

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
STARRED QUESTION NO *209
ANSWERED ON – 08.08.2023

RATE OF GST ON ONLINE GAMING INDUSTRY

*209. LT.GEN. (DR.) D. P. VATS (RETD.):

Will the Minister of **Finance** be pleased to state:

- (a) the estimate of the current size and market value of the online gaming industry in the country;
- (b) the projected revenue collection that Government aims to achieve, with the proposed provision of imposing 28 per cent GST on the online gaming industry, as well as on casino and horse racing activities; and
- (c) whether Government can outline the specific rationale behind the decision to impose a 28 per cent GST on these sectors and the potential impact on their growth and revenue generation?

ANSWER

MINISTER OF FINANCE
SHRIMATI NIRMALA SITHARAMAN

(a) to (c): A statement is placed on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO. 209 RAISED BY LT.GEN. (DR.) D. P. VATS (RETD.) FOR 08TH AUGUST, 2023 ON RATE OF GST ON ONLINE GAMING INDUSTRY

(a): As per NITI Aayog estimates referred in the Draft National Policy for Growth of Animation, Visual Effects, Gaming, Comic & Extended Reality sector in India prepared by Ministry of Information and Broadcasting, the online gaming segment grew by 28% in 2021 to reach USD 1.9 billion.

(b): Casinos are currently paying 28% GST on Gross Gaming Revenue (GGR). Online gaming industry supplying actionable claims and some horse race clubs are currently paying GST at the rate of 18% on platform fees/commission ranging generally from 5% to 20% of the full face value while some horse race clubs are paying 28% on the full face value. These online gaming companies supplying actionable claims and some horse race clubs paying 18% on platform fee/commission are disputing the 28% levy on actionable claims in the form of betting and gambling before various legal fora. It is anticipated that the levy of 28% on full face value, as recommended in the 50th GST Council meeting will result in increase of revenue from current levels.

(c): GST rates and exemptions are prescribed on the recommendations of GST Council which is a constitutional body comprising members from Union Government and State/UT Governments. At the time of launch of GST, state taxes on betting and gambling such as betting tax and entertainment tax were subsumed in GST. It was a conscious decision of the GST Council to recommend 28% tax on actionable claims in the form of betting and gambling.

The Group of Ministers on Casinos, Race Courses and Online Gaming constituted by the GST Council, held extensive stakeholder consultations and examined the issue in detail which were mentioned in its reports submitted to the GST Council. After detailed deliberations, the GST Council in the 50th meeting held on 11th July, 2023 has clarified that actionable claims supplied in casinos, race courses and online gaming are leviable GST at a rate of 28%.
