

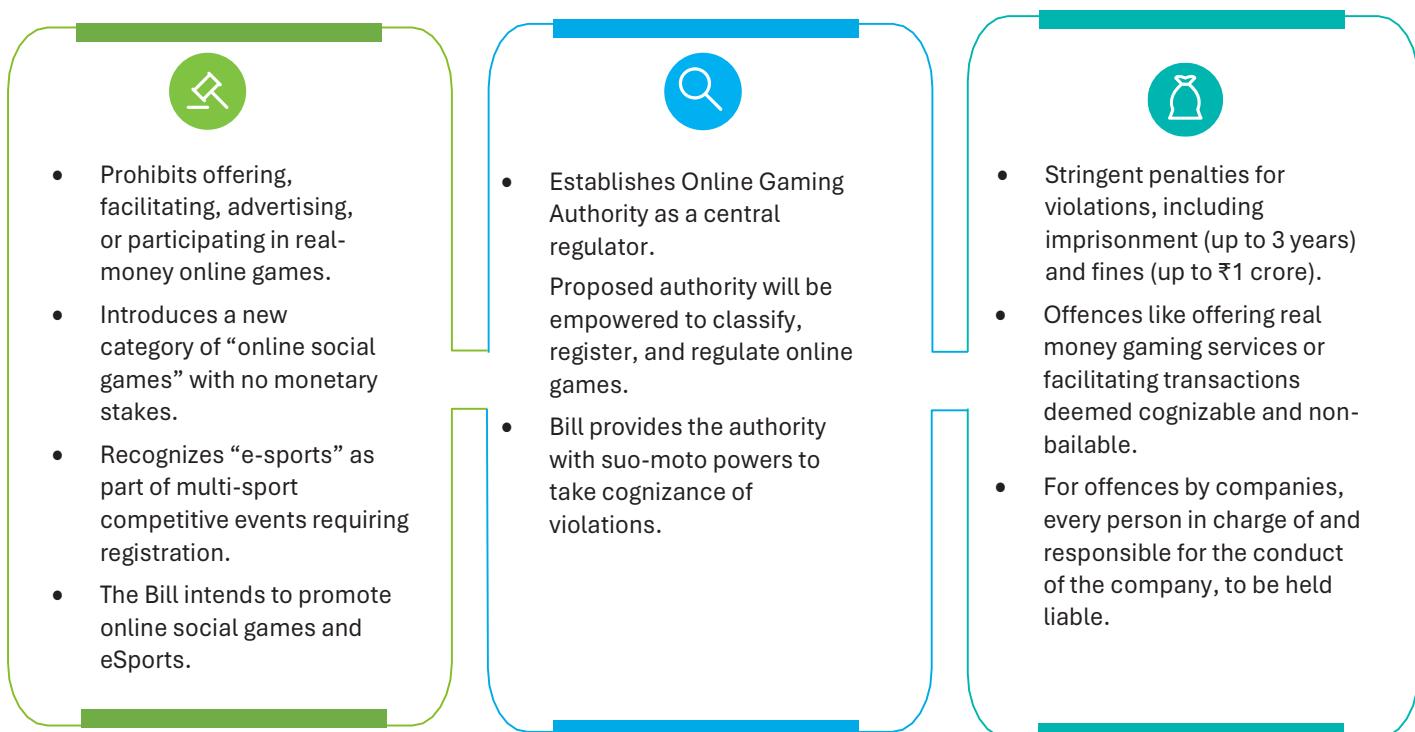


## Tax alert: The Promotion and Regulation of Online Gaming Bill, 2025

**22 August 2025**

The Promotion and Regulation of Online Gaming Bill, 2025, was passed by the Parliament on 21 August 2025, marking a significant legislative development in India's online gaming sector. The Bill aims to provide a legal framework to ban online money games, while simultaneously promoting and regulating e-sports, educational, and social gaming. The intent of the legislation is to shield citizens, particularly youth and economically vulnerable individuals, from the financial, psychological, and societal harm associated with gambling and addictive digital platforms.

