



WIRC

**GST _ Media and
Entertainment Sector**

28 July 2022

Media & Entertainment

Major Sub Sectors

1. Television
2. Film
3. Advertising
4. OTT
5. Gaming
6. Sports and Events
7. NFTs

Section 1

Television

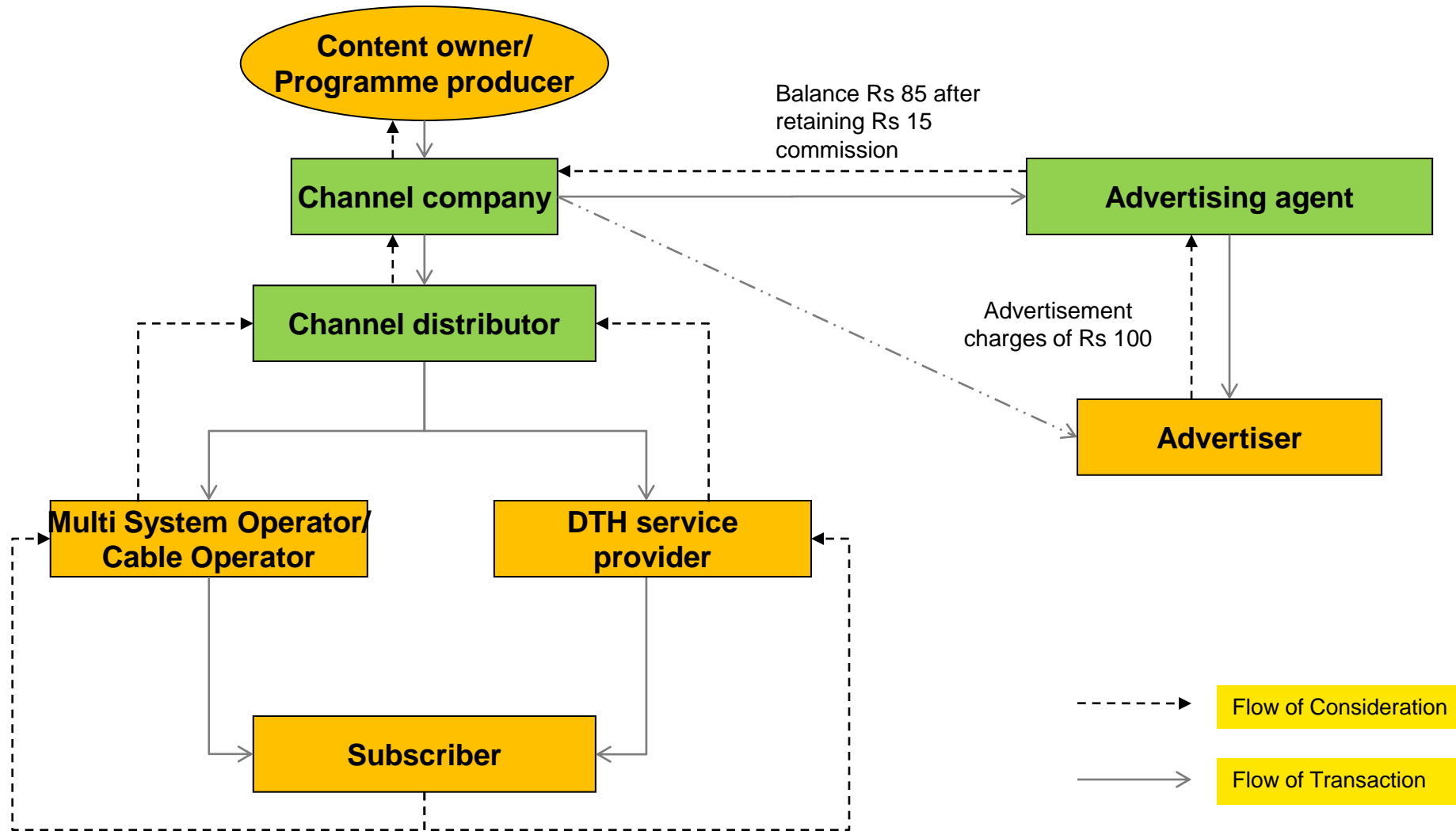
Television

Main Revenue Streams

Revenue	GST rate
Distribution of TV Channels	18%
Sale of Advertisement Slots	18%
Content Licensing	Now 18%

Television

Structure Revenue



Television

Distribution Revenue

Distribution / satellite offices ('offices') spread across India for customer acquisition /contracting with operators

Various Roles assigned to different offices - deal negotiation, rate finalisation, presence of approval matrix and

Deal entered into ERP by teams in other locations

Broadcasting signals uplinked from uplinking facility

Invoices raised centrally at HO / respective zonal offices. Few offices also responsible for collection and post invoicing adjustments.

Television

Distribution Revenue : Main GST Aspects

Impact Area	Key Considerations
Registration – Location of supplier	<ul style="list-style-type: none">- GST mandates service supplier to obtain registration for the location from which supply is made- 'Location of supplier' to be determined based on the establishment most directly connected with supply of services- Multiple registrations across India
Rate of tax	<ul style="list-style-type: none">- GST rate of 18%
Place of Supply	<ul style="list-style-type: none">- Place of supply for Distribution services be determined based on relevant IGST rules- Place of supply for domestic supplies address of headend or address of operator or recipient of service
International Subscription	<ul style="list-style-type: none">- Revenue earned from International subscription to be considered as export, provided foreign exchange is received
Merger and Acquisitions of Operators	<ul style="list-style-type: none">- GST to be paid on invoicing- In case recovery to be done from a transferee operator for billing already done to a transferor, detailed evaluation of whether credit note can be issued to transferor- If credit note issued, same to be done within timelines prescribed

