

51st GST Council meeting: Key recommendations and decisions

The Goods and Service Tax (GST) Council, in its 51st meeting held on 2 August 2023, made various recommendations to provide clarity on the taxation of supplies in casinos, horse racing, and online gaming, including amendment in the Act for overseas gaming platforms, while also addressing the valuation aspects.

The Council urged for swift completion of these amendments and their implementation, scheduled to take effect from **1 October 2023**.

The recommendations of the GST Council shall be given effect through notifications and/or circulars and/or amendments in the law.

Key recommendations/decisions:

Amendment in GST laws:

Amendment to the Central Goods and Services Tax Act, 2017 (CGST Act), and the Integrated Goods and Services Tax Act, 2017 (IGST Act), including Schedule III of the CGST Act, to provide clarity on the taxability of supplies in casinos, horse racing, and online gaming.

Specific provision in case of supplier located outside India:

- Specific provision to be made in the IGST Act, prescribing liability to pay GST on the supply of online money gaming by a supplier located outside India to a person in India.
- A simplified registration scheme for obtaining a single registration for such a supplier shall also be introduced.
- Additionally, provisions will be inserted in the IGST Act to block access of information generated, transmitted, received, or hosted in any computer resource used for supplying such online money gaming to the public in case of failure to comply with the provisions pertaining to registration or payment of tax.

Valuation of supply of online gaming and casinos:

- The valuation of the supply of online gaming and actionable claims in casinos may be based on the amount paid or payable to or deposited with the supplier by or on behalf of the player (excluding the amount entered into games/bets out of winnings of previous games/bets) instead of the total value of each bet placed.
- The CGST Rules may be amended to insert specific provisions with respect to valuation of supply of online gaming and supply of actionable claims in casinos.

Our comments:

In its 50th meeting held on 11 July 2023, the GST Council put forward a proposal to impose a 28% tax on the full face value for casinos, horse racing, and online gaming, irrespective of whether these activities are considered games of skill or games of chance. Due to the representations filed by the gaming industries, there was anticipation surrounding a possible reconsideration of this decision. However, the Finance Minister stated that the decision will be reviewed after a period of 6 months from its implementation.