

## Directorate General of Goods and Services Tax Intelligence (HQS) & Ors. v. Gameskraft Technologies Private Limited & Ors.

**Case number:** Civil Appeal Nos. 8241–8244 of 2026, arising out of SLP (C) Nos. 19366–19369 of 2023, with Civil Appeal No. 8240 of 2026, Criminal Appeal No. 2933 of 2026 and connected writ petitions and transferred cases

**Citation:** 2026 INSC 595

**Decision date:** 2026-05-27

GST on online money gaming, fantasy sports and casinos: actionable claims, retrospective 2023 valuation rules and restoration of notices

**Court:** Supreme Court

**Bench:** J.B. Pardiwala and R. Mahadevan, JJ.; common judgment authored by R. Mahadevan, J.

**Decision stage:** Final common judgment on constitutional and statutory issues; notices restored and individual liabilities left for adjudication or appellate consideration

### 01 Facts

The Revenue appealed from the Karnataka High Court's common judgment of 11 May 2023, which had quashed the show-cause notices dated 23 September 2022 issued to Gameskraft and connected assessees under section 74(1) of the CGST Act. The notices alleged that supplies connected with betting had been misclassified as services rather than actionable claims and proposed GST, interest and penalties. The Supreme Court heard these appeals with constitutional writ petitions, cases transferred from several High Courts, a Maharashtra appeal concerning fantasy sports, and a separate appeal concerning an application for gaming permission.

The operators' position was that skill-based rummy, poker and fantasy-sports platforms supplied technological or facilitative services, with GST payable on the platform fee or commission retained by them. They argued that amounts contributed to prize pools belonged to participants and did not constitute their taxable consideration. Casino operators principally advanced a gross gaming revenue model, deducting winnings from receipts, and contested reconstruction of gross bet value through house-advantage estimates. The Revenue treated the online-platform staking arrangements as supplies of actionable claims and sought a broader taxable value. Casino notices had a different framing: the Department described them as gambling-services demands, using residual rule 31 and rule 31A as valuation guidance. The common batch should therefore not be reduced to a single identical notice theory.

The batch covered distinct notices and tax periods, not one uniform assessment. W.P. (C) Nos. 545, 568 and 605 of 2024 already challenged orders confirming differential GST, interest and penalty, which explains the separate direction for filing appeals from assessment orders. For example, W.P. (C) No. 1374 of 2023 challenged a notice for 1 July 2017–31 March 2022, while W.P. (C) No. 1384 of 2023 concerned 25 January 2018–31 March 2023. The principal historical controversy concerned the regime before 1 October 2023 and the effect of the amendments introduced in 2023. The questions included legislative competence to tax actionable claims as goods; whether stakes on games involving skill amount to betting and gambling for GST; who supplies the actionable claim; the treatment of deposits, winnings and prize pools; the validity of

rules 31A–31C; applicable historical rates; and retrospective valuation. The Court's interim stays are procedural background, not the final outcome.

**Pinpoint:** Paragraphs 4–13.1, 46 and 48; official PDF pages 15–27 and 229–235. Particular illustrative tax periods: paragraphs 7–8, pages 17–19. Casino notice framing: paragraphs 41.1 and 43, pages 217 and 224 (party submissions); the issue actually in dispute: paragraphs 80–81.2, pages 394–396. Petitions against assessment orders: paragraph 12, page 22.

## 02 Court Discussion

1. Skill and stakes. Drawing on its separate connected Junglee Games judgment, the Court distinguished an underlying game from the transaction of staking money on an uncertain outcome. For the GST controversy, organised games involving such stakes, including skill-based online games and fantasy sports, were treated as betting and gambling. This did not collapse every payment to play a game into gambling: paragraph 49.3 expressly distinguishes an entry fee for a genuine skill-based competition from a stake linked to an uncertain result and pooled prize structure. The GST opinion does not contain a dissent or separate concurrence. Its lengthy extracts from Junglee Games are quotations from a different connected judgment, not an additional opinion in this case.

2. Constitutional and charging framework. The Court upheld the competence conferred by Article 246A, treating the levy as a tax on the supply of actionable claims rather than a tax on betting or gambling in the abstract. Article 366(12) supplies an inclusive definition of goods and does not freeze it to the Sale of Goods Act's treatment. Section 2(52) could therefore include actionable claims as goods. Articles 366(12A) and 366(26A) did not prohibit that classification or the statutory definition of supply. The Court rejected the challenges under Articles 14, 19(1)(g), 21 and 265. It relied on the distinction between taxable gambling-related actionable claims and excluded actionable claims, fiscal legislative latitude, and the connected judgment's treatment of betting and gambling as *res extra commercium*. Commercial hardship or a high incidence of tax was not sufficient by itself to invalidate the levy. The Court did not suggest that taxation is immune from constitutional review.

