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# GST ON ONLINE GAMING AND DIGITAL SERVICES: A COMPREHENSIVE ANALYSIS

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## I. ABSTRACT

The rapid advancement of the digital era has significantly elevated the role of online gaming and digital services in India's economy. With the introduction of the Goods and Services Tax (GST) on July 1, 2017, the Indian government aimed to establish a unified indirect tax regime. However, its application to the digital economy especially to online gaming has sparked intense legal and policy debates. The adoption of GST has brought substantial changes to the tax landscape for digital and online gaming sectors. A major turning point came with the 28% GST imposed on the full-face value of bets, equating skill-based gaming with gambling and betting.

This decision, based on Rule 31A (3) of the CGST Rules, 2017 and recent October 2023 legislative amendments, led to a 412% surge in tax revenue, reaching ₹6,909 crore in just six months. [3]The constitutional validity of this framework is currently under scrutiny in GST Intelligence Directorate v. Games kraft Technologies (P) Ltd., 2023 SCC OnLine SC 1254[4]. This paper explores the effects of GST on these industries by analysing its evolution, regulatory structure, key challenges, supporting legal provisions, economic implications, stakeholder perspectives, and potential future developments.

## II. INTRODUCTION

The rise of digital technologies has significantly contributed to the expansion of online gaming and digital services in India. With a rapidly growing user base and increasing levels of investment, these sectors have become key components of the nation's digital economy. Although GST was introduced to create a uniform indirect taxation system,

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[3] Ministry of Finance, 'Monthly GST Revenue Reports 2023-2024'
[4] GST Intelligence Directorate v Games kraft Technologies (P) Ltd, 2023 SCC OnLine SC 1254.

its implementation in relation to online gaming and digital services has led to considerable discussion and controversy. Initially, these services were taxed at 18%. However, due to the sector's fast-paced growth and intricate nature, the need for a revised taxation approach emerged.

The issue has now escalated to the Supreme Court, where the online gaming industry is contesting the interpretation adopted by GST authorities. At its core, the matter concerns how online gaming is categorised and assessed for taxation under GST laws.

**However, the matter is deeply complex, involving:**

- Interpretation of GST provisions
- Reconsideration of outdated legal doctrines like 'actionable claims'
- Analysis of various judicial decisions distinguishing between skill-based and chance-based games[5]

Furthermore, the magnitude of tax liability in this case is expected to surpass any previously contested tax dispute in Indian legal history. Although the Karnataka High Court has ruled in favour of the industry, the case before the Supreme Court is not a routine appeal. The matter has grown increasingly complicated due to several legislative amendments to GST laws introduced while the dispute was ongoing. These new provisions have also been challenged by the gaming industry and are anticipated to be reviewed alongside the original case.

Gaming industry in India has demonstrated impressive development driven by the powered widespread use of smartphones, easy access to the internet, and a growing base of young. In response, the GST Council, in July 2023, announced a flat 28% GST rate on all forms of online gaming, effective from October 1, 2023. A report by Lumikai noted that the industry grew by 23% during FY2024, reaching a valuation of $3.8 billion, with projections indicating a surge to $9.2 billion by FY2029. Real Money Gaming (RMG) forms a major segment within this market.

[5] KR Lakshmanan V. State of Tamil Nadu (1996) 2 SCC 226.

This taxation decision has led to heated debates, especially around the classification of skill-based games versus games of chance. Industry representatives have contended that games requiring skill should not be equated with gambling and, therefore, should not be taxed at the highest rate. However, the central government has maintained that any online game involving monetary stakes falls within the taxable ambit, justifying the imposition of the 28% GST.

## III. GST IMPLICATION ON ONLINE GAMING AND ITS IMPACT ON THE INDUSTRY

The primary challenge that is being faced while implementing GST on online gaming.

### A. Issue of GST Valuation

The main issue involves the assessment of the correct valuation base for the imposition of GST on online gaming activities and a comprehensive understanding of this aspect necessitates an analysis of an additional feature within the GST legislative structure. Clause 1 to the Section 15 of the Central GST Act talks about the "transaction value" [6]i.e., "in the cases of unrelated parties the price which is actually paid or payable for a supply shall form the value for determining applicable GST.".

However, the provision permits the Government to notify a special valuation mechanism upon the recommendation of the GST Council. Exercising this empowerment, Rule 31-A of the CGST Rules, 2017 has been notified which stipulates the manner to determine the "value of supply in case of lottery, betting, gambling and horse racing" in terms of sub-rule 3 of the rule, "the value of supply of actionable claim in the form of chance to win in betting, gambling shall be 100% of the face value of the bet."