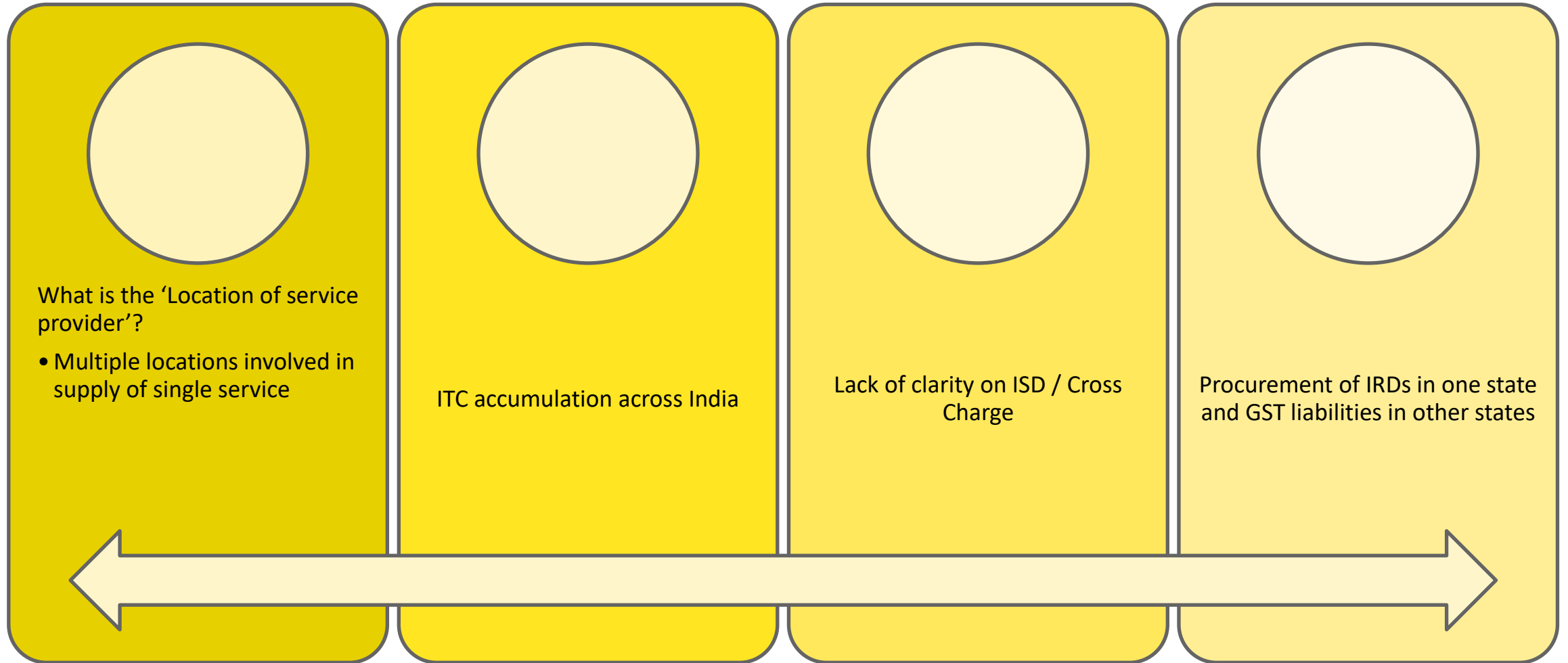
Television

Distribution Revenue : Main GST Aspects

Impact Area	Key Considerations
Provision of IRD boxes to operator	<ul style="list-style-type: none">- Supply to operator shall be a supply of service of allowing such operator to distribute channels further- Provision of IRD boxes is not treated as separate supply- Operator not a related person / distinct entity- No GST likely to be paid on provision of IRD boxes to operators
Movement of IRD from warehouse to various offices	<ul style="list-style-type: none">- Supply includes all forms of supply made for consideration (such as sale, transfer, barter etc)- Supply made to related/distinct persons subjected to GST even if without consideration- Each GST registration of TV company considered as distinct person- Movement of IRD boxes between registrations attract GST at 28%- Valuation to be determined for each such movement
Repair/Replacement of IRD boxes	<ul style="list-style-type: none">- Movement of IRD boxes for repairs/replacement to related/distinct person to be taxable- Movement of IRD boxes from operator for repairs not taxable

Television

Distribution Revenue : GST Issues



Television

Advertising Revenue

Distribution / satellite offices ('offices') spread across India for customer acquisition /contracting with Ad Agencies and Advertisiers

Various Roles assigned to different offices - deal negotiation, rate finalisation, presence of approval matrix and

Deal entered into ERP by teams in other locations

Broadcasting signals uplinked from uplinking facility

Invoices raised centrally at HO / respective zonal offices. Few offices also responsible for collection and post invoicing adjustments.

Television

Advertising Revenue : Main GST Aspects

Impact Area	Key Considerations
Registration – Location of supplier	<ul style="list-style-type: none">- GST mandates service supplier to obtain registration for the location from which supply is made- 'Location of supplier' to be determined based on the establishment most directly connected with supply of services- Multiple registrations across India
Rate of tax	<ul style="list-style-type: none">- GST rate of 18%
Place of Supply	<ul style="list-style-type: none">- Place of supply shall be recipient of service- Place of supply for Government Ads – Detailed separately
Barter Transactions	<ul style="list-style-type: none">- Barter transactions considered as supply- Credit may not be eligible in case the other party does not upload corresponding invoice with GST- Resultant additional cost for Barter transactions

