



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Setup by an Act of Parliament)  
**GURUGRAM BRANCH (NIRC)**



*e-Newsletter*

**APRIL 2024**

**Chartered Accountants**



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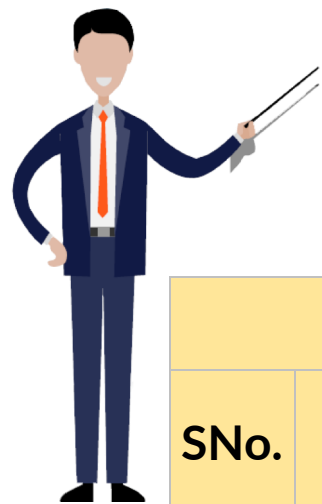
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**Feedback & Suggestions:** Gurugram Branch will be happy to receive the feedback from you regarding the seminars/workshops and other activities organized by branch. You may please send feedback at Gurugram Branch of NIRC of ICAI requests the members & students to come forward & share the articles (Professional & Other) to be published in the upcoming newsletter. The submissions may be sent to [fcasmc@gmail.com](mailto:fcasmc@gmail.com) with the subject line (Article Newsletter).



# ICAI MOTTO

य एष सुप्तेषु जागर्ति कामं कामं पुरुषो निर्मिमाणः ।  
तदेव शुक्रं तद् ब्रह्म तदेवामृतमुच्यते ।  
तस्मिंल्लोकाः श्रिताः सर्वे तदु नात्येति कश्चन । एतद् वै तत् ॥

Ya eṣa supteṣu jāgarti kāmam kāmam puruṣo nirmimāṇah ।  
Tadeva śukram tad brahma tadevāmṛtamucyate ।  
Tasminlokāh śritāh sarve tadu nātyeti kaścan । Etad vai tat ॥

That person who is awake in those that sleep, shaping desire after desire, that, indeed, is the pure. That is Brahman that, indeed is called the immortal. In it all the worlds rest and no one ever goes beyond it. This, verily, is that, kamam kamam: desire after desire, really objects of desire. Even dream objects like objects of waking consciousness are due to the Supreme Person. Even dream consciousness is a proof of the existence of the self.

No one ever goes beyond it: of Eckhart: 'On reaching God all progress ends'.

Source: Kathopanishad





Managing Committee 2024-25  
Office Bearers of the  
**ICAI Gurugram Branch (NIRC)**  
for the year 2024-2025

**CA. Amit Kithania**  
Chairperson  
9716013030



**CA. Pooja Aggarwal**  
Vice-Chairperson  
9810559631



**CA. Jitender Yadav**  
Secretary  
9911656371



**CA. Vipin Agrawal**  
Treasurer  
9599336633



**CA. Jitender Sharma**  
Chairperson NICASA  
9811899901



**CA. Amit Gupta**  
Immed. Past  
Chairperson  
9654346350



**CA. Mohit Singhal**  
Past Chairperson  
(2022-23)  
9555379714



**CA. Nishant Kumar**  
Executive Member  
9560753535



**CA. Himmat Yadav**  
Executive Member  
9999929513

**Ex-Officio Members of ICAI-Gurugram Branch (NIRC)**



**CA. Naveen Garg**  
Past Chairperson, NIRC  
2022-23



**CA. Pitam Goel**



**CA. Sangam Agarwal**



**CA. Sandeep Agrawal**



## MESSAGE FROM THE CHAIRPERSON

### CA Amit Kithania

Chairperson, ICAI Gurugram Branch



#### **Dear Esteemed Members and Students,**

I hope this message finds you well and thriving in your professional & academic pursuits. As we navigate through the dynamic landscape of the accounting profession, I am delighted to share with you the latest updates and events from the ICAI Gurugram Branch.

#### **Sport Tournament for CA Members & Students:**

We recently organized a thrilling sport tournament aimed at fostering camaraderie and promoting a healthy lifestyle among our esteemed members and dedicated students. It was heartening to witness the enthusiasm and sportsmanship displayed by all participants.

#### **Seminar on GST:**

In our continuous endeavor to enhance professional knowledge and skills, we conducted an insightful seminar on Goods and Services Tax (GST). This session provided invaluable insights into

the nuances and updates of GST legislation, ensuring our members stay abreast of the latest developments in this critical area.

