

Impact of GST on Entertainment Industry

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I. Introduction

The entertainment industry consists of different segments under its folds sectors television, print and films. It also includes smaller segments like radio, music, OOH, gaming and visual effects, animation, and internet advertising. Entertainment industry in India has resulted a huge growth in last two decades and is one of the fastest growing industries in INDIA.

- Television industry- It is one of the major mass media and is a huge industry and it has thousands of programmes in the all the states of India. India is the second largest television market in the world. Television first came to India in the form of Doordarshan on September 15th, 1959.
- Print industry- Due to digitalisation print industry is showing a negative growth rate year on year. Print industry in India is the world's second largest.
- Film industry- Films are the most important form of entertainment in India. Film industry of India is the largest producers of films in the world. IT has an annual turnover of Rs.60 billion.
- Radio industry- Radio broadcasting in India started in 1923 with the radio club of Bombay. All India radio was established in 1936, which is one of the largest radio networks in the world. Some famous radio stations are Radio mirchy, Red FM, RADIO CITY, Big FM, and etc.

GST

Goods and service tax is an indirect tax levied in India on the sale of goods and services. It is divided into 5 tax slabs for collection of tax- 0%, 5%, 12%, 18%, and 28%. GST is levied at every step of production process and it will be refunded to all the parties except final consumer. This came into effect from July 1, 2017 by Modi government. GST replaced existing multiple cascading taxes levied by state and central government. The GST council which comprises finance ministers of centre and all the states governs rules, regulations and tax rates. GST is levied on all sale, transfer, purchase, barter, lease and import of goods and services transactions. India is following dual GST model, where in both the union and state government administrate the taxation. The CGST(Central goods and service tax) and SGST(State goods and service tax) is levied on the transactions made within a single state governments. Integrated GST is levied by the central government on interstate transactions and imported goods and services.

STATEMENT OF THE PROBLEM

GST is a new tax form which came into effect recently making lots of changes in all the sectors. When it comes to entertainment industry, the implementation of GST has set up certain challenges like tax risk management, implications for cross border transactions, multiplicity of indirect taxes and etc. so this study concentrates on the changes taken place in entertainment industry due to implementation of GST.

OBJECTIVE

- To find out the impact of GST on Entertainment industry.

IMPACT OF GST

Sl no	Items under 18% tax rate	Items under 28% tax rate
1	TV & DTH services	Movie festivals (>100rs)
2	Circus	Movie tickets (>100rs)
3	Theatre	Casinos (>100rs)
4	Movie tickets(<100rs)	Racing (>100rs)
5	Indian classical dance	Any sports events (>100rs)
6	Movie festivals(<100rs)	
7	casinos(<100rs)	
8	Racing (<100rs)	
9	Any sports events(<100rs)	

Additional taxes by municipalities/dual taxation under GST

Local body tax (LBT) is levied on services like cinema, cable and DTH services . as of now it is only accepted and adopted in only few states in India and the percentage of tax levied varies all over the country.

II. Findings and Conclusion

GST is a welcome step. It will unify the indirect tax administration in India and help the country in two ways. The whole purpose of the GST is to serve as a single tax gets defeated with this allowance. The best case scenario would be if the government subsumes this tax under GST bill itself. The government has allowed the local bodies like municipalities to impose tax on movies. The government has allowed this in order to safeguard the interests of the local body giving them the freedom to choose the rates that they want to impose. GST of 18% compared with the current rate of 28% on movie tickets priced below rs 100 augurs well for single screen theatres. Gains for multiplexes would be limited since just over 5-7% of their revenue is from low priced tickets. For them GST impact would be muted.

GST has a mixed effect on the entertainment industry, depending on the states. For the states charging high rate of entertainment tax, GST will be beneficial as it reduces the prices for the end consumers and GST will have a negative effect on states having low rate of entertainment tax. The impact of GST on entertainment industry can be both positive and negative depending on the state. So in simple terms the GST is more good than harm for the entertainment industry on the whole as subscription and film viewing rates are decreased, profits for multiplexes are likely to go up.

References

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