Television

Government Ads

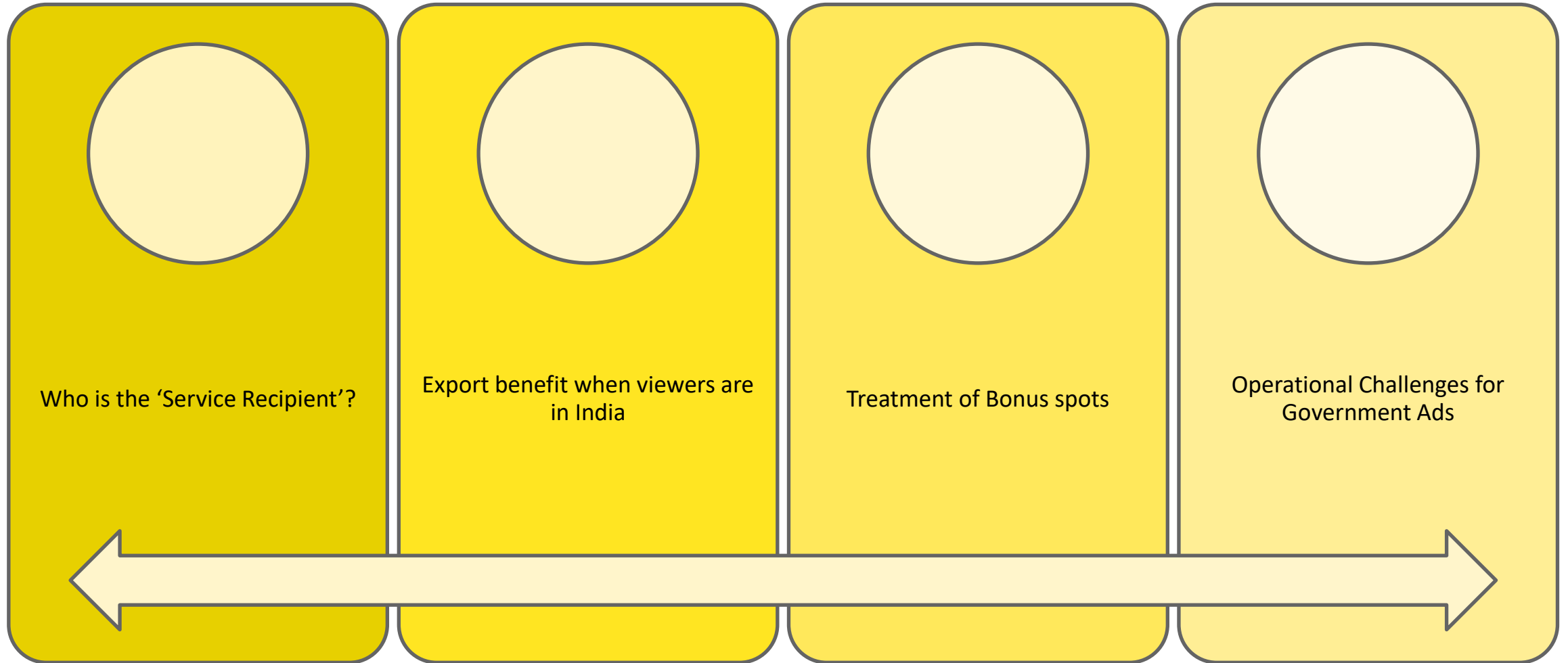
- ▶ Method prescribed for determining proportion of value attributable to State, in case of supply of advertisement services to Government
 - ▶ Such method is applicable in absence of any contract between the supplier and recipient (Government) regarding the attribution
- ▶ Type of transactions covered

Ads to Government

Television	Radio	Publication	Hoardings (other than train)	Advertisement on trains	Advertisement on railway tickets	Utility Bills	Cinema halls	Internet	Short messaging System
Based on BARC data	Based on Radio Station	Based on city if circulation	Location of hoarding	Area of train tracks in each state	Location of issuance of ticket	Address of customer	Location of Cinema Hall	Based on TRAI data	Based on TRAI data

