

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF REVENUE

**LOK SABHA**

**UNSTARRED QUESTION NO. 556**

TO BE ANSWERED ON MONDAY, JULY 24, 2023/SRAVANA 2, 1945 (SAKA)

**MINIMUM THRESHOLD**

556. DR. T. SUMATHY (a) THAMIZHACHI THANGAPANDIAN:

Will the Minister of Finance be pleased to state:

- (a) the detailed reasons for removing the minimum threshold of Rs.10,000 under Section 194BA of the Finance Bill, 2023 pertaining to Tax Deductible at Source (TDS) applicable on online gaming while the threshold of Rs.10,000 was retained for betting and gambling under Sections 194B and 194BB for TDS purposes;
- (b) whether the Government is aware of the implications of removing the minimum threshold to the ease of doing business of online gaming platforms;
- (c) if so, the details thereof; and
- (d) the measures taken or proposed to be taken by the Government to promote the online gaming industry given its huge potential to add value to the GDP of the country under AatmaNirbhar Bharat?

**ANSWER**

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

Reply to part (a):

Finance Act, 2023 has amended section 194B of the Income-tax Act (the Act) relating to winnings from lottery or crossword puzzle etc and section 194BB of the Act relating to winnings from horse race to provide that the deduction of tax under the aforesaid sections at the rate of 30% shall be on the amount or the aggregate of amounts exceeding Rs. 10,000/- during the financial year.

Further, vide the Finance Act, 2023, online games have been removed from the purview of section 194B of the Act and section 194BA has been inserted in the Act with effect from 1<sup>st</sup> April, 2023, to provide for tax deduction at source (TDS) at the rate of 30% on “net winnings” from online games.

The minimum threshold of Rs. 10,000/- has been removed since taxability of winnings from online games is on the “net winnings” in the user account which is calculated after aggregating all winnings (including losses) during the year.

Reply to parts (b), (c) and (d):

The Central Government has prescribed Rule 133 in the Income-tax Rules, 1962 vide Notification G.S.R. 379(E) No. 28/2023 dated 22<sup>nd</sup> May 2023, which lays down the formula for calculating “net winnings”.

Further, the Central Board of Direct Taxes has issued Circular No. 5 of 2023 dated 22<sup>nd</sup> May 2023 which provides clarity on various issues relating to deduction of tax at source on “net winnings”.

The aforementioned Rule and Circular ensure that there is certainty in taxation for the online gaming sector which will promote ease of doing business and help the industry in its growth.

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