

Online gaming services are game of skill and would not be covered as gaming of chance or gambling: HC

Facts of the case - Myteam 11 Fantasy Sports (P.) Ltd. v. Union of India - [2023] (Rajasthan)

The petitioner-gaming company was engaged in providing online gaming services. It had been served with a show cause notice under Section 74(1) alleging that petitioner had avoided tax by misclassifying their supply as service instead of actionable claims. The petitioner filed writ petition to challenge the show cause notice but the department opposed the petition on the ground that it was not maintainable as it was only directed against a show cause notice.

Decision of the case :

- The Honorable High Court noted that the issue was no longer res-integra as it was already decided by various Courts that the said online games are game of skill and would not be covered as gaming of chance or gambling.
- In view of the totality of the facts and circumstances of the case, the Court was of the view that games offered by the petitioners online had already been held to be games of skill then the issuance of the impugned show cause notice would be nothing but an abuse of the process of law. Therefore, the Court directed department to take any coercive measures to recover any amount from the petitioner and file counter affidavit to the writ petition within a period of one month.