Television

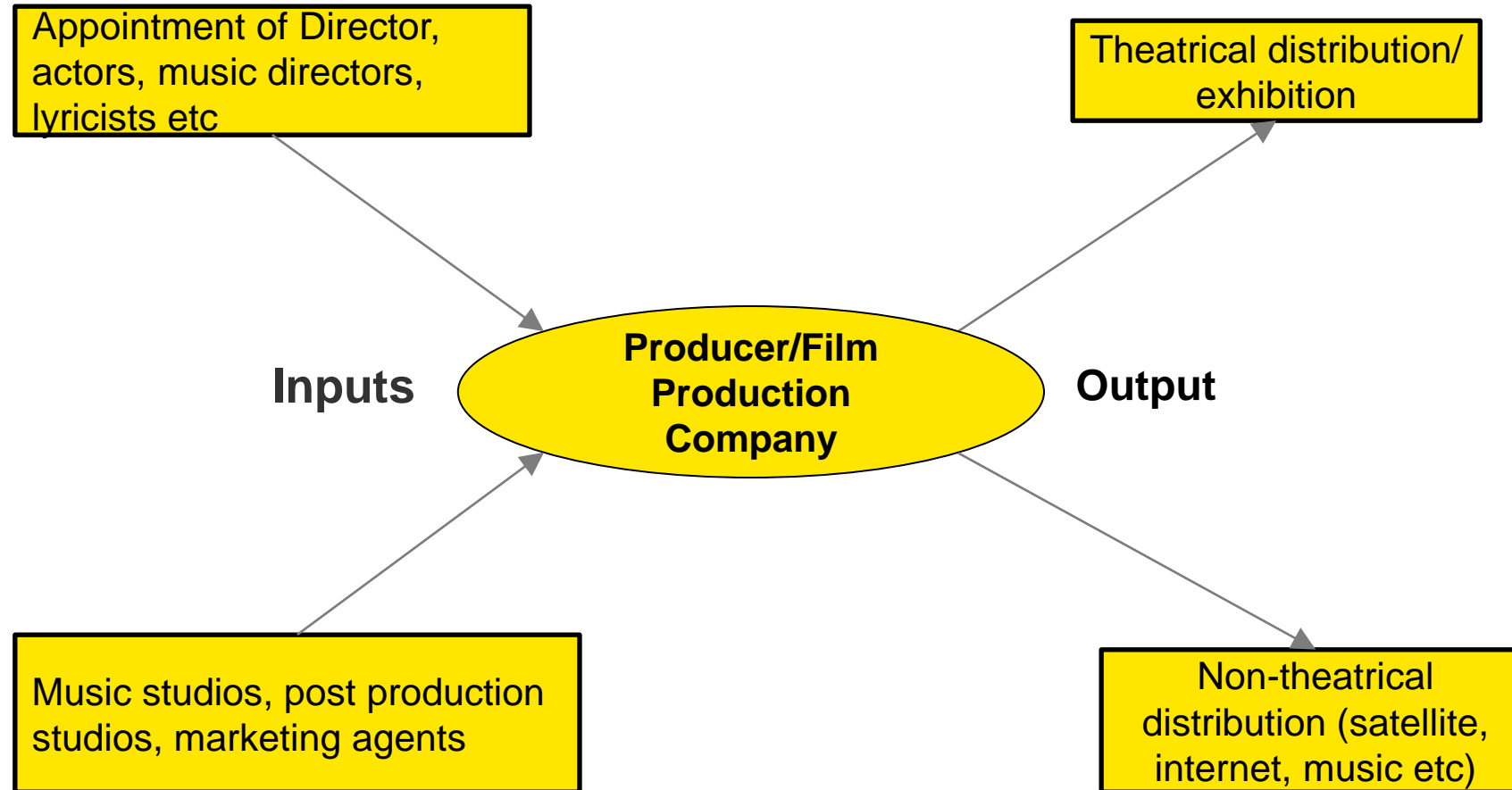
Advertising Revenue : GST Issues



Section 2

Film

Film Sector Structure



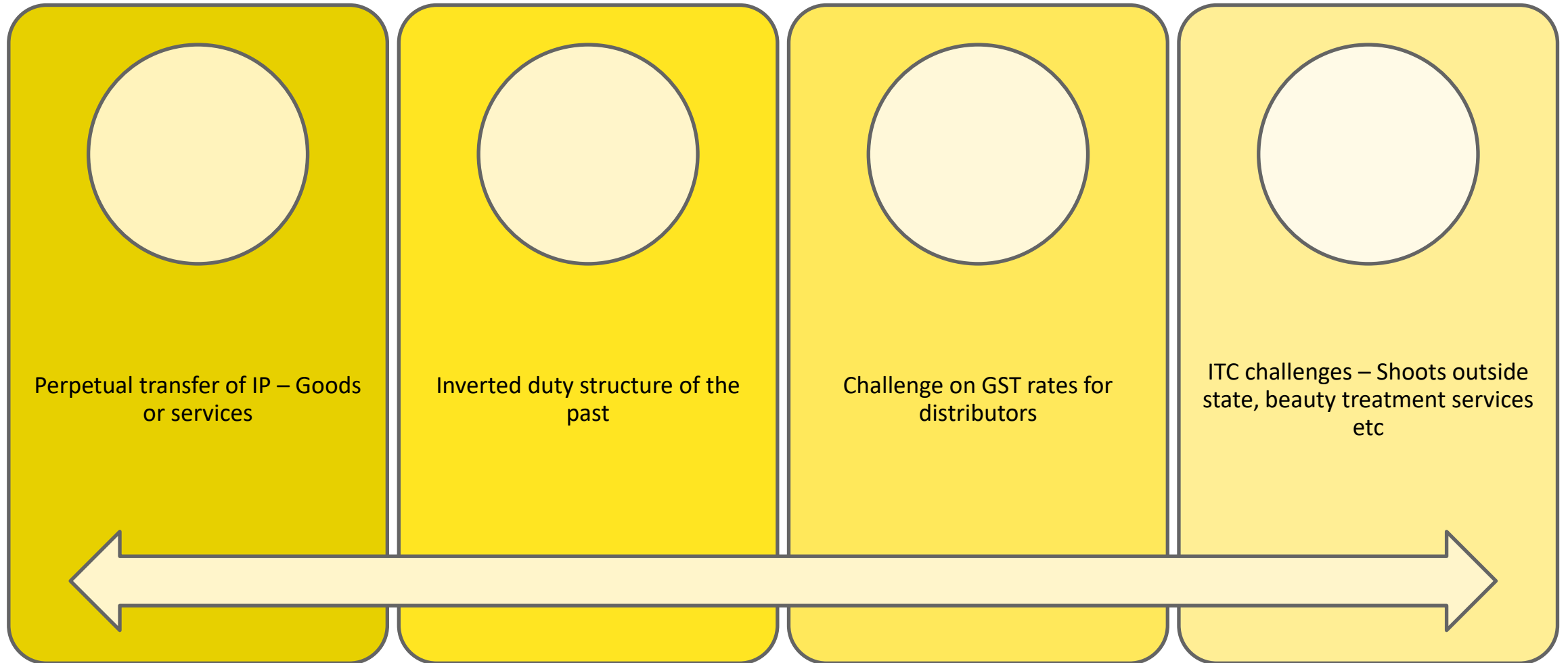
Film Sector

Main GST Aspects

Impact Area	Key Considerations
Theatrical Distribution	<ul style="list-style-type: none"> - Liable to GST which was not earlier liable
Non-Theatrical Distribution	<ul style="list-style-type: none"> - Dual levy of Indirect taxes resolved with GST
Theatrical and Non Theatrical distribution - Place of Supply	<ul style="list-style-type: none"> - Place of supply be determined based on recipient location - Uncertainty on Place of supply for perpetual transfer of IPR if such transfers considered as 'Goods' - Licensing of rights / content to overseas recipients could be considered as export
In film placements / Co-promotion	<ul style="list-style-type: none"> - Revenue from In film placement to be taxable under GST - Review of transactions in the nature of barter to be valued in light of the valuation provisions to be prescribed under GST
Rate of GST on Film licensing	<ul style="list-style-type: none"> - Temporary or permanent transfer or permitting the use or enjoyment of Intellectual Property (IP) right in respect of goods other than IT software liable to GST now at 18% - GST rate was 12% till 26 October 2021
Rate of GST on film tickets	<ul style="list-style-type: none"> - 12% upto INR 100 and 18% for ticket value of INR 100 or above

Film Sector

GST Issues



Section 3


Advertising

Advertising Agency Structure


Agencies could be media placement, creative, PR etc



Role of meeting with clients for understanding of requirements, media plan preparation, obtaining confirmation from clients



Selection and negotiation with vendors, Preparation of estimates and obtaining confirmation, Issuance of release order ("RO")



Receipt of telecast certificate and invoice from vendor(s)



