GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

RAJYA SABHA
UNSTARRED QUESTION No-1814
TO BE ANSWERED ON- 02-08-2022

DEDUCTION OF TDS BY ONLINE GAMBLING SITES

1814. SHRI RAGHAV CHADHA:

Will the Minister of FINANCE be pleased to state:

(a) whether online gambling sites deduct tax at source;
(b) if so, the details of such deductions;
(c) the details of the amount of taxes paid by online gambling sites;
(d) the steps being taken to prevent the facilitation of money laundering and hawala transactions using online gambling sites; and
(e) the steps being taken to ensure Foreign Exchange Management Act (FEMA) compliance by such online gambling sites, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) As per the provisions of Section 194B of the Income-tax Act, 1961 (the Act), any person responsible for paying to any person any income by way of winnings from any lottery or crossword puzzle or card game and other game of any sort an amount exceeding ten thousand rupees is required to deduct income tax at the time of payment thereof, at the rates in force.

(b) & (c) There is no specific classification of assessees and codes for online gambling sites under the Act. Activity wise granular data in respect of taxes paid is also not maintained by Central Board of Indirect Taxes & Customs.

The details of TDS deducted u/s 194B of the Act by all types of deductors for last 3 Financial Years (i.e., FY 2019-20 to FY 2021-22), however, is as under:

(in Rs.crores)

FY	TDS deducted u/s 194B of the Act
2019-20	671.24
2020-21	760.37
2021-22	887.02

[Source: DGIT(Systems), CBDT]

(d) The steps taken to prevent facilitation of money laundering and hawala transactions using online gambling sites include, inter-alia, collection and analysis of financial intelligence and dissemination of Suspicious Transaction Reports (STRs) and financial intelligence related to different kinds of transactions, including those related to online gambling activities, by FIU-IND to the law enforcement agencies concerned. Further, Enforcement Directorate investigates cases related to using online gambling sites for money laundering and hawala transactions under the provisions of Prevention of Money Laundering Act (PMLA), 2002. Appropriate action, including arrest, seizure and filing of prosecution, is taken under the provisions of PMLA, 2002. The authorities under the Income-tax Act, 1961 also undertake necessary statutory action including investigation, assessment/reassessment, and corresponding penal and prosecution proceedings in appropriate cases, including those on online gambling sites.

(e) The steps being taken to ensure compliance of the Foreign Exchange Management Act (FEMA) by such online gambling sites include, inter-alia, investigation and examination of possible FEMA violations in respect of Indian residents and necessary action by the Enforcement Directorate as and when any violations under the provisions of FEMA is noticed.

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