#### **Seminar on Bank Branch Audit:**

Understanding the importance of banking sector audits, we organized a comprehensive seminar focusing on Bank Branch Audit. The session delved into the intricacies and best practices involved in conducting audits within the banking industry, equipping our members with the knowledge necessary to excel in this domain.

#### **CA Students Fest:**

To nurture the talents and aspirations of our future chartered accountants, we hosted a vibrant CA Fest exclusively for our dedicated students. This event provided a platform for networking, skill development, and fostering a sense of community among our budding professionals.

### **Holi Celebration:**

Amidst the colors of joy and camaraderie, we celebrated the festival of Holi with great fervor and enthusiasm. It was a joyous occasion where members came together to celebrate the spirit of togetherness and harmony.

### **National Conference on Accounting Standard:**

In line with our commitment to excellence, we organized a prestigious National Conference focusing on Accounting Standards. Esteemed speakers shared their expertise and insights, enriching our members with valuable knowledge to navigate the complexities of accounting standards effectively.

### **Seminar on Intricacies involved in Section 43B(h) & Peer Review:**

Understanding the importance of staying updated with regulatory frameworks, we conducted a seminar addressing the intricacies involved in Section 43B(h) and Peer Review. This session provided a deep dive into these critical areas, empowering our members with the expertise to ensure compliance and excellence in their professional endeavors.

### **Upcoming CA Exam for CA Students:**

As we gear up for the upcoming CA exams, I urge all our dedicated students to stay focused, diligent, and committed to their preparations. Remember, perseverance and determination are the keys to success, and the entire ICAI Gurugram Branch stands in solidarity with you in your journey towards becoming accomplished chartered accountants.

In conclusion, I extend my heartfelt gratitude to all our members, students, and stakeholders for their unwavering support and active participation in our initiatives. Together, let us continue to uphold the highest standards of professionalism and excellence in the field of accounting.

### **Warm regards,**

CA. Amit Kithania  
Chairperson  
ICAI Gurugram Branch (NIRC)

# CAN GAMING INDUSTRY SURVIVE THE 28% GST?



**CA Rishabh Jain**

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## Executive Summary

Many People in our country are hearing about GST applicability on Online Gaming Industry after the announcement made by GST council meeting chaired by FM Nirmala Sitharaman in 51st GST council meet. This industry attracts various stages of Human's Life from Children to older people as it cheers the mind as per my opinion as well as this industry achieve new milestone every year in terms of revenue, customers etc. This article covers the applicability, Gaming industry contribution to economy, various financial ratios analysis of gaming industry. It also covers numerical data of gaming industry in terms of revenue, profit, customer with comparison of previous years.

"The Internet and Mobile Association of India is opposed to the levy but the govt says it is necessary to curb gambling addiction"

## What is the online gaming? What is the real-money online gaming industry?

The Ministry of Electronics and information Technology (MeitY) in its draft regulation has defined online game "as game that is offered on the Internet and is accessible by an user through a computer resource or an intermediary."

Real money online games are where the user deposits cash or kind with the expectation of earning winnings on that deposit. These online gaming platforms can be fantasy, e-sports, or skill-based online gaming platforms. Cards-based games such as poker or rummy are also a part of it.

## Applicability of GST

Currently, online gaming companies pay the government a GST of 18 per cent lev-

ied on the Gross Gaming Revenue (GGR) or the platform fee. Besides this, TDS of 30 per cent is deducted on the winnings. Online gamers and poker players did not have any additional impact of GST on the value of bets placed by them, except for the platform fee collected by the online gaming company, till now.

Earlier this week, the GST Council announced a 28 per cent GST levy on the total game value for online gaming, horse



racing, and casinos, equating skill-based online games (non-gambling games) with online games of chance (gambling games) under India's tax regime.

This means that a gamer will have to pay 28 per cent GST on the amount deposited to play the game. Besides this, he will have to pay the platform fee and bear 30 per cent TDS on net winnings.

Let us assume, a player has placed a bet of ₹100, which includes platform fee of ₹10. Earlier, a player would have paid ₹1.80 as GST.

Now, after the GST Council's decision, he would have to pay ₹28 as GST, which could be deducted from his initial sum. In

the above example, the player would now have only ₹62 (₹100 which is the bet less the platform fee of ₹10 less 28 per cent GST = ₹62) to play with.