Monitoring and verification, Issuance of invoice, receipt of money

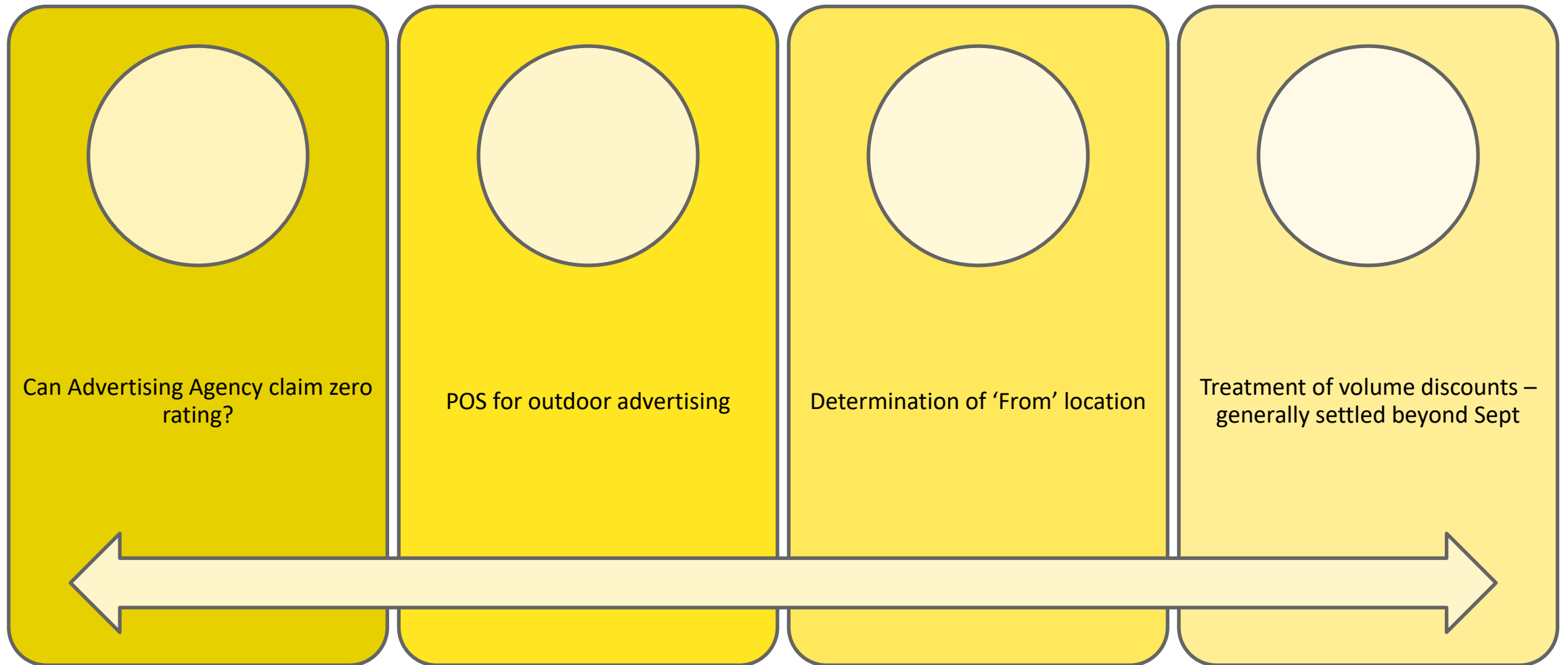
Advertising Agency

Main GST Aspects

Impact Area	Key Considerations
Registration – Location of supplier	<ul style="list-style-type: none"> - GST mandates service supplier to obtain registration for the location from which supply is made - 'Location of supplier' to be determined based on the establishment most directly connected with supply of services - Multiple registrations across India
Rate of tax	<ul style="list-style-type: none"> - GST rate of 18% - GST rate of 5% on Print media
Role of Advertising Agency	<ul style="list-style-type: none"> - Given the role of Advertising Agency , deemed to be receiving media services - For the commission – considered as intermediary
Place of Supply	<ul style="list-style-type: none"> - Place of supply shall be recipient of service – For media value - Place of supply for Government Ads – Detailed separately - Place of supply for Intermediary ?

Advertising Agency

GST Issues



Section 4

OTT

Over The Top ('OTT')

Structure

Platform available for accessing content for a subscription fee




Subscription accessible on Web Portal, mobile apps other smart devices



OTTs also provide advertising



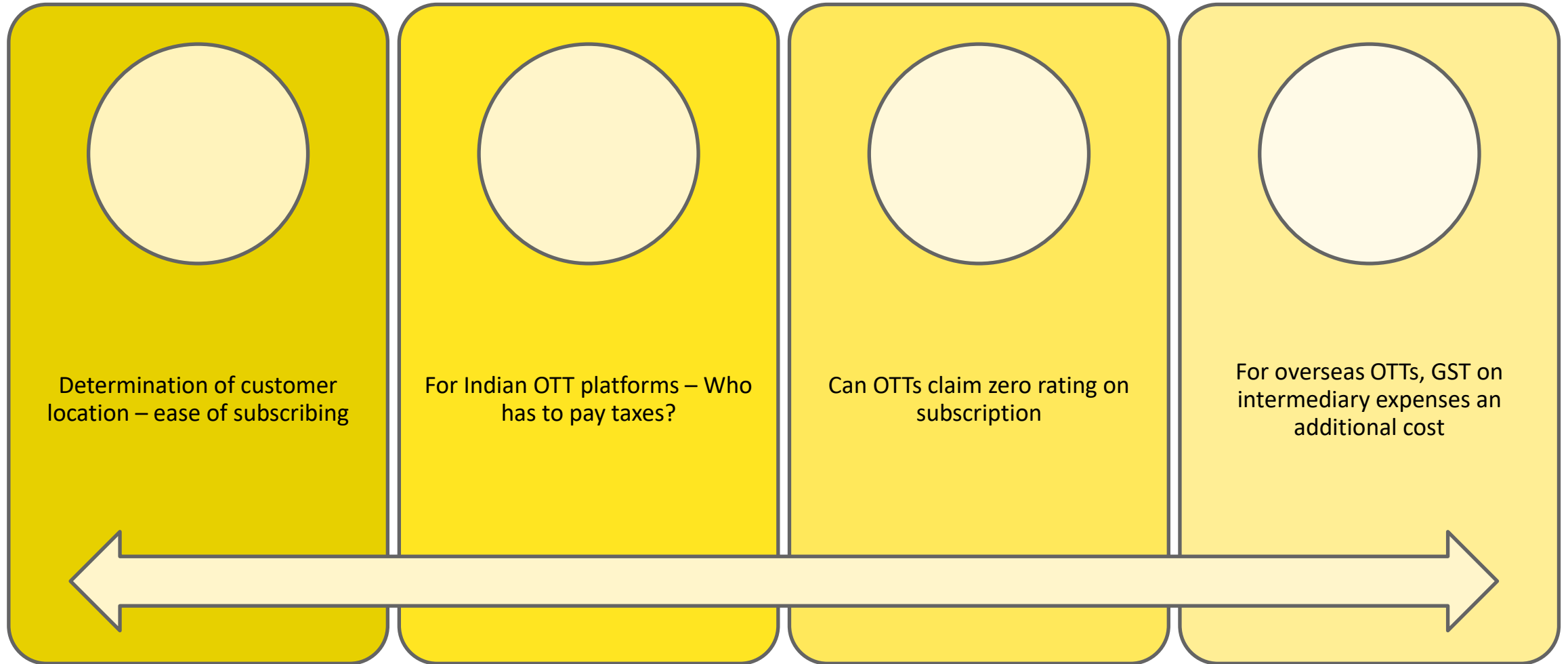
Customers / Subscribers can avail services round the clock