3. Supply and supplier. Section 7's inclusive language reaches beyond a transfer or assignment of an already existing claim. Section 2(1) borrows the definition of actionable claim from section 3 of the Transfer of Property Act, without importing all of that Act's assignment formalities. When participants commit stakes to the organised platform, they acquire contingent beneficial interests in a present pooled fund, outside their actual or constructive possession. In the platform arrangements examined, the operator controlled admission, pooling, game rules, allocation of participants, outcomes, payouts and withdrawals. The Court consequently treated the operators themselves as suppliers of actionable claims, rather than accepting a separate supply solely between participants. Descriptions such as technological service, escrow or intermediary were not conclusive against the actual contractual and financial structure.

4. Enforceability and consideration. Section 30 of the Contract Act did not extinguish every legally cognisable proprietary interest or collateral obligation arising within these organised arrangements. The Court upheld the actionable-claim character of the platform interests without deciding that every wager is civilly enforceable. A genuinely refundable deposit can retain its character under the proviso to section 2(31) before appropriation. Once committed to gameplay, however, the stake is consideration for the supply. The Court distinguished that taxable event from the statutory measure used to value it; this discussion does not displace rule 31B's separate deposit-based valuation measure. Retention of only a fee, or later payment of winnings, did not entitle the operator to subtract the prize pool or payouts from taxable value.

5. Classification and historical rates. Service classifications and the OIDAR definition did not override the statutory treatment of the actionable-claim supply as goods. A platform offering games simpliciter without staking can stand differently. The Court also rejected the argument that absence of a dedicated HSN tariff heading defeated a levy otherwise supported by the Act and rate notification. For the actionable-claim goods levy, paragraphs 55–55.2 distinguish 1 July 2017–24 January 2018, when the residuary goods Entry 453 prescribed 9% CGST, from 25 January 2018–30 September 2023, when Entry 229 prescribed 14% CGST. These are the central components, corresponding to combined 18% and 28% rates where matching SGST applies. A statement that this judgment imposes a uniform 28% rate throughout the entire period from July 2017 would therefore be inaccurate.

6. Rule 31A. The Court upheld valuation at the full face value of the bet or amount paid into the totalisator. It regarded rule 31A as machinery implementing sections 9 and 15, supported by the GST Council's recommendations and the rule-making powers in sections 15(4) and 164. A separate prior notification under section 15(5) was not indispensable to sustain that rule on those independent sources of power. Rule 31A was neither confined to horse racing in race clubs nor to games of chance: the expression chance to win described the contingent entitlement, and the disjunctive text also covered betting and gambling generally.

7. The 2023 amendments and the decisive valuation qualification. The Court held the amendments, including the change to Schedule III and rules 31B and 31C, clarificatory and explanatory, with retrospective operation in the manner stated in the judgment. They did not create the taxable supply for the first time in October 2023. Rule 31B fixes the online-gaming valuation measure by reference to amounts paid, payable or deposited with the supplier for participation; it is not restricted to the platform fee or to the sum staked in an individual round. Rule 31C uses amounts paid for casino chips, tokens, coins or tickets, or for direct participation where those instruments are not required. The reproduced rules disallow deduction of refunds or returns. Their common explanation excludes winnings reused in further play without withdrawal from fresh amounts paid or deposited. Paragraph 74.10 expressly explains that GST attaches once to the value entering the gaming system at initial deposit or chip purchase, rather than repeatedly to each stake funded from the same deposit. This retrospective valuation direction is essential to the result; it is not accurate to describe every historical gross-bet calculation as finally affirmed.

8. Fantasy sports and casinos. Earlier dismissals of special-leave petitions and limited review proceedings did not settle the present GST questions or supply an authoritative merits determination of them. The Court applied the pooled-stakes analysis to fantasy sports, while expressly limiting the inquiry to the GST issues rather than finally classifying every fantasy format for penal gaming laws. For casinos, it rejected taxation confined to net retained gross gaming revenue. Inadequate records could justify recourse to rule 31 and best-judgment reconstruction under the earlier framework, but actual computations now had to be reconsidered under retrospective rule 31C. Factual, evidentiary and computational objections remained open for independent adjudication.

**Pinpoint:** Skill/stakes and genuine entry-fee distinction: paragraphs 47–49.4, pages 230–261 (the longer passage in 49.3 quotes Jungle Games). Constitutional analysis: 50–50.31, pages 261–285. Supply and consideration: 51–53.10, pages 285–310. Classification and rates: 54–55.7, pages 311–324. Rule 31A: 56–65.2, pages 324–342. Retrospective rules: 66–67.1, pages 342–356. Platform interests, deposits and enforceability: 68–74.12, pages 356–380, especially 73.9 and 74.9–74.10. Fantasy sports: 75–79.9, pages 380–394. Casinos: 80–83.8, pages 394–404. Consolidated holdings: 84(i)–(xiii), pages 404–411.

