

GST Council meet may be postponed to October

The Goods & Services Tax (GST) Council may meet in October instead of September, as the group of ministers (GoM) on casinos, race courses & online gaming, as well as the panel on the GST Appellate Tribunal (GSTAT), are yet to submit their reports, sources told FE. With no unanimity about taxing at the rate of 28% on the full value of the consideration, without making a distinction between games of skill or chance, the GoM led by Meghalaya chief minister Mr. Conrad Sangma has sought legal opinion on whether or not the prize money in online gaming and horse racing is covered within “actionable claim”.

The report has not been submitted so far, even though the GoM was planning to do so by September 16. It will likely be submitted after another meeting of the GoM to include a legal view on the matter later this month, sources said. In the last GoM meeting on September 5, West Bengal and Uttar Pradesh had supported goods and services tax (GST) on online gaming, horse racing and casinos at a uniform rate of 28% on the full value of the consideration, without making a distinction between games of skill or chance.

The GoM, in its first report, has recommended that in the case of online gaming, the activities should be taxed at 28% on the full value of the consideration, by whatever name such consideration may be called, including contest entry fee, paid by the player for participation in such games. Since GST is levied on online skill-based gaming at 18% currently on the platform fee (about 20% of the contest entry fee), the tax incidence on the gaming industry will rise.

In the case of racecourses, the GoM had earlier said that GST should continue to be levied at the rate of 28% on the full value of bets pooled in the totalisator and placed with the bookmakers. In the case of casinos, GST was to be applied at the rate of 28% on the full face value of the chips/coins purchased from the casino by a player. In the case of casinos, once GST is levied on the purchase of chips/coins (on face value), no further GST was to apply to the value of bets placed in each round of betting, including those played with winnings of previous rounds, the GoM had said in its first report.