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Centre says ready to bring 28% online gaming GST from Oct 1; all states yet to pass laws

All states are yet to pass the required legislative amendments or ordinances in their respective Assemblies for the proposed change in GST provisions for online gaming, casinos and horse racing.

Written by [Aanchal Magazine](#)
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The GST Council is slated to meet next on October 7. It is expected to take an update on the rollout of the online gaming provisions across states, along with likely rate proposals for milled health drinks and insurance products. (Representational/Pexels)

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With all states yet to pass legal amendments for the 28 per cent Goods and Services Tax (GST) on face value at entry level for online gaming, casinos and horse racing, a senior government official Thursday said the Union government is fully prepared to implement the amended legal provisions from October 1.

Asked if the move could get delayed given that not all states have passed the required amendments, Central Board of Indirect Taxes and Customs (CBIC) Chairman Sanjay Kumar Agarwal declined to comment.

On recent show-cause notices being sent to the online gaming companies, he said those are being sent as per legal provisions. He declined to put a number on the tax amount for which notices could be sent to the companies, which some estimates have pegged to be around Rs 1 lakh crore.

All states are yet to pass the required legislative amendments or ordinances in their respective Assemblies for the proposed change in GST provisions for online gaming, casinos and horse racing. Agarwal said all states are required to do so to put the changes into effect.

“We are fully prepared to bring it into effect from October 1. As per the decision in the last meeting of the GST Council, related notifications are under process. It is necessary for all states to pass the (required) law or bring out an ordinance. Every state needs to give approval because all states’ laws will need to bring in the required provisions... those (states) who are left will have to complete the exercise,” he said.

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The GST Council is slated to meet next on October 7. It is expected to take an update on the rollout of the online gaming provisions across states, along with likely rate proposals for milled health drinks and insurance products.

On the recent tax notices, Agarwal said: “Showcause notices are going as per legal provision...the government has taken a uniform stand in terms of interpretation of law and accordingly notices have been issued.”

On the tax amount overdue, he said: “It is difficult to say as there are many companies and in that case data is being collected. Wherever data has been received, the department has issued showcause notice.”

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Agarwal, who was speaking on the sidelines of an event by industry body FICCI, said any required notification for the rollout of the last meeting’s decision for GST on online gaming would be fulfilled. “This decision was taken in the GST council meeting that it will come into effect from October 1. So if there’s any requirement for it (notifications and rules), all those will be fulfilled,” he said, adding that a review will be taken six months after implementation and the difficulties will be looked at that time.

The GST Council in its meeting on July 11 had decided to levy a uniform 28 per cent tax on full face value for online gaming, casinos and horse racing. However, after concerns raised by some states, the Council in its 51st meeting on August 2 had

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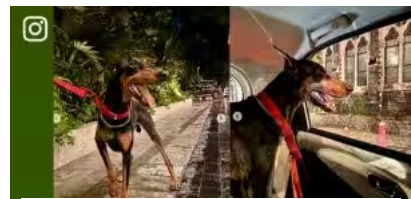
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decided to levy 28 per cent tax at face value at entry level. The Council gave some relief by deciding not to impose the tax levy on the amount entered into games/bets out of winnings of previous games/bets in online money gaming or on total value of each bet placed, as would be the case in casinos.

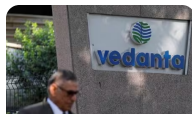
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Last month, the Centre passed the required legal amendments in the Central GST (CGST) and Integrated GST (IGST) laws in the Parliament to give effect to the Council's decision. States are also required to make the corresponding legal changes in their State GST laws to bring it into effect. So far, close to a dozen states are learnt to have passed the required amendments or ordinances. Some states, like Goa, Madhya Pradesh and Maharashtra, have passed ordinances. Karnataka is reported to have deferred its decision to approve the ordinance to the next Cabinet meeting

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Showcause notices have been sent to online gaming companies like Dream11, Nazara Tech and Delta Corp for non-payment of GST at 28 per cent rate on full face value. The government has been embroiled in a legal battle with online gaming companies. On September 6, the Supreme Court had ordered an interim stay on the Karnataka High Court ruling that online games like rummy are not taxable as 'betting' and 'gambling' under the CGST Act, 2017. The CJI DY Chandrachud-led Bench was acting on the GST department's plea against the Karnataka HC order, which had quashed the department's show-cause notice to the online gaming company GamesKraft Technologies for dues worth Rs 21,000 crore.

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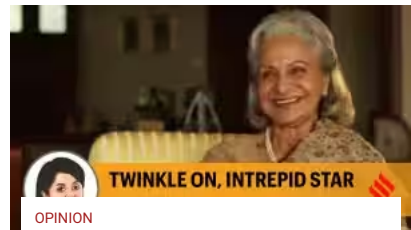
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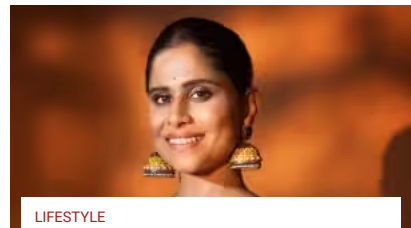
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