But the Bombay High Court was not in support of the application of the said rule as the rule is only applicable to the gambling whereas success in online games "depends upon user's exercise of skill based on superior knowledge, judgement and attention,

[6] Central Goods and Services Tax Act, 2017, S. 15 Cl. 1, Act No. 12 of 2017

and the result thereof is not dependent on the winning or losing of a particular team in the real-world game on any particular day."[7]

Although the primary contention against Rule 31A (3) is based on the argument that online gaming does not constitute a form of gambling, online gaming platforms have raised an additional challenge. They assert that the provision is inherently flawed as it requires payment of GST on a notional value, which bears no direct connection to the actual taxable event. Specifically, the rule mandates that GST be levied on the total bet amount, regardless of the actual fee charged by the platform for providing its services.

The GST authorities, rejecting the industry's approach of taxing only the platform or service fee, contend that the entire amount collected from players is taxable. Consequently, even the prize money disbursed to winners—amounts that never accrue to the gaming platform—is treated as part of the platform's turnover and subjected to GST. This approach has become a significant point of contention between the authorities and the industry.

Initially, online gaming platforms were subjected to an 18% GST on platform fees. However, in 2023, the GST Council imposed a 28% tax on the full-face value of bets, equating online gaming with gambling and betting, this decision has led to several implications:

- **Increased Tx Burden:** The 28% GST on the entire bet amount significantly increases the tax liability for gaming companies, affecting their profitability.
- **Legal Challenges:** Gaming companies have approached the Supreme Court, arguing that Skill-based games should not be taxed at the same rate as games of chance.
- **Investor Concerns:** Investors have expressed apprehensions, stating that the high tax rate court deter investments and hamper the industry's growth.

[7] *Gurdeep Singh Sachar* v. *Union of India*, 2019 SCC OnLine Bom 13059. Noted in *Ravindra Singh Chaudhary* v. *Union of India*, 2020 SCC OnLine Raj 2688. It is, however, noteworthy that the decision of the Bombay High Court has since been stayed by the Supreme Court vide order dated 6-3-2020 in SLP (Crl) No. 2213/2020 in the appeal filed by the State of Maharashtra against the High Court decision.

The imposition of a uniform 28% GST has had profound implications for the online gaming sector. According to a report by EY, levying 28% GST on the total money deposited with online skill gaming operators has led to a significant tax impact on the gaming ecosystem. The increased tax burden has raised concerns about the sustainability of the industry, potential job losses, and the risk of users migrating to offshore or illegitimate platforms that do not charge GST.

Despite these challenges, the government's revenue from online gaming saw a 412% increase, reaching Rs 6,909 crore in six months following the tax hike. This surge underscores the sector's significant contribution to the exchequer but also highlights the tension between revenue generation and industry growth.

## IV. 2023 LEGISLATIVE AMENDMENT EXPANDING SCOPE OF GST QUA ONLINE GAMING

### A. Introduction to New Legislative Framework

As legal challenges to the GST authority's interpretation remained under judicial consideration, Parliament introduced multiple amendments to the GST laws based on the GST Council's advice, the Parliament enacted Central Goods and Services Tax (Amendment) Act, 2023 and the Integrated Goods and Services Tax (Amendment) Act, 2023, both of which came into force via Notification No. 23/2023 – Central Tax, dated September 29, 2023, effective from October 1, 2023[8].

These amendments have established a new legislative framework governing online gaming and have themselves been challenged before various High Courts. These challenges have been consolidated with existing petitions pending before the Supreme Court. As a result, two distinct categories of dispute are now before the Apex Court i.e., those arising prior to and those following the October 2023 amendment. In light of the Supreme Court's anticipated examination of the validity and scope of these amendments, it becomes necessary to understand their breadth and implications.

[8] Notification No. 23/2023 Central Tac, 29 September, 2023.

In October, 2023 the introduction of "Online money gambling" as a new taxable supply[9], along with a dedicated charging mechanism targeting offshore gaming operators was done. this concept is considered to be the subset of the online gambling as it seeks to cover online games within its scope which are played in the "expectations of wining money or money's worth."