**GST Council Meeting LIVE: New tax framework to adversely affect 80% of online gaming industry, says WinZO cofounder**

"Taxing GST on deposits rather than the technology platform commission charged by the companies will make the unit economics unviable, wiping out 80 percent of the industry, with fatality concentrated in MSMEs and start-ups that house new age business models. This increase of 400 percent will solely encourage the rise of monopolistic play. Reasonable taxation can protect our over 500 million internet consumers from illegal offshore products," said Saumya Singh Rathore, co-founder, WinZO, an online gaming platform.







**What will be the likely impact of this high GST rate on consumers?**

The high tax rate will make it more expensive for players to participate in online gaming. This could lead to players seeking out offshore platforms that do not charge GST, or that charge a lower rate. This would be a major setback for the legitimate online gaming industry in India, as it would allow these offshore platforms to gain an unfair advantage. This could have several negative consequences, including the proliferation of gambling addiction and the loss of government revenue

The Internet and Mobile Association of India (IAMAI) said that it is deeply concerned by the GST Council’s decision to levy 28 per cent GST on the full face-value of the consideration instead of just the platform fee.

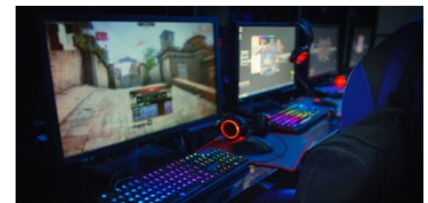
“Online gaming is distinct from gambling & betting. Hence taxing India’s legitimate online gaming industry with gambling activities will not only massively dent the burgeoning online gaming sector but will also threaten to make the entire \$20 billion Indian online gaming sector an unviable business model. The new tax structure is contrary to global best

practices, where GST on online gaming is levied on Gross Gaming Revenue (GGR) and platform fee. The net effect of this levy will result in an approximate 1,000 per cent increase in GST on the industry and will cause irreversible damage to the \$2.5 billion investments in the Indian online gaming start-up ecosystem and lead to a complete halt on any prospective FDI,” it said.

**GAMING INDUSTRY IN INDIA SIZE & SHARE ANALYSIS - GROWTH TRENDS & FORECASTS (2023 - 2028)**

Market Size (2023)	USD 3.02 Billion
Market Size (2028) (estimated)	USD 6.26 Billion
CAGR (2023-2028)	15.68 %
Major Players	Nintendo, Sony Corporation, Microsoft, Rolocule Games Private Limited, Electronic Arts Inc. etc.
**Data extracted from Mordor Intelligence	

*“Projections said that the mobile gaming industry will continue to grow and generate more than \$100 billion by 2023 (in terms of revenue) according to Fortune India.”*



**Various Financial Ratio analysis of Major Player**



1. The current ratio is termed as relationship between current assets and current liabilities of the company. It tells us whether



the amount of current assets is sufficient to meet the current liabilities. A current ratio of 1.0 or greater is an indication that the company is well-positioned to cover its current or short-term liabilities. Microsoft Annual Report 2022 reported a total current assets of \$ 169,684 million and a total current liabilities of \$ 95,082 million which means current ratio of Microsoft is 1.7846.

2. Net Profit Margin- Generally, a net profit margin in excess of 10% is considered excellent, though it depends on the industry and the structure of the business. Microsoft Annual Report 2022 reported a net income of \$ 72,738 million in Year 2022 and revenue of \$ 198,270 million so net profit margin is 36.69%

3. Earnings Per share- Microsoft reported a Basic EPS of \$ 9.70 in 2022 and \$ 8.12 in 2021 as per Microsoft annual report 2022 which means a 19.45% growth in EPS from 2021 to 2022.

4. Return on Equity- ROE this ratio calculates how much money is made based on the investors' investment in the company. Investors want to see a

high return on equity ratio because this indicates that the company is using its investors' funds effectively. So, ROE is 43.68 %.

5. Operating cash flow sales ratio- Gives investors an idea of the company's ability to turn sales into cash. Microsoft Reported a Net cash from Operations of \$ 89,035 million and revenue of \$ 72,732 which means operating cash flow sales ratio is 1.22

### What is the Bill?

A Finance Ministry statement said GST Council, in its meeting on August 2, nearly unanimously recommended amendments in Schedule III of the CGST Act, 2017, to provide clarity on the taxation of supplies in casinos, horse racing, and online gaming. This amendment will make all three taxable actionable claims.

