

## Gambling law in Estonia – part 2

Gambling in Estonia is regulated mainly by four legal acts:

- the Gambling Act;
- the Gambling Tax Act;
- the Advertising Act; and
- the Money Laundering and Terrorist Financing Prevention Act.



The Gambling Act sets the rules for handing out licenses to operators but also lists the criminal offenses and punishments for violating the law while the Gambling Tax Act regulates the special turnover tax, the gambling tax (in general 5% of all bets minus the winnings is paid to the Estonian State) and how the gambling tax proceeds should be distributed in the State budget.

The Advertising Act lays down the framework for how you can market gambling to consumers where the main rule states that “advertising of gambling shall not contain an incitement to participate in gambling or visit a gaming location or information that may suggest that gambling contributes towards social success”. The Estonian Consumer Protection and Technical Regulatory Authority is the authority that supervises gambling operators in this respect.

The AML law requires that operators are diligent, need to know the identity of their customers, identify politically exposed persons (PEPs), map their own risk appetite, and implement procedural rules for KYC and AML, including monitoring obligations and reporting suspicions or unusual transactions.

In addition to the general rules, a gambling operator is required to apply due diligence measures at least upon the payment of winnings, the making of a bet, or on both occasions where the sum given or receivable by the customer is at least EUR 2,000.

Recently, the Estonian Consumer Protection and Technical Regulatory Authority have drawn more public attention to the threats related to social gaming. In particular, the Authority has pointed out that when social gaming is organized on Facebook or other social media channels, the organizers often breach advertising and consumer protection obligations. The most common violations include the following:

- incomplete game rules;

- making amendments to game rules in the middle of the game without giving notice;
- not giving awards to winners; and
- not communicating in Estonian with Estonian consumers.

At NJORD Law Firm our Regulatory team is providing legal advice within gaming law, compliance, GDPR, and AML.

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**HENRIK LINK**  
 ATTORNEY AT LAW, SENIOR  
 ASSOCIATE  
 (+372) 66 76 440  
 HENRIK.LINK@NJORDLAW.EE



**KAROLINA ULLMAN**  
 ATTORNEY AT LAW,  
 PARTNER  
 (+372) 66 76 444  
 KAROLINA.ULLMAN@NJORDLAW.EE