## B. Introduction of "Specified Actionable Claims" and Expansion of Tax Base

Previously, all the actionable claims except those related to lottery, betting and gambling were excluded from the ambit of Schedule III of the CGST.[10] However, through the 2023 amendments, a new category termed 'specified actionable claims' has been introduced and Section 2(80B) of the CGST Act was introduced to define "online gaming" as games involving monetary stakes regardless of whether they are based on skill, chance or both. Additionally, Section 14A of the IGST Act, 2017 was inserted to impose GST on "Specified actionable claims" supplied by a person located outside the taxable territory to a person in India.

In essence, only those actionable claims that do not fall within the definition of 'specified actionable claim' now remain outside the scope of GST. To this end, "online money gaming" has been expressly included in this newly created category, alongside lottery, betting, gambling and casino activities. Consequently, despite online games traditionally being classified as games of skill rather than games of chance, they now have been grouped with activities historically regarded as morally and social harmful, such as betting and gambling.

Along with the above-mentioned amendments, Rule 31-B was also introduced for the determination of value of supply in relation to the online gambling. The rule helps in stipulation of total amount paid or payable to or deposited with the supplier. Therefore, although Rule 31B appears to carry forward the approach previously outlined in Rule 31A (3), it further expands the scope by expressly providing that any

[9] Central Goods and Services Tax Act, 2017, S. 2, Cl. 80-B, Act No. 12 of 2017
[10] Central Goods and Services Tax Act, 2017, Entry 6, Sch. 3; Transfer of Property Act, 1882, S. 3, Act No. 4 of 1882

amount refunded or returned by the supplier to the player irrespective of the reason, including cases where the player does not utilize the deposited amount shall not be excluded from the value of supply.

Against this backdrop, the imposition of GST on online gaming activities has been challenged before various legal forums on multiple legal grounds. Given the pendency of these matters across different jurisdictions, the Supreme Court has acceded to the Government's request to consolidate all related cases for a comprehensive adjudication[11]. Accordingly, the Supreme Court is expected to examine all aspects of the dispute in detail during the upcoming hearings.

### C. Constitutional Validity Challenges

The amendments have been challenged before various High Courts and the Supreme Court on constitutional grounds, which have now been consolidated for comprehensive adjudication. The gaming industry contends that:

- Article 14 i.e., Right to Equality is violated by arbitrarily equating skill-based games with games of chance, whereas in the judicial precedent K.R. Lakshmanan V. State of T.N. (1996) 2 SCC 226 the Supreme Court has distinguished the both.
- Article 19(1)(g) of the Constitution is infringed upon by imposing disproportionate financial burdens on legitimate skill-based gaming enterprises, thereby restricting their right to carry on business.
- The Supreme Court in their ongoing matter of GST Intelligence Directorate V. Gameskraft technologies (P) Ltd. 2023 SCC OnLine SC 1254, is expected to adjudicate on both the pre and post amendment frameworks. The outcome of this case will likely shape the future of the online gaming industry and the interpretation of taxation and digital economies in India.

[11] Tarun Jain, GST on Online Gaming Unravelling the shades of India's Leading Tax Controversy, May, 2025

## D. GST on digital services

Digital services such as streaming platforms, cloud-based software solutions, and online advertising are taxed at 18% under the GST regime in India. The GST regime in India recognizes Online Information Database Access and Retrieval (OIDAR) services as a distinct taxable category under Section 2(16A) of the CGST Act, 2017this provision defines OIDAR services as services whose delivery is mediated by the internet and are essentially automated, involving minimal human intervention. Examples: steaming services such as Netflix, Spotify, digital advertising such as Google Ads, cloud computing, e-learning platforms etc. As of October 1, 2023, the Indian government withdrew the GST exemption previously available to foreign OIDAR service providers, thereby bringing global tech giants like Facebook and Google within the scope of Indian GST laws.

## E. Regulatory Framework for OIDAR Services

Under Indian GST law, OIDAR Services provided by non-resident suppliers to unregistered Indian consumers are subject to IGST and the foreign services provider is mandated to register and pay tax in India. This requirement was formalized through Rule 64 of the CGST Rules, 2017 and further reinforced by the IGST Act, 2017. The 2023 amendment, notified via the Ministry of Finance, withdrew the earlier GST exemption granted to foreign based OIDAR service providers. As per the official Gazette Notification No. 2/2023 Integrated Rate, dated September 27, 2023, foreign companies like Meta (Facebook), Google and Amazon are now required to comply with Indian GST laws, even if they operate without a physical presence in the Country.

