

Online gaming industry applauds the government for new TDS regulations

- *Urged to advance the effective date for implementation of changes in the TDS regime to April 1, 2023*

National, March 13, 2023: E-Gaming Federation (EGF), an organization representing top online skill gaming operators in India, applauded the government for the proposed amendments in TDS on net winnings from online gaming, announced in Budget 2023-24. The industry body further urged the government to make the effective date for implementation of changes in the TDS regime to **April 1, 2023**.

The Finance Bill 2023 introduced two new sections – **194BA** for withholding tax on winnings from online gaming effective July 1, 2023, and **115BBJ** for computation of taxes for those who earn income from winnings of online games. For online gaming users, TDS is required to be deducted under section 194B for the first three months i.e., April 1 to June 30, 2023, of the financial year based on the concept of “winning” (as per section 115BB), and under section 194BA for the remaining nine months based on the concept of “net winning” (as per section 115BBJ).

At the end of the financial year, as part of the ITR for the assessment year 24-25, owing to the applicability of section 115BBJ in relation to the assessment year 24-25, all online game transactions (for the first three months period and the next nine months) are then required to be redrawn for computing ‘net winning’ by the users. This would result in significant operational difficulties in administering the amendments, discrepancies, and inconvenience for the users.

“We welcome and appreciate the government’s intent of providing three months to comply with the changes of the new tax regime. However, multiple regime changes within a short span would lead to confusion and significant inconvenience for the online gaming operators as well as over 200 million gamers in the country. Not only would this cause an increase in user grievance but also a significant reduction in the number of online gaming users. Furthermore, there is a high probability that many such users could move to unscrupulous operators, predominantly offshore,” said **Malay Kumar Shukla, Secretary, EGF**.

Modifying the new TDS implementation date from July 1, 2023, to April 1, 2023, would ensure no loss of revenue to the government and align it with the users’ taxation based on ‘net winnings’ for the entire financial year starting April 1, 2023, under section 115BBJ.

About EGF:

The E-Gaming Federation (EGF) is a not-for-profit organization, founded under the Societies Regulation Act to protect consumer interest and self-regulate the Indian e-gaming sector. By developing a standard framework and operational guidelines based on the principles of safe, transparent, fair, and responsible gaming, EGF endeavors to build a unified voice shaping a favourable policy environment for regulated online gaming.

With an objective to bring a positive change in perception regarding the e-gaming industry, EGF endorses 'Responsible Play' to protect players by allowing them to minimize or stop indulging in gameplay beyond their means or for excessive periods. EGF-certified online gaming platforms offer responsible play features to the players that are intended to ensure a fair and safe online gaming experience while protecting players from any adverse consequences of online gaming.

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