Subscribers could be across India / Globe

Main GST Aspects

Impact Area	Key Considerations
Registration – Location of supplier	<ul style="list-style-type: none"> - GST mandates service supplier to obtain registration for the location from which supply is made - 'Location of supplier' to be determined based on the establishment most directly connected with supply of services
Rate of tax	<ul style="list-style-type: none"> - GST rate of 18%
Place of Supply	<ul style="list-style-type: none"> - Place of supply shall be location of recipient of service – If location of recipient available - Place of supply shall be location of provider of service – If location not available
Liability for subscriptions through platforms	<ul style="list-style-type: none"> - Who is liable to deposit the GST?
Overseas OTT platforms	<ul style="list-style-type: none"> - Concept of OIDAR to cover overseas platforms - Separate OIDAR mechanism and administration



Section 5

Gaming

Gaming

Structure

Platforms enable customers to play games



Games could be real money games and recreational gaming



Games available on web portals / apps / smart devices



Could be single player / multi player



Could be event based / fun based

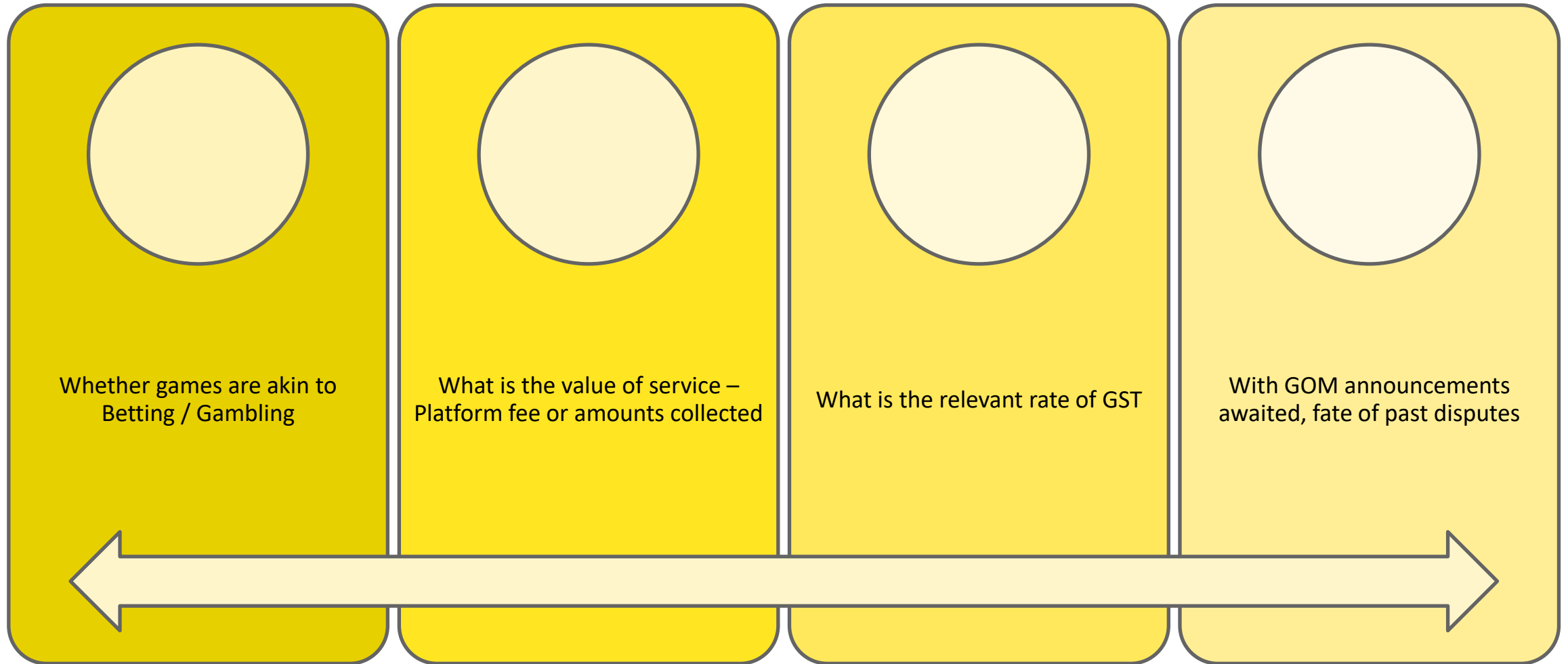
Gaming

Main GST Aspects

Impact Area	Key Considerations
Rate of tax	<ul style="list-style-type: none">- GST rate of 18 / 28 %
Place of Supply	<ul style="list-style-type: none">- Place of supply shall be location of recipient of service – If location of recipient available- Place of supply shall be location of provider of service – If location not available
Liability for subscriptions through platforms	<ul style="list-style-type: none">- Who is liable to deposit the GST?
Overseas OTT platforms	<ul style="list-style-type: none">- Concept of OIDAR to cover overseas platforms- Separate OIDAR mechanism and administration
Value on which tax is paid	<ul style="list-style-type: none">- Specific valuation rules for betting / gambling- Otherwise – on service fees

