

Online Gaming Firms Get Tax Notices Worth Rupees 55,000 Crores

Why In The News?

- **Ashneer Grover**, Fantasy Gaming App Crickpe's Founder, In A Strongly Worded Tweet, Slammed The Tax Authorities For **Issuing Massive Tax Demand Notices** To Gaming Companies.
- Notably, The **Directorate General Of GST Intelligence (DGGI)** Has Issued Pre-show Cause Notices To **12 Online Gaming Companies Worth ₹ 55,000 Crore**. Dream11, The Gaming Unicorn, Has Received The Largest Tax Notice For Dues Worth ₹ 25,000 Crore.
- The Notices Were Issued After The Recent Change In **GST Rates For Real Money Games Increased The Levy To 28%** On The Total Bet Placed At Entry Level Of Each Gaming Session On RMG Platforms.



Ashneer Grover ✓
@Ashneer_Grover

₹55,000 crore GST demand ! I am intrigued ki Tax vaalo ke dimaag mein kya chalta hoga aise notice bhejte samay. The only explanation is - kuchh nahi. Monopoly ki game chal rahi hai bas. Na koi tax dega itna - na Sarkar ko milega. Milegi sirf vakilo ko fees jo SC mein ise challenge karenge. Bas another day of harassing businessmen.



What Do We Know?

- **Dream Sports**, The Parent Company Of The Startup, Has Lodged A **Writ Petition** In The Bombay High Court. This Petition Aims To Contest The Show Cause Notice Issued By Authorities, Which Accuses Them Of Evading GST And Failing To Pay **The 28% GST On The Nominal Value Of Bets**.
- The Report Noted Citing Sources That The Tax Allegations Against Dream11 Are Staggering, **Totalling A Massive INR 40,000 Crores**. The Largest Claim Thus Far Was The **INR 21,000 Crores** Show Cause Notice Issued To **Gameskraft**, A Bengaluru Based Company.

- Dream11 Holds The Leading Position In The Fantasy Gaming Sector In India, Both In Terms Of Its **Valuation And The Number Of Users**. The Company's Most Recent Valuation Surpassed **\$8 Billion**, And It Boasts A User Base Of Over 180 Million Individuals On Its Sports Fantasy Platform.



- In The Fiscal Year Concluding On March 31, 2022, Dream11 Disclosed A Net **Profit Of INR 142 Crores**, Generated From An **Operating Revenue Of INR 3,840.7 Crores**.
- Furthermore, The Gaming Sector Faced A Significant Challenge When, Earlier In The Year, The GST Council Decided To **Impose A 28% GST Rate** On The Entire Nominal Value For Real-Money Gaming Transactions, Which Had A Considerable Impact On The Industry.

