

Fighting the threat of high taxation on gaming

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Background

On July 11th 2023, the Government announced a hike in GST for gaming, from 18% to 28%, coupled with a new mechanism taxing every single game transaction. This would take the tax burden to a staggering 1000% and decimate the industry.

If we had to get this tax reversed, we had to do it before the bill got passed in the monsoon session of the Parliament. This ran from July 20 to August 11, 2023 and was our only window. We needed to move fast and we needed a concerted public affairs effort.

Insights

But there was a general indifference about this news.

- When the government announced the hike, few sympathized with our situation. To them, it was just a 10% jump, from 18% to 28%. What was all the fuss about?
- Many didn't grasp that the actual tax burden would surge by 1300% and would kill the industry.
- To make matters worse, not many cared about the gaming industry. It wasn't seen as essential.

Strategy:

Given this situation, and the limited window we had, we needed a strong plan.

- Our goal wasn't just to educate people about the real problem but also to make sure it grabbed headlines and became a national issue.
- We also needed to bring all relevant parties together for a concerted effort.
- Lastly, it was crucial that everyone understood exactly what the issue was, leaving no room for confusion.

If we could achieve these three objectives, we would win.

Execution:

The communications team at MPL led the charge, rallying the industry to come together. We formed a single comms team comprising major gaming companies to lead a concentrated public affairs effort within a 45-day period culminating with the parliament session.

Bring Clarity

- In order to bring clarity about the actual issue, we developed position papers, charts, videos and other material and engaged with multiple state governments, who were members of the GST council, to explain the issue
- The team met with journalists and editors across the country to explain the issue, resulting in over 1000 pieces of coverage and op-eds by renowned experts and think-tanks.

Get multiple voices of support

We needed to make this issue more than just the gaming industry. We got multiple different stakeholders to lend their voice in support of the industry.

- Investors, including global investors, sent a letter to the Finance Ministry, about highlighting potential losses in their capital investment and how it would imperil future investment flows in not just gaming but other sunrise sectors.
- There are thousands of players whose livelihood depends on gaming and they shared their concerns with the government. Some of the biggest Indian gamers, esports champions and chess grandmasters joined in support. Bodies representing the individual gamers even wrote to the Prime Minister with their points of view.
- Industry associations like All India Gaming Federation, Confederation of All India Traders, IMAI, E-Gaming Federation and Federation of India Fantasy Sports gave their voice of reason against the unjust GST

Dominate national headlines

- Multiple issues take centre stage during a parliament session. Our approach was to make sure that there was a steady flow of news

articles, editorials and opinion pieces on the unjust GST and need to save the Indian gaming industry.

Additionally, ministers from states such as Delhi, Karnataka, and Goa echoed the concerns of the gaming industry. This persistent media attention even prompted the government to provide multiple clarifications, leading up to the parliament session.

Impact

This cohesive industry effort paid dividends.

- When the bill passed in the parliament, the policy was amended to tax only entry deposits, not every transaction. This helped avert a huge catastrophe—the tax burden dropped from a 1300% hike to a manageable 500% increase.
- The government also committed to reviewing the tax structure within six months in consultation with the industry, offering hope for further improvement.
- The government continued to reiterate the importance of gaming to the overall economy, in multiple media statements after the bill was passed.