

TAX RATES INCREASED FOR ONLINE GAMES| GST| INDIA TAX UPDATES:

28% GST on online gaming, casinos and horse racing likely to be effective from October 1

The 50th GST Council meeting held on 11th July 2023 passed a crucial decision for the online gaming industry, casinos, and horse racing businesses. With the help of the Group of Ministers, the GST Council made recommendations on the imposition of GST on online gaming, as well as putting an end to the debate over “games of skill or chance.”

As per the amendment finalized in **the 51th GST council meeting** held on 2nd August 2023, the GST rate has been changed to 28%, to be charged on full face value of receipts, irrespective of whether the game is of skill or chance, treating all games as demerit goods.

Online Games

18% (old GST rate)	28% (new GST rate)
Charged on service elements earned by online gaming platforms i.e. platform fees/ gross gaming revenue(ggr)	Charged on total pool of cash i.e., total amount paid, payable, or deposited to supplier by the recipient.
Included only game of skill	All games played for money irrespective of game of skill or chance

Casinos and Horse Race (Game of Chance)

- Old system: 28% on future betting made through winnings from previous round i.e. on gross gaming revenue (future revenues).
- New system: 28% on face value of the chips purchased in case of Casinos/ on full value of the bets placed in case of Horse Race.

Proposed amendment under the law

1. Actionable claims involved in or by way of casinos, horse racing and online gaming are covered under the ambit of GST.
2. The definition of "supplier" is proposed to be amended to ensure that individuals or entities operating and managing digital or electronic platforms for supplying specified actionable claims are considered suppliers of such actionable claims and liable to pay GST on the same.
3. Registration under GST is being made mandatory for a person supplying online money gaming from a place outside India to a person in India.
4. A special provision to provide for tax liability on overseas suppliers of online money gaming and also the provisions for simplified GST registration for such suppliers as well as powers for blocking websites/platforms of non-compliant suppliers.
5. Games not played for money or virtual digital assets will continue to be charged at 18%.

The effective date of implementation will be 1st October, 2023

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