The taxation of cross-border digital services is governed by Section 13 of the IGST Act, 2017, which outlines the 'place of supply' rules. For OIDAR services, the place of supply is deemed to be the location of the recipient, if the recipient is a non-taxable online recipient residing in India. Accordingly, IGST is applicable even if the services are supplied from outside the country. This ensures that overseas are subject to GST obligations when targeting Indian Consumers.

## F. Revenue Trends and Enforcement

Following the 2023 amendments, there has been a notable surge in tax collections from OIDAR services. According to data released by the Ministry of Finance in the Monthly GST Revenue Report (FY 2023-24), the government collected approximately Rs. 2675 crore from foreign digital service providers, compared to just Rs. 80 crores in FY 2017-18. This nearly 3200 % increase highlights the substantial revenue potential pf regulating and taxing the digital economy.

The Directorate General of GST Intelligence (DGGI) has also intensified enforcement by issuing notices to foreign suppliers operating without GST registration. Indian payment gateways have been instructed to block transactions involving non-compliant platforms. Further DGGI is collaborating with financial institutions and global regulatory agencies for data exchange and compliance monitoring.

The objective behind this policy shift was to create equal tax obligations for both domestic and international service providers and to strengthen overall tax compliance. Since the inclusion of overseas digital services under OIDAR, GST revenue from such services has seen a substantial rise—from ₹80 crore in the financial year 2017–2018 to ₹2,675 crore in 2023–2024.

Despite the regulatory overhaul, challenges remain. Some overseas digital businesses attempt to circumvent GST compliance by routing transactions through intermediaries or failing to register. Indian authorities have proposed legislative amendments that would empower them to block access to non-compliant websites, similar to enforcement mechanisms under IT and FEMA laws. This evolving regulatory landscape underscores the government's intent to create tax parity between domestic and foreign service providers, strengthen compliance, and harness the full fiscal potential of the digital economy.

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# V. COMPLIANCE AND ENOFRCEMENT

The "Directorate General of GST Intelligence (DGGI)" has ramped up its oversight of foreign digital service providers to ensure adherence to India's GST framework.[12] Especially in the context of foreign digital service providers and online gaming operators. As a Central enforcement agency under the CGST Act, 2017, the DGGI derives its statutory powers from Chapter XVIII which governs inspection, search, seizure, arrest, and recovery mechanisms. Although existing laws do not currently empower authorities to block access to non-compliant websites, the DGGI has proposed legislative changes to acquire such enforcement capabilities. This step reflects the government's firm stance against tax evasion and its efforts to maintain a level playing field within the digital economy.

Indian tax authorities have escalated enforcement actions against overseas digital platforms that offer services to Indian consumers without registering under the GST regime. The DGGI is actively targeting non-compliant providers under the broadened scope of the OIDAR regulations, which were updated in October 2023.

The revised OIDAR provisions now encompass a broader spectrum of digital services delivered from outside India, including services involving virtual assets, cloud solutions, artificial intelligence, digital content, online advertising, and education. In response to these changes, the DGGI has flagged several unregistered platforms that continue operating in the Indian market while bypassing tax requirements.

To address this issue, the DGGI has initiated formal communication with foreign service providers and their Indian affiliates by issuing notices and advisory letters. Indian companies that collaborate with or earn income through these overseas platforms are being asked to disclose transaction records and assist with compliance measures. Furthermore, Indian payment service providers have been instructed to halt transactions involving unregistered foreign entities. In parallel, the authorities are gathering financial data from domestic banks and the Reserve Bank of India, while also engaging in cross-border cooperation through data-sharing agreements.

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[12] INDIA: DGGI increases GST scrutiny of foreign digital service providers. *GST Intelligence Directorate* v. *Games kraft Technologies (P) Ltd.*, 2023 SCC OnLine SC 1254

 

Despite the absence of legal provisions to restrict access to non-compliant websites, the DGGI has called for legislative amendments to introduce such regulatory tools. Since the expansion of the OIDAR framework, GST revenue from foreign digital services has surged dramatically—from ₹80 crore in 2017–18 to ₹2,675 crore in 2023–24. Tax experts attribute this increase to the removal of earlier exemptions that excluded services involving human interaction or non-commercial usage.

### A. Statutory Enforcement Powers of DGGI

The DGGI is empowered to initiate robust action under several key provisions of the CGST Act, 2017:

- **Section 67:**[13] Authorizes inspection, search, and seizure of goods, documents and accounts where tax evasion is suspected.
- **Section 69:** [14]grants the power to arrest individuals suspected of committing cognizable and non-bailable offences under GST.
- **Section 83:** [15]allows for provisional attachment of property, including bank accounts, to protect government revenue during the pendency of proceedings.

