

SNR & COMPANY
CHARTERED
ACCOUNTANTS



GST UPDATE

04th August 2023

The **51st GST Council** meeting under the Chairpersonship of Union Minister for Finance & Corporate Affairs Smt. Nirmala Sitharaman was held through video conferencing on 2nd August 2023. The council deliberated upon specific issues pertaining to taxation of supplies in casinos, horse racing and online gaming. Council in its 50th meeting held on 11th July 2023 has recommended that the actionable claims supplied in Casinos, Horse racing and Online gaming may be taxed at the rate of 28% on full face value, irrespective of whether the activities are a game of skill or chance. Subsequently, post representations from industry, the 51st GST Council has announced the following recommendations:

- Amendment in Entry 6 of Schedule III of CGST Act, 2017 to tax casinos, horse racing and online gaming along with lottery, betting and gambling.
- Specific provisions for valuation of supply of online gaming and actionable claims in casino shall be inserted in the CGST Rules, 2017.
- Valuation of supply of online gaming and actionable claims in casino shall be at entry level based on the amount paid or payable to or deposited with the supplier by or on behalf of player.
- Amount entered into games / bets out of winnings of previous games and bets would be excluded.
- Earlier recommendation to tax each bet placed / game played in the case of online gaming is dropped.
- Insertion of special provision in the IGST Act, 2017 to provide for liability of payment of GST on supply of online money gaming and simplified registration scheme by off-shore suppliers, in addition to the existing OIDAR regulations.
- The Council aims to bring the amendments into force from 1 October 2023.

Further clarity was provided during press conference held post council meeting with following important announcements:

- Any betting / gambling involved in online gaming, casino and horse racing, being in the nature of actionable claim, had always been taxable at 28%. However, taxation for past period will be based on the outcome of Special Leave Petition in the Gameskraft matter pending before Apex Court.
- Playing of online real money games using Virtual Digital Assets (VDA) shall be subject to GST. The definition of VDA shall be same as that under the Income Tax Act.
- The definition of supplier for the purposes of online gaming and actionable claims shall be amended to include platforms arranging online real money games and actionable claims.
- The valuation and rate shall be reviewed post six months of implementation of above changes.

Our Offices:

Delhi (Head Office)

Pune

Bangalore