A specific provision will also be inserted in the IGST Act, 2017 to provide for liability to pay GST on the supply of online money gaming by a supplier located outside India to a person in India, for single registration in India for the said supplier through a



simplified registration scheme, and also for blocking access by the public to any information generated, transmitted, received, or hosted in any computer resource used for the supply of online money gaming by such a supplier in case of failure to comply with the provisions of registration and payment of tax.

*The Federation of Indian Fantasy Sports (FIFS) & E-Gaming Federation (EGF), which represents 50 Indian online gaming companies, have appreciated the fact that the government has addressed the industry's concerns on repeat taxation. "The new tax framework, while clarifying and resolving uncertainty, will lead to a very burdensome 350 percent increase in GST and set the Indian online gaming industry back several years. However, it will allow gaming companies a fighting chance to innovate and rebuild the foundation of gaming in India," they said.*

### **An Analysis Of Karnataka HC's Decision In Gameskraft Technologies (case law to be read related to this industry)**

#### *I. Summary of the decision*

*The GST department issued a Show Cause Notice ("SCN") to M/s Gameskraft Technologies Private Limited ("Gameskraft") demanding GST of approximately Rs. 21,000 crores in respect of the games played for stakes on the online platform of Gameskraft. Rummy constituted about 96% of the total revenues of Gameskraft.*

*The GST department raised the GST demand treating the online games played with stakes as betting and gambling and sought tax at the rate of 28% on the entire revenue of Gameskraft (i.e., on the platform fees along with the payouts to the winners). Gameskraft challenged this SCN before the Hon'ble Karnataka High Court in writ. Certain gaming federations also intervened in the writ filed by Gameskraft and made their respective submissions.*

*The primary issue therefore before the Ld. Single Judge of the Karnataka High Court ("Ld. Single Judge") was whether games such as Rummy which are predominantly based on skill, whether played with or without stakes, amount to 'gambling or betting' under Entry 6 of Schedule III of the Central Goods and Services Tax Act, 2017 ("CGST Act"). This question was answered in the negative and the writ petition filed by Gameskraft was allowed.*

*Relying on the various decisions of the Hon'ble High Courts and Hon'ble Supreme Courts, the HC held that rummy is a 'game of skill' and cannot be equated with lotteries, betting and gambling. The Ld. Single Judge held that rummy whether played online or offline, continues to be a*



*game of skill.*

*It was held that Entry 6 of Schedule III covers actionable claims in respect of games of skill and only excludes actionable claims in respect of lottery, betting and gambling. Since games of skill such as rummy are not betting or gambling, they are not taxable under the CGST Act.*

*Further, the HC held that in a game of mixed chance and skill, if the game is predominantly and substantially a game of skill, it would not be gambling, and that other online/digital/electronic games which are also substantially or preponderantly games of skill and not of chance, are not gambling.*

## *II. Analysis of the decision*

*The contention of the GST department was that rummy was a game of chance as there is no way of knowing who the player will be competing with and when skill is not a criteria to play a game and only staking money was a criterion, the success depends principally on chance and not on skill. Further, the GST department also argued that when money is staked on a game of skill, this amounts to a separate transaction of*

*betting and gambling the outcome of which is uncertain.*

*The above contentions of the GST department were refuted by Petitioners primarily on the ground that rummy is a game of skill and cannot be equated with betting and gambling and this position is well settled by the Hon'ble Courts. It was argued that merely placing stakes on games of skill does not make it betting or gambling.*

*The Ld. Single Judge agreed with the contentions of the Petitioner and relied heavily on the decisions of various Hon'ble High Courts and Hon'ble Supreme Court to conclude that rummy is indeed a game of skill. The Ld. Single Judge held that games which require predominantly skill to succeed cannot be regarded as betting or gambling activity.*

*Gameskraft also argued that it was not supplying any actionable claims and that it was merely a platform for which it charges platform fees. On this point, the Ld. Single Judge held that actionable claims only in respect of lottery, betting and gambling are taxable under Entry 6 of Schedule III of the CGST Act.*



However, it is noteworthy that the order dated 11.05.2023 does not deal elaborately with all the contentions of the GST department in the SCN. Furthermore, the observations of the Ld. Single Judge in the order dated 11.05.2023 regarding other games of skill appears to be in the nature of obiter dicta. This is because the case of Gameskraft was primarily in respect of online rummy. Therefore, the observations of the Ld. Single Judge on other games (whether online or offline) were unwarranted and do not lay down any binding precedent on games which will have to be examined independently.

