

# **Legal regulation and taxation of gambling mechanisms in video games**

## **Abstract**

In connection with the development and spread of information technologies to most households, new questions arise regarding their legal regulation. The old legal norms cannot keep pace with this development, and therefore a new phenomenon may emerge, which at first glance seems to have been neglected by law. This work explores one of these phenomena of information technology, namely Loot boxes, as a new, modern form of gambling targeted at minors and other vulnerable groups.

Some Member States of the European Union, in particular Belgium and the Netherlands, have already reacted correctly to Loot boxes and banned the operation of some Loot boxes on their territory. Other countries, such as the United States, have been talking about regulation for a long time, but it has not yet happened.

Loot boxes are internally divided into several types, and for some we cannot talk about gambling. In particular, these are cases where the possibility of buying a Loot box for money or the possibility of selling acquired virtual items for money, or a similar value that can be expressed in money, is completely missing. In my reasonable opinion, some Loot boxes are essentially a game of chance.

Despite claims by Loot box operators, many researches over the past two years have shown a link between the amount of money spent on Loot boxes and the value on the PGSI scale, which indicates the extent to which participants' spheres of life in classic, legally regulated gambling are adversely affected.

According to Act No. 186/2016 Coll., On gambling, Loot boxes could represent a technical game, less likely a lottery. In such a case, however, they are operated without the necessary permit, which fulfills the factual nature of the administrative offense on the part of the operators. At the same time, the relevant tax is not levied on the operation of gambling pursuant to Act No. 187/2016 Coll., On the tax on gambling.

Alternatively, Loot boxes cannot be classified at all under the legally regulated types of gambling, and then their operation is prohibited by law. This operation fulfills the factual substance of the administrative offense.

**Key words: Loot box, gambling, regulation**