

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
RAJYA SABHA
UN-STARRED QUESTION NO. 1339
ANSWERED ON- 11/03/2025

TAX COLLECTION FROM GAMING COMPANIES

1339. SHRI RANDEEP SINGH SURJEWALA:

Will the Minister of FINANCE be pleased to state:

- (a) the total tax revenue collected from online gaming companies, including real money gaming and e-Sports, since 2017, year-wise;
- (b) the total number of tax evaders that have been identified among the online gaming companies till date, along with amount of money involved;
- (c) whether Government has issued any show cause notices to these companies, if so, the details thereof along with the amount of money involved;
- (d) the measures taken to prevent tax evasion by online gaming platforms operating in the country; and
- (e) whether Government classifies online games involving real money as betting/gambling for taxation purposes, if so, the implications for tax collection?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): As there is no business code in the 'nature of business' field of the Income Tax Return (ITR) for online gaming companies, the details of the taxes paid by such companies cannot be sourced from the ITR filed by such companies.

Under GST, there is no distinct tariff item or service code for the supply of online gaming, including real money gaming and e-Sports.

(b): The details of cases registered against online gaming companies is as follows

Period	No. of cases	Amount involved (Rs. in Cr)
2017-18 (w.e.f. July 2017) to 2024-25 (Upto January 2025)	158	1,53,167.37

(c) The details of Show Cause Notices issued against online gaming companies is as follows

Period	No. of Show Cause Notice issued	Amount involved (Rs. in Cr)
2017-18 (w.e.f. July 2017) to 2024-25 (Upto January 2025)	91	1,43,961.83

(d) In respect of Indirect Taxes, some of the recent policy measures / reforms undertaken/ being undertaken by Government, on the recommendations of the GST Council, to prevent tax evasion in the country, including online gaming platforms, are as follows:

(i) To bring discipline in return filing and to promote timely filing of GSTR-3B returns, restriction has been made on filing of FORM GSTR-1, if taxpayer fails to furnish the FORM GSTR-3B return for preceding tax period.

(ii) Provision has also been made to make filing of FORM GSTR-1 mandatory before filing of FORM GSTR-3B for a tax period and also for mandating sequential filing of FORM GSTR-1.

(iii) Amendments have been made to limit the input tax credit availment to the extent the details of such supply have been furnished by the supplier in his FORM GSTR-1 and which has been made available to the taxpayer in his FORM GSTR-2B.

(iv) To encourage self-discipline and self-compliance by the taxpayers, provision has been made for system-based intimation of the difference in liability in FORM GSTR-1 and FORM GSTR-3B for a tax period, to the taxpayer on the common portal, for enabling the taxpayer to either pay the differential liability or explain the difference.

(v) Electronic invoicing system (e-invoice) has been made mandatory for all B2B transactions for businesses with turnover exceeding Rs. 5 crore.

(vi) Sub-rule (4A) has been inserted in Rule 8 of CGST Rules, 2017 to provide for risk based biometric-based Aadhaar authentication of registration applicants. Biometric-based Aadhaar authentication of GST registration applications has been extended on pan-India basis.

(vii) Centralized suspension of registrations pertaining to registered persons who do not file returns continuously for a period of six months, is carried out in terms of provisions of Rule 21A of the CGST Rules, 2017.

In respect of direct taxes, whenever any credible information/intelligence of violation of Direct Tax Laws relating to any taxpayer comes to notice, the Income Tax Department takes appropriate action including issuing notices, conducting enquiries, mounting search & seizure or survey action, and assessment and consequential actions thereto, wherever applicable.

(e) In respect of Indirect Taxes, w.e.f. 01.10.2023, the following definitions have been inserted in the Central Goods and Services Tax Act, 2017 on the recommendations made by the GST Council in its 50th and 51st Meetings:

- “Specified actionable claim” means the actionable claim involved in or by way of— (i) betting; (ii) casinos; (iii) gambling; (iv) horse racing; (v) lottery; or (vi) online money gaming;
- "online gaming" means offering of a game on the internet or an electronic network and includes online money gaming;
- “Online money gaming” means online gaming in which players pay or deposit money or money’s worth, including virtual digital assets, in the expectation of winning money or money’s worth, including virtual digital assets, in any event including game, scheme, competition or any other activity or process, whether or not its outcome or performance is based on skill, chance or both and whether the same is permissible or otherwise under any other law for the time being in force.

On the recommendations of the GST Council, the valuation of supply of actionable claims involved in online money gaming is done based on the amount paid or payable to or deposited with the supplier (initial deposit), by or on behalf of the player (excluding the amount entered into games/ bets out of winnings of previous games/ bets).

As per the recommendations of the GST Council, 'online money gaming' is treated as a 'specified actionable claim' and GST at the rate of 28% is levied on the same."

In respect to direct taxes, the income from winning from online games is not classified as income from betting/gambling for taxation purposes under the Income-tax Act, 1961 ('the Act'). Net winning from online games are charged to tax under section 115BBJ of the Act whereas any income from gambling or betting, earned legally, is charged to tax under section 115BB of the Act.