Therefore, while the decision of the Ld. Single Judge reiterates the position that rummy is a game of skill, the said decision may not have precedential value in respect of other games (whether online or offline).

This decision does not decide upon another crucial aspect in detail – whether there was actually a supply of 'actionable claim' or not in the manner in which the business is being operated? Though Gameskraft argued that it was merely a platform provider, for which service it charged its fees and discharged the GST liability, the decision does not venture into

answering the correctness of this claim. The decision simply states that since actionable claims are taxable under GST law only if they are in the nature of lottery, gambling or betting, the question that needs to be answered is that whether rummy amounts to lottery, gambling or betting. Having answered such question in the negative, the Ld. Single Judge did not require answering the larger question on actionable claims. [We should be mindful of decision of the Bombay HC where it has been held that there indeed is a supply of actionable claims in online fantasy gaming].

#### V. Conclusion

In conclusion, the recent decision of the Karnataka High Court in the case of Gameskraft Technologies Private Limited has held that online rummy, being a game of skill, cannot be categorized as gambling or betting and therefore is not taxable under the Central Goods and Services Tax Act.



**Topic:** Seminar on Intricacies involved in Section 43B(h) & Peer Review

**Day & Date :** Saturday, 2nd March 2024

**Venue :** Hotel Radisson, Sector-20, Gurugram





**Topic:** Seminar on GST

**Day & Date :** Friday, 15th March 2024

**Venue :** Hotel Radisson Sohna Road, Sector-49, Gurugram





**Topic:** Sports Tournament for CA Members and CA Students  
**Day & Date :** 16th & 17th March 2024  
**Venue :** Tulipclub House, Sector-70, Gurugram





**Topic:** Seminar on Bank Branch Audit

**Day & Date :** Thursday, 28th March 2024.

**Venue :** Hotel Radisson Sohna Road, Sector-49, Gurugram



**Topic: Two Days National Conference on Accounting Standards and Financials Statements for Corporate & Non Corporate Entities.**

**Day & Date : Friday-Saturday, 29th-30th March 2024**

**Venue : Hotel Radisson Gurgaon, Sector-20, Gurugram**



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**GURUGRAM BRANCH (NIRC)**

## Annual Study Group Membership 2024-25

We take this opportunity to thank all our professional colleagues for their participation in large numbers in programs organized by Gurugram Branch. During the Financial Year 2023-24, various programs were organized which were a grand success with participation of members in large numbers.

Particulars	Fee per Member	GST @18%	Total Amount
For Individual Member	Rs. 5500/-	Rs.990/-	<b>Rs. 6490/-</b> <a href="https://imjo.in/ExybaM">imjo.in/ExybaM</a>
For five or more declared Members from any organization	Rs. 5000/-	Rs.900/-	<b>Rs. 5900/-</b> <a href="https://imjo.in/SrgXWg">imjo.in/SrgXWg</a>

### Payment Option:

- Offline Mode** - Please fill up the form (<https://shorturl.at/cfsAT>) and send the cheque to the branch along duly filled form.
- NEFT/RTGS Mode** - RTGS/NEFT at the below bank and share the details of payment along duly filled form at [gurgaonicai1@gmail.com](mailto:gurgaonicai1@gmail.com)

### Bank Account Details :

**Bank Name:** Axis Bank

**A/C Name:** Gurgaon Branch of NIRC of ICAI

**A/C Number:** 910010026661826 | **IFSC Code:** UTIB0000056

Kindly mention your name and Membership Number in the remarks while making the payment

**Note:** GST details (in membership form) need to be shared at the time of making the payment. An invoice once issued will not be altered.

### Disclaimer:

Request you to please send a mail to [gurgaonicai1@gmail.com](mailto:gurgaonicai1@gmail.com) along with invoice/GST details (in membership form) within 3 days of making the payment to receive a copy of the GST Invoice with your details.

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