### In a nutshell



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## Key highlights of the Promotion and Regulation of Online Gaming Bill, 2025

- **Objective of the Bill** - The Promotion and Regulation of Online Gaming Bill, 2025 (“Bill”) sets forth a multi-faceted mandate:
  - Prohibit the offering, facilitating, advertising, or participation in real-money gaming, regardless of whether games are based on skill or chance, and also irrespective of international or cross-border operations.
  - Foster responsible growth of the e-sports, social, and educational gaming sectors under a structured and regulated system.
  - Establish a central regulatory authority (Online Gaming Authority or Commission) to oversee registration of e-sports or online social games, classification of online games, coordination of policy, and compliance within the sector.
- **Important Definitions** – While the Bill defines various terms related to online gaming sector, a few important definitions for ease of reference are as follows:
  - Online money game - An online game, irrespective of whether such game is based on skill, chance, or both, played by a user by paying fees, depositing money or other stakes in expectation of winning which entails monetary and other enrichment in return of money or other stakes; but shall not include any e-sports.
  - Online money gaming service - A service offered by a person for entering or playing online money game.
  - Other stakes - Anything recognized as equivalent or convertible to money and includes credits, coins, token or objects or any other similar thing, by whatever name called and whether it is real or virtual, which is purchased by paying money directly or by indirect means or as part of, or in relation to, an online game.
  - Internet – Internet has been defined as a combination of computer facilities and electromagnetic transmission media, and related equipment and software, comprising the interconnected worldwide network of computer networks that transmit information based on a protocol for controlling such transmission.
- **Ban on online money games** – Sections 5 and 6 of the Bill unequivocally ban all forms of online games where users stake money, or equivalents such as credits or tokens, with expectations of financial returns. The sections also prohibit related advertising, facilitating financial transactions, and enable the government to block access to such services.
- **Introduction of separate category for online social games** - The Bill recognizes a separate category of online game i.e. ‘online social game’ which does not involve staking of money or other stakes or participation with the expectation of winning by way of monetary gain in return providing a carve out to games which cater to individuals’ entertainment and where there is no expectation of making any gains.
- **Introduction of ‘e-sports’** - Section 2 (c) of the Bill defines e-sport as an online game which is played as a part of multi-sports events and involves organized competitive events between individuals or teams, wherein, the outcome of the game is determined solely by factors such as physical dexterity, mental agility, strategic thinking or other similar skills of users as players. Such e-sports are required to be duly recognized under the National Sports Governance Act, 2025, and registered with the Online Gaming Authority established under the Bill.
- **Establishment of Authority for Online Gaming** – Section 8 of the Bill provides for the establishment of an Online Gaming Authority as the central regulatory authority for online gaming sector in India. The Authority will be constituted by the Central Government and vested with powers inter alia to recognize, categorize and register online games, determine on the receipt of an application or on suo-moto basis whether a

particular online game is an online money game or otherwise.

- **Penalty for violation** – Offenders face stringent penalties under the Bill:

Section 9(1)	Violation of Section 5 (offering/inducing/aiding/abetting or otherwise indulging in online Money Game or Online Money Gaming Service)	Up to 3 years imprisonment OR INR 1 Cr Fine OR Both
Section 9(2)	Violation of Section 6 (making/aiding/abetting or otherwise involved in making any advertisement promoting online money gaming)	Up to 2 years imprisonment OR INR 50 lakhs Fine OR Both
Section 9(3)	Violation of Section 7 (permitting/aiding/abetting or otherwise facilitating any transaction towards payment for online money gaming – by banks, financial institutions or other person facilitating transactions)	Up to 3 years imprisonment OR INR 1 Cr Fine OR Both
Section 9(4)	Second conviction under Section 9(1) or Section 9(3)	3-5 years imprisonment AND 1-2 Cr Fine, for each subsequent offence
Section 9(5)	Second conviction under Section 9(2)	2-3 years imprisonment AND INR 50 lakhs-1 Cr Fine or Both, for each subsequent offence
Offences under Section 5 and Section 7 will be cognizable and non-bailable		
For offences by companies, all persons in charge of and responsible to the company shall be liable to be proceeded against		

#### **Deloitte comments**

Organisations will need to evaluate their current business models to ensure that they comply with the provisions of the Bill, as and when implemented.

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