Gaming

GST Issues




Section 5

Sports and Events

Sports Gaming Structure

Entitles involved include Boards, League Owners, Franchises, players, Event companies, Sponsors, Stadium owners etc



Boards / League Owners organise events, scout sponsors



Franchise forms teams and makes Franchise Fee payments, incurs operations cost

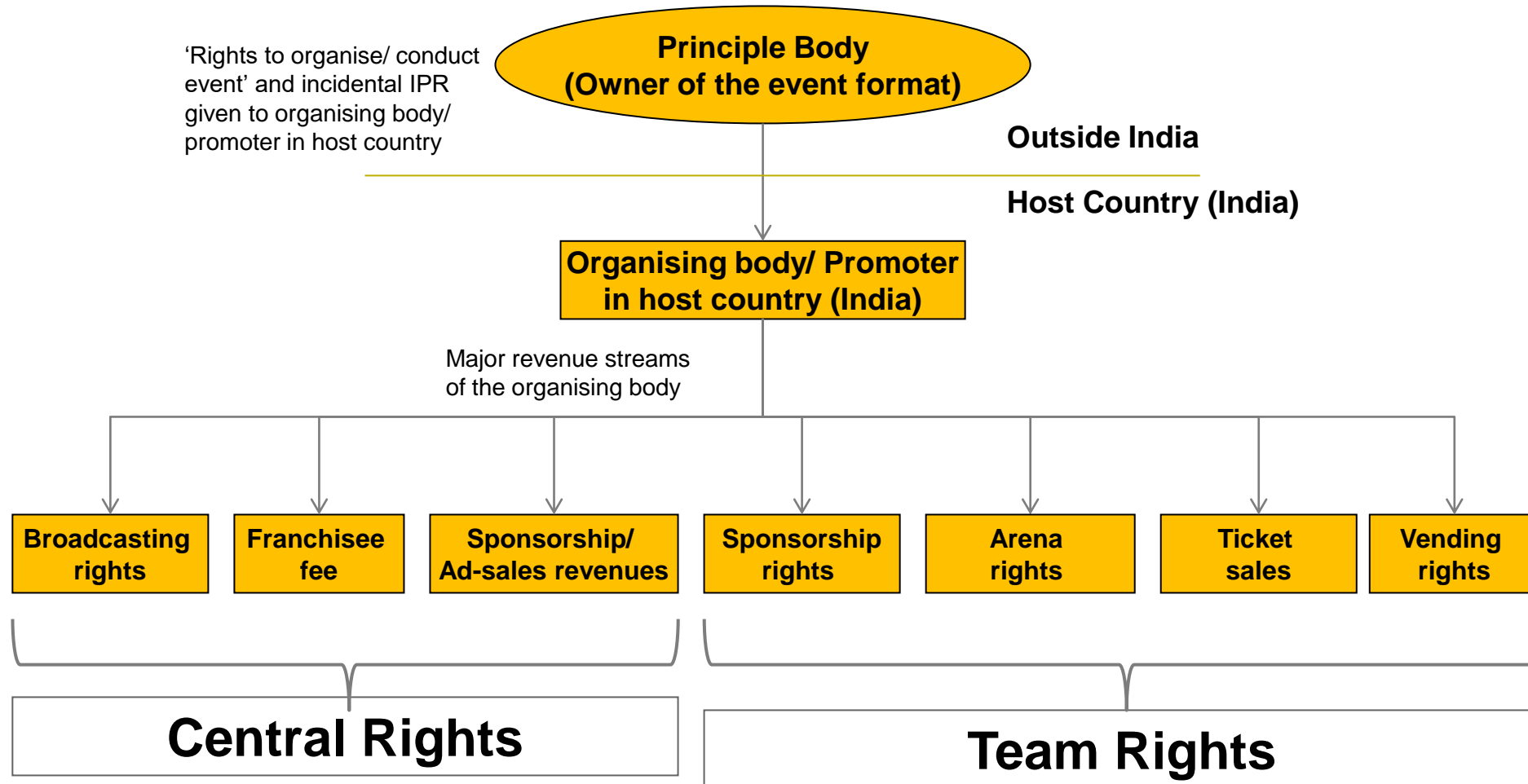


Ticketing done by Franchise / Board depending on specific structures



Core sports given benefits under GST laws

Sports Gaming Structure



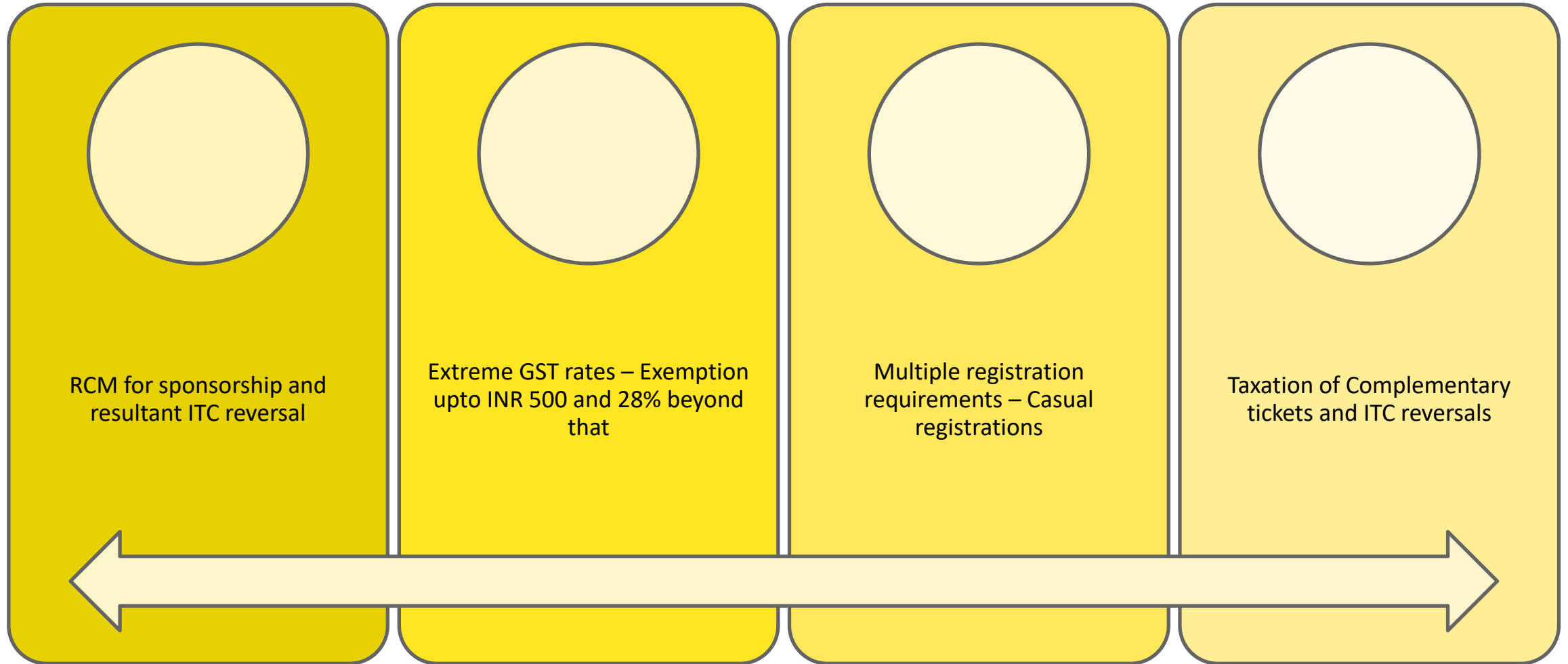
Sports

Main GST Aspects

Impact Area	Key Considerations
Rate of tax	- GST rate of 18 / 28 %
Place of Supply	- POS for tickets is event based, - POS for other services generally recipient based
Sponsorship	- Sponsorship services provided to Corporates liable to GST under RCM
Players, Physios etc	- Generally liable to GST, with few exceptions
Location of Service provider	- With events in multiple states, need for multiple registrations and blockages

Sports and Events

GST Issues




Section 6