In the wake of expanded OIDAR compliance requirements, the DGGI has been actively pursuing non-resident services providers that cater to Indian consumers without GST registration. This includes issuing advisories, show cause notices, and investigative summons to platforms that falls within the expanded definition of taxable services under the October 2023 amendment. Additionally, Indian payment aggregators and banks have been directed to withhold or block transactions involving non-compliant entities. Cross-border cooperation has also increased through data-sharing arrangements with global regulators and tax authorities.

[13] Central Goods and Services Tax, 2017, Act No. 12 of 2017, S. 67, 2017
[14] Central Goods and Services Tax, 2017, Act No. 12 of 2017, S. 69, 2017
[15] Central Goods and Services Tax, 2017, Act No. 12 of 2017, S. 83, 2017

## VI. INTERNATIONAL APPROACHES TO TAXATION OF ONLINE GAMING AND DIGITAL SERVICES

Around the world, countries have implemented diverse tax strategies for online gaming and digital services, shaped by the structure and development of their digital economies. These taxation models differ widely in their bases, rates, and underlying goals—often aiming to strike a balance between generating government revenue and fostering innovation and sustainable industry growth.

In countries like the "United States and the United Kingdom", tax frameworks are generally seen as more growth-friendly and pragmatic. [16]Rather than taxing the total wager or stake amount, these nations typically levy taxes on gross gaming revenue (GGR)—calculated as the total bets placed minus the winnings paid to players. This method is viewed as a more accurate measure of an operator's earnings and financial performance. For instance, the UK applies a 21% remote gaming duty on GGR, while U.S. states apply varying GGR-based rates for online gaming and sports betting, generally ranging from 10% to 30%, depending on the jurisdiction. This system helps businesses maintain operational profitability while still contributing meaningfully to public revenues.

Australia takes a different approach[17] by applying relatively moderate indirect taxes on digital services and online gaming. Additionally, the Australian government promotes the growth of its digital and creative industries through supportive measures like tax rebates, funding programs, and innovation grants. Although online gaming is regulated under the Interactive Gambling Act of 2001, the country's tax regime remains lenient for compliant operators, encouraging domestic development and helping prevent the rise of illicit markets.

Conversely, India has adopted a significantly more stringent tax regime for online gaming. The recent implementation of a 28% GST on the full-face value of bets—rather than on net platform earnings or service fees—represents one of the strictest approaches globally. This policy treats all online gaming, whether skill-based or

[16] Finance Act, 2014, pt 3, s. 155; Gambling (Licencing and Advertising) Act, 2014 c. 17
[17] Interactive Gambling Act, 2001

chance-based, under the same category as gambling, thereby subjecting it to the highest GST slab. The industry has voiced serious concerns over this approach, arguing that taxing the entire stake amount compresses margins and could drive users toward unregulated or offshore platforms that avoid taxation altogether. This, in turn, could weaken tax compliance, hinder industry growth, and threaten the long-term viability and competitiveness of India's digital gaming market.

### A. Comparative Evaluation

| JURISDICTION | TAX TYPE | RATE | BASIS OF TAXATION | ACTS |
|---|---|---|---|---|
| United Kingdom | Remote Gaming Duty | 21 % | Gross Gaming Revenue | Finance Act 2014 |
| Unites States of America | State GGR Tax | 15% | Gross Gaming Revenue | NJ Casino Control Act |
| European Union | VAT | 17 – 25 % | Customer Location (OSS) | EU Directive 2006/112/EC |
| Australia | GST | 10 % | Digital Service Supply | Treasury Laws Amendment Act, 2017 |
| India | GST | 28 % | Full deposit value | CGST (Amendment) Act, 2023 |

Unlike these jurisdictions, India's current approaches impose GST on the entire face value of bets or deposits, treating both skill-based and chance-based games identically. This has led to concerns regulatory overreach, reduced competitiveness and the potential migration of users to offshore platforms. To stay competitive in the global digital economy, India may consider adopting GGR – based taxation,

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recognizing legal distinctions between skill and chance, and aligning with international best practices and OECD guidelines. [18]

## VII. RECOMMENDATIONS TO FOSTER A CONDUCIVE ENVIRONEMENT FOR ONLINE GAMING AND DIGITAL SERVICES IN INDIA

To overcome the issues associated with the existing GST framework and to promote long-term development in the digital services and online gaming industries, well-planned and strategic policy changes are essential. Such reforms should focus on maintaining sufficient tax revenue while also fostering a dynamic and innovation-driven digital ecosystem.

