

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE  
RAJYA SABHA

**UNSTARRED QUESTION NO. 1350**

ANSWERED ON 01.08.2023

**FINANCIAL GROWTH OF THE ONLINE GAMING PLATFORMS**

1350. SHRI NIRANJAN BISHI:  
SMT. SULATA DEO:

Will the Minister of FINANCE be pleased to state:

- (a) the reasons for removing the minimum threshold of ₹10,000 under Section 194BA of the Finance Bill, 2023 pertaining to the TDS applicable on online gaming while the threshold of ₹10,000 has been retained for betting and gambling under Sections 1948 and 194BB for TDS purposes;
- (b) the provisos applicable to the online gaming industry under the new Finance Bill, 2023; and
- (c) the steps proposed to be taken by Government to promote the growth of this sunrise sector?

**ANSWER**

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

(a)&(b) Finance Act, 2023 has amended section 194B of the Income-tax Act, 1961 (the Act) relating to winnings from lottery or crossword puzzle etc and section 194BB of the Act relating to winnings from horse race to provide that the deduction of tax under the aforesaid sections at the rate of 30% shall be on the amount or the aggregate of amounts exceeding Rs. 10,000/- during the financial year.

Further, vide the Finance Act, 2023, online games have been removed from the purview of section 194B of the Act and section 194BA has been inserted in the Act with effect from 1<sup>st</sup> April, 2023, to provide for tax deduction at source (TDS) at the rate of 30% on “net winnings” from online games.

Vide Finance Act 2023, a separate section 115BBJ has also been inserted in the Act which provides for taxation at the rate of thirty per cent on “net winnings” from online games. This section applies from 1<sup>st</sup> April 2024 and is accordingly applicable for the assessment year 2024-25 and subsequent assessment years.

The minimum threshold of Rs. 10,000/- has been removed under section 194BA of the Act since taxability of winnings from online games is on the “net winnings” in the user account which is calculated after aggregating all winnings (including losses) during the year.

(c) The Central Government has prescribed Rule 133 in the Income-tax Rules, 1962 vide Notification G.S.R. 379(E) No. 28/2023 dated 22<sup>nd</sup> May 2023, which lays down the formula for calculating “net winnings”.

Further, the Central Board of Direct Taxes has issued Circular No. 5 of 2023 dated 22<sup>nd</sup> May 2023 which provides clarity on various issues relating to deduction of tax at source on “net winnings”.

The aforementioned Rule and Circular ensure that there is certainty in taxation for the online gaming sector which will promote ease of doing business and help the industry in its growth.

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