### 03 Decision

The Court rejected the principal constitutional and statutory challenges and directed that pending show-cause notices, adjudication proceedings and consequential demands for online gaming, fantasy sports and

casinos be considered under rules 31B and 31C, as applicable, and the judgment's findings. The writ petitions and transferred cases were dismissed subject to those observations and directions.

In the Gameskraft appeals, the Karnataka High Court's common judgment of 11 May 2023 was set aside and the notices dated 23 September 2022 under section 74(1) were restored. The assesseees could file replies and make factual and legal submissions before the competent adjudicating authority, which must apply the Supreme Court's findings. This was restoration for adjudication, not a final quantified assessment or an award of every sum proposed in the notices.

Paragraph 86.1 gives eight weeks from receipt of a copy of the judgment to submit replies to show-cause notices, followed by twelve weeks for the competent authority to pass orders. Where assessment orders require appeals, it gives twelve weeks from receipt of a copy to file them, with expeditious disposal. Paragraph 86.2 applies the first part of that timetable to the restored Gameskraft notices. These are receipt-triggered, case-specific directions; the judgment date alone does not identify an individual litigant's deadline.

In Criminal Appeal No. 2933 of 2026, the Bombay High Court judgment dated 30 April 2019 was set aside only to the extent it treated the relevant transactions as actionable claims outside betting and gambling and therefore outside GST. The appellants could proceed in accordance with law; the appeal was allowed in those terms. This is not a conviction or a general determination of criminal liability. In Civil Appeal No. 8240 of 2026, concerning P Z Skill Games' application for licence or permission, the Court left the statutory-remedy approach intact and required a still-pending application for the relevant period to be decided within twelve weeks of receipt. It did not itself grant a licence.

All interim orders in the connected matters were vacated. There was no order as to costs, and pending applications were disposed of.

**Pinpoint:** Paragraphs 86–87, official PDF pages 413–417. Restored Gameskraft notices: 86.2, page 415. Reply/appeal periods: 86.1–86.2, pages 414–415. P Z Skill Games: 86.3, page 416. Limited fantasy-sports appeal relief: 86.4, page 416. Interim orders: 86.5, page 417. Casino computational reconsideration: 83.4–83.8 and 84(xi), pages 402–404 and 410.

## 04 In Favour Of

### Revenue on taxability and validity; Gameskraft notices restored, with Rule 31B/31C valuation and case-specific computation/adjudication still required

Principally in favour of the Revenue on taxability, statutory and constitutional validity, and restoration of the Gameskraft notices. The operators did not obtain the claimed exclusion of pooled stakes, prize money or casino payouts. The result nevertheless requires an important qualification: individual tax amounts were not all finally upheld, and historical valuation must be aligned with rules 31B and 31C, including the rule against treating unwithdrawn, reused winnings as fresh deposits. Casino computation objections remain open; Gameskraft proceeds to adjudication. The separate licensing appeal yielded only a direction to decide a pending application, and the criminal appeal's reversal was confined to the GST holding.

**Pinpoint:** Paragraphs 74.9–74.10, 83.4–83.8, 84(x)–(xiii) and 86.1–86.5; official PDF pages 378, 402–404, 409–411 and 414–417.

## 05 AKHB REVIEW POINT

AKHB REVIEW POINT: Start with the actual activity and the statutory period. A skill label, service-accounting entry or separate prize-pool bank account cannot by itself answer whether the platform supplies a contingent actionable claim. Review the terms accepted by players, control over funds, withdrawal

conditions, matching and payout arrangements, and whether the payment is a genuine competition entry fee or a stake tied to a pooled uncertain return. Do not extend this judgment indiscriminately to free games, ordinary subscriptions or genuine skill competitions without the identified staking arrangement.

For a live historical notice or appeal, first identify the classification and rate notification actually in issue. Where the goods-rate analysis applies, separate the central rate periods stated in paragraphs 55–55.2 and check the relevant State or integrated-tax provisions; do not automatically transpose that goods-rate discussion to a differently framed service demand. Then distinguish external money entering the gaming arrangement, transfers within player accounts, initial chip purchases, winnings reused without withdrawal, withdrawals and later fresh deposits. Reconcile the proposed gross-bet or house-advantage figure against the Rule 31B/31C measure required by the judgment. A rejection of net-fee or gross-gaming-revenue taxation does not justify repeated taxation of recycled stakes contrary to paragraph 74.10. Conversely, the express refund provisos should not be overlooked. Preserve records capable of supporting those distinctions and identifying errors in reconstructed figures.

