

Online gaming company challenges intimation notice and SCN issued by the DGGI demanding INR 21,000 crore before the Karnataka HC

- Gameskraft Technologies Private Limited (the petitioner), a Karnataka-based company, is involved in hosting of skill-based online games on its platform as an intermediary. It has filed a writ petition before the Karnataka High Court (HC), challenging the intimation notice and show cause notice (SCN) issued by the Directorate General of Goods and Services Tax Intelligence Headquarters (DGGI) demanding a GST of around INR 21,000 crore.
- The petitioner contended that the intimation, alleging the petitioner is involved in supply of an actionable claim, is without jurisdiction or authority of law. Further, it claimed that the Division Bench of this Court in case of *All India Gaming Federation and others vs. State of Karnataka and others*, to which the petitioner was a party, had already held that the games being played on the petitioner's platform are games of skill and not games of chance. Further, even in the petitions filed before the Apex Court challenging the said judgment, there is no order of stay or any other interim order. As a result, the present petitioner as well as the other writ petitioners continue to benefit from the stated HC ruling. Thus, the impugned intimation deserves to be quashed.
- The petitioner further argued that the impugned notice is contrary to the proceedings of the respondent who had previously asked the GST Council to decide the taxability of online gaming but had yet to do so.
- In this respect, the HC stayed the notice until further orders, observing that the present petition raises several contentious concerns and disputed matters that would have to be adjudicated necessarily at the time of the final disposal. Additionally, the question of the legality, legitimacy and accuracy of the intimation would have to be resolved at the time of the petition's final disposal.