### A. Tax Differentiation Based on Game Classification

A key recommendation is the adoption of differential taxation that distinguishes between games of skill and games of chance. This distinction holds both legal and conceptual importance, recognized in Indian and international legal frameworks. Skill-based games—such as rummy, fantasy sports, or chess—involve mental aptitude, strategic planning, and expertise. Conversely, games of chance rely primarily on randomness and are closely associated with gambling activities. Imposing a uniform 28% GST on both categories fails to acknowledge this critical difference and unfairly burdens legitimate skill-based platforms that generate employment and support the digital economy. A more balanced approach would involve applying a lower GST rate (such as 18%) to skill-based games, while maintaining a higher rate for chance-based games. This would support industry growth and bring India's tax policy in line with legal reasoning and global standards.

### B. Strengthening Oversight for Offshore Gaming Platforms

As foreign-based gaming platforms increasingly cater to Indian users, there is a pressing need for a well-defined regulatory structure to ensure compliance and safeguard consumer interests. This should involve making it mandatory for offshore

[18] OECD, 'Tax Challenges Arising from Digitalisation – Report on Pillar One and Pillar Two Blueprints' (October 2020)

operators to register before operating in India, along with enforcing strict measures to block those that fail to comply. Clear regulations would not only facilitate proper tax collection but also help tackle concerns such as money laundering, misuse of user data, and gambling-related harm. Establishing a centralized licensing system under a designated regulatory authority—supported by stringent KYC procedures and comprehensive player protection rules—would be a crucial step in regulating the sector effectively.

### C. Inclusive Policy Development Through Stakeholder Consultation

Effective tax and regulatory policies should be shaped through meaningful engagement with key stakeholders, including online gaming firms, legal professionals, consumer rights groups, and economists. This collaborative approach enables policymakers to gain insights into real-world business practices, industry challenges, and operational complexities. By involving relevant parties, policies can be crafted based on solid evidence and tailored to suit the specific needs of the digital economy. Establishing mechanisms like industry advisory boards or public consultation forums can promote continuous dialogue, helping regulations remain adaptive to technological advancements and evolving market conditions, rather than becoming reactionary or overly stringent.

## VIII. CONCLUSION

The taxation of online gaming and digital services under India's Goods and Services Tax regime stands at the intersection of technology, law and policy. The 2023 legislative amendments, including at the introduction of "specified actionable claims" and the imposition of a 28% GST on the full-face value of online gaming deposits, have sparked widespread legal, economic, and constitutional debate. The ongoing proceedings before the Supreme Court of India, in the case of GST Intelligence Directorate v. Games kraft Technologies (P) Ltd., 2023 SCC OnLine SC 1254, will be crucial in determining the validity and future direction of this regulatory framework. As of now, the Court has scheduled continued hearings through May 23, 2025, with the next hearing set for July 15, 2025, following the summer recess.

To ensure a fair, innovation-friendly, and constitutionally sound GST regime, the following legislative and policy recommendations are imperative:

- Amendment to the CGST and IGST Acts to provide a clear statutory distinction between games of skill and games of chance, supported by judicial precedent (K.R. Lakshmanan v. State of T.N., (1996) 2 SCC 226).
- Adoption of a Gross Gaming Revenue (GGR)-based valuation model, in line with global practices in the UK, US, and EU, to ensure that tax is levied only on actual operator earnings rather than total user deposits.
- Differential tax rates: Maintain a 28% GST on chance-based games but reduce the rate to 18% or lower for skill-based games, recognizing their legitimate economic and professional value.
- Creation of a centralized licensing and compliance authority for online gaming operators, including offshore platforms, to streamline tax collection and enforce responsible gaming practices.
- Enhanced stakeholder consultation mechanisms, including public and industry input, to ensure that future amendments are rooted in practical realities and evolving technologies.
- Harmonization with international frameworks, including the OECD digital tax guidelines and EU VAT provisions, to promote consistency and prevent regulatory arbitrage.

The outcome of the Supreme Court's final verdict will serve as a critical judicial checkpoint for balancing the twin objectives of revenue generation and digital ecosystem growth. A well-calibrated and consultative approach to GST policy will not only safeguard constitutional values but also position India as a globally competitive hub for lawful, innovative digital enterprises.

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