitted by the candidate. The proposal may be rejected because of its incompleteness.

The proposal submitted must contain a mechanism, including its details, procedures and stages., initial projection of the sources, amount and respective funds for financing the work.

Candidate must submit proposal in consideration of all bellow listed requirements:

- a) Getting data on all ingoing and outgoing (IN-OUT) sums (including jackpots) at the slot machines. For the second quarter of 2018, 6394 slot machines were operating at slot machine saloons throughout Georgia;
- b) Consideration of at least 80% of payout (RTP) for each slot machine;
- c) Collection of data on all transactions (including on jackpots) of gambling offered in system-electronic form (online), development of the mechanism for checking correctness of collected data. For the second quarter of 2018, gambling in system-electronic form (online) were organized through 7 web-pages throughout Georgia (14 permissions in total: 7 - for the games of chance and 7 - for the prize games);
- d) In case of betting shop, elaboration of mechanisms to monitor and report each bet. For June of 2018, betting shops (land base) were arranged at 90 units throughout Georgia.

Additional Information

The commission reserves the right to request additional information from each candidate which, in commission's opinion, will improve the process of selecting the best candidate.