Check the actual date on which the relevant litigant received the judgment and the procedural posture before calculating the reply or appeal window. The Court vacated interim orders; do not assume an earlier stay remains available. At the same time, a restored section 74 notice is not proof that fraud, suppression, every penalty, every period or every rupee proposed has already been finally adjudicated. Frame case-specific factual and legal objections consistently with the legal questions this judgment has settled. For casinos, paragraph 83.7 expressly requires independent consideration of the computational and evidentiary objections left open.

Keep taxability separate from permission to operate or criminal liability. Payment of GST does not itself confer a gaming licence, and the connected criminal appeal did not determine guilt. This note explains the supplied 27 May 2026 common judgment, including its directions for historical periods. Before acting on a present dispute, independently check any later review, clarification, stay, amendment and case-specific adjudication. No comprehensive current-treatment opinion is certified here.

**Pinpoint:** AKHB analysis based on paragraphs 49.3–49.4, 53.5–53.10, 54.3–54.6, 55–55.2, 71–74.12, 79.1, 83.4–83.8 and 86.1–86.5; official PDF pages 237–261, 307–310, 315–320, 361–380, 390, 402–404 and 414–417.

## Sources and limitations

### Relevant provisions

Constitution of India: Articles 14, 19(1)(g), 21, 141, 246A, 265, 366(12), 366(12A) and 366(26A); Entry 34 of List II and the post-101st Amendment GST framework

Central Goods and Services Tax Act, 2017: sections 2(1), 2(31), 2(52), 2(80A), 2(80B), 2(102A), 2(105), 7, 9, 15, 74 and 164; Entry 6 of Schedule III; corresponding State GST provisions

Central Goods and Services Tax Rules, 2017: rules 31, 31A, 31B and 31C, including the common explanation concerning reuse of winnings without withdrawal

Transfer of Property Act, 1882: section 3 definition of actionable claim; section 130 distinguished; Indian Contract Act, 1872: section 30

Integrated Goods and Services Tax Act, 2017: section 2(17), considered in relation to the OIDAR services argument

Notification No. 1/2017-Central Tax (Rate), dated 28 June 2017: Schedule III Entry 453 and Schedule IV Entry 229, inserted by Notification No. 6/2018-Central Tax (Rate), dated 25 January 2018; Central Goods and Services Tax (Amendment) Act, 2023

### Statutory note

Historical-period analysis is governed by the judgment itself. For the actionable-claim goods levy, paragraphs 55–55.2 distinguish the 9% CGST goods rate for 1 July 2017–24 January 2018 and 14% CGST for 25 January 2018–30 September 2023. Paragraphs 66–67.1, 74.9–74.10, 83.2–83.8, 84(ix)–(xiii) and 86(iii)–(vi) treat the 2023 amendments and Rules 31B/31C as clarificatory and retrospective in the manner indicated, and require pending cases to use those valuation rules. The note does not certify later statutory changes or a uniform rate for every transaction or period.

### Treatment note

Official primary judgment checked on 12 October 2026. A limited official-domain search for postjudgment Gameskraft review/orders did not produce a usable later order; that search is not proof that no later proceeding or order exists. No comprehensive subsequent-treatment or legislative-update review has been completed, and current precedential treatment is not certified. This is an AI-assisted, source-based AKHB research note; it does not evidence human legal review and is not a substitute for advice on the reader's facts.

### Scope of source review

Complete 417-page official common judgment, paragraphs 1–87 with extensive decimal subparagraphs and quoted authorities. One opinion authored by R. Mahadevan, J., signed by J.B. Pardiwala and R. Mahadevan, JJ.; no separate concurrence or dissent appears in this PDF. Its references to a separate Junglee Games judgment are references to connected litigation, not separate opinions in the Gameskraft judgment. The signed concluding date is 27 May 2026; the downloaded official file bears a 7 September 2026 digital-signature timestamp. The latter is reported as file metadata and is not treated as a later decision or a verified correction order. Paragraph 5's heading says Civil Appeal No. 8240 of 2024, whereas the cover and operative paragraph 86.3 identify No. 8240 of 2026; this note follows the cover and operative paragraph.

### Verification notes

Decision date and connected civil appeal year follow the signed conclusion, cover and operative directions rather than the later file-signature timestamp or the inconsistent year in paragraph 5.

### Primary source

**Source description:** Supreme Court of India official common judgment dated 27 May 2026, 2026 INSC 595

**Official source:** [Open source document](#)

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**Judges:** J.B. Pardiwala; R. Mahadevan

**Source outcome label:** Legal issues decided / individual liability open

**Outcome type:** final issues adjudication

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