

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF FINANCIAL SERVICES

LOK SABHA
UNSTARRED QUESTION NO. 1196

Answered on the December 11, 2023/Agrahayana 20, 1945 (Saka)

Evasion of TDS

1196. SHRI UNMESH BHAIYYASAHEB PATIL:

- (a) whether the Ministry of Finance is likely to consider the request of the Ministry of Home Affairs to make payment of all prizes through banking channels and if so, the details thereof;
- (b) whether the Government intends to consider to amend section 194B to include lottery as well whereby each and every prize winning shall be taxable to stop the tax evasion and money laundering in paper lottery business and if so, the details thereof; and
- (c) the action taken/being taken by the Government against lottery distributors who indulged in evasion of GST, TDS etc.?

ANSWER

THE MINISTER OF STATE FOR FINANCE
(DR. BHAGWAT KARAD)

(a): A reference was received from Ministry of Home Affairs (MHA) for comments regarding disbursement of prize amount of lotteries through formal banking channel. Comments in this regard has been sent to MHA. Using formal banking channel for any kind of transaction, including disbursement of lottery prize, is helpful in mitigating the associated money laundering/terrorist financing / proliferation funding risks in view of the robust banking system and effective regulation/supervision of the regulated entities.

(b) and (c): As per Section 194B of the Income-tax Act, 1961 ("the Act") the 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 or from gambling or betting of any form or nature whatsoever, being the amount or the aggregate of amounts exceeding ten thousand rupees during the financial year shall, at the time of payment, deduct income-tax at the rates in force. *Vide* Finance Act 2023, the rate in force is 30%. This also includes winnings in kind or partly in cash and partly in kind. It is substantively charged to tax at the rate of 30% under section 115BB of the Act and no deduction on the winnings is allowed.

The Income Tax Department takes appropriate action in cases involving evasion of tax whenever any credible information/intelligence of violation of provisions of Direct Tax Laws relating to any taxpayer comes to its notice. Such action under Direct Tax laws includes conducting enquiries, mounting search and seizure or survey action, assessment and consequential actions thereto, wherever applicable as per the provisions of the Act. Twelve cases involving GST evasion of Rs. 344.57 Crore have been detected against lottery distributors and Rs. 621.56 Crore (including interest and penalty) has been recovered/ realized from July, 2017 to till November 2023.