NFTs

NFTs

Structure

What is NFT?

- Cryptographic assets on a blockchain with unique identification codes , cannot be traded or exchanged at equivalency, Differs from fungible tokens like cryptocurrencies, which are identical to each other and, can serve as a medium for commercial transactions
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NFTs currently not defined in any Indian legislation.

- Reference made in the Finance Bill 2022 *“non-fungible token” means such digital asset as the Central Government may, by notification in the Official Gazette, specify;*
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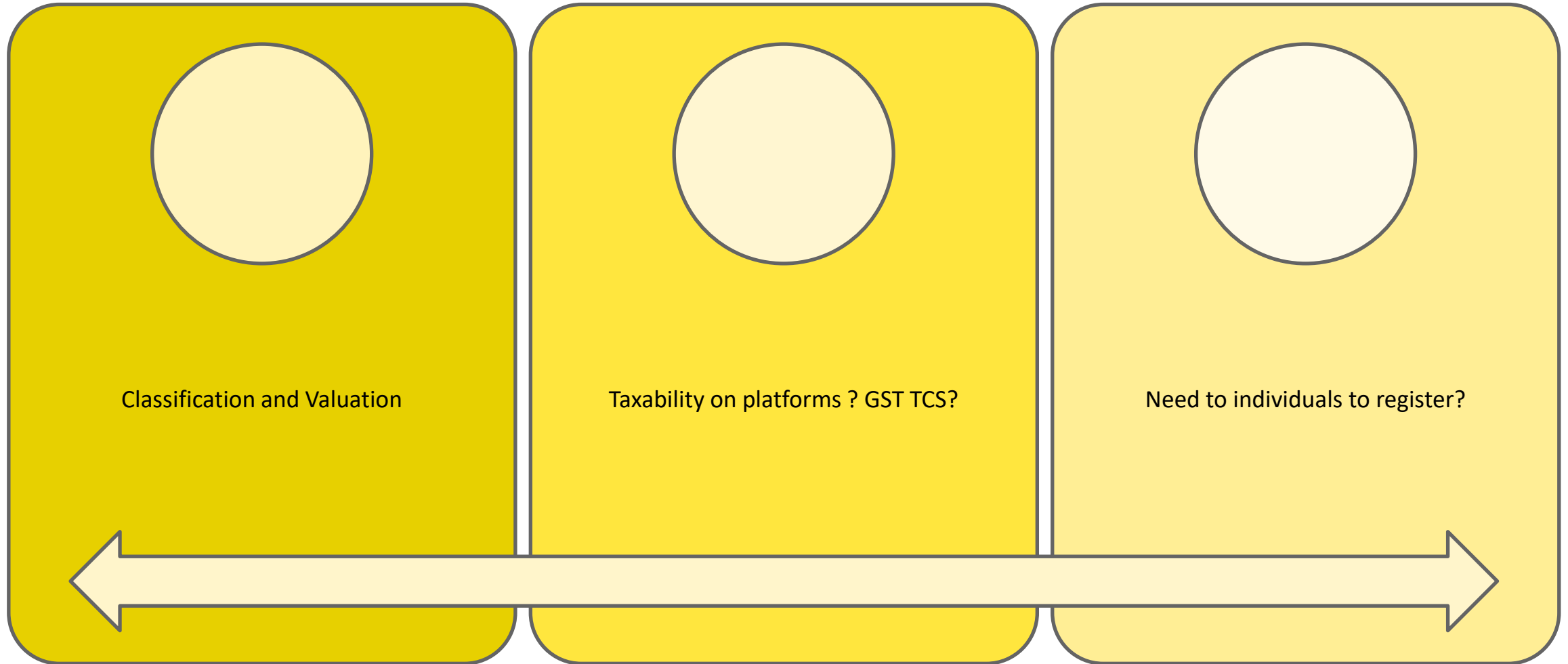
Aspects of NFTs

could be for Image, music clip, video clip,

- Reside on a blockchain network and can be bought using Cryptocurrency
- Buyers generally have limited non-commercial rights in NFTs and underlying artwork including right to re-sell the NFTs to other buyers
- All commercial exploitation rights / copyrights over artwork continue to vest with Owner

NFTs

GST Issues



Thank you