



Small Lotteries and Fund-raising Raffles

A lottery has been defined as **the distribution of prizes by chance where the persons taking part, or a substantial number of them, make a payment or consideration in return for obtaining their chance of a prize.**

There are several different types of lottery but this guidance looks at the kind of raffles held at entertainment events and the kind of raffles where there are printed tickets with the name and address of the promoter and the date etc of the draw. Both of these are classed as 'exempt lotteries' under the Gambling Act 2005 but fall into different categories.

An **incidental non-commercial lottery** is the type of draw that takes place at some kind of entertainment, be it a dance, a fete or a football match where the draw for the prizes will have taken place by the end of the event. Any profits from the event and the raffle must not be for private gain. Tickets may only be sold at the event and not in advance and the cost of the tickets must be the same for each one – if it's 50p a strip then each of the five tickets in the strip must cost 10p. There is no requirement to register with the local authority and simple cloakroom tickets may be used. Deductions are only allowed for prizes and other costs but there will be a limit on what those deductions may be, regardless of the cost of the prizes and the costs incurred in organising the raffle. At the time of writing this the Government has not yet let us know what the prescribed sum will be for prizes and costs, but, as a guide, under the previous legislation there was a limit of £250 to be spent on prizes (donations do not count).

A **small society lottery** is promoted on behalf of non-commercial societies, examples being Parent-Teacher Associations, local football clubs, choral societies, all of which are established for any of the following purposes:

- Charitable purposes
- To enable participation in, or to support, sport, athletics or a cultural activity, or
- For any other non-commercial purposes other than that of private gain.

These lotteries must be registered with the local authority as long as the proceeds of each individual lottery do not exceed £20,000 and the aggregate of all lotteries in the year does not exceed £250,000. If these limits are exceeded then the lottery must be registered with the Gambling Commission as it is then defined as a large society lottery.

There is a registration fee of £40 and an annual fee of £20 (from 1 September 2007) and there are regulations attached, mainly about the information that needs to be on the tickets, the sale of the tickets and the form of return that needs to be made to the local authority. These are the kind of lotteries that we are all confronted with as they may be sold to members of the public and they have the name and address of the promoter on them, as well as the registration number, the date of the draw and a summary of the prizes. At least 20% of the proceeds must go towards the purpose for which the society is conducted and no one prize may be worth more than £25,000.