

Do away with local tax, luxury tag on films: Assocham-PwC

GST set to push up movie ticket prices

KV KURMANATH

Hyderabad, June 21

The Assocham has urged the Centre not to classify films as a 'luxury' while levying Goods and Services Tax (GST). It also wanted the government to do away with 'local body entertainment tax' levied on ticket sales in some States.

Assocham has come out with a report in association with consultancy firm PwC. The report - An overview of the impact of GST on the film industry - what, why and how - relates to the concerns of the film industry after the implementation of the nationwide uniform tax regime.

High tax rates

GST considers movie tickets costing over ₹100 a 'luxury' and imposes a tax of 28 per cent.



(From left) Tammareddy Bharadwaj, film-maker; KV Rao, Chairman of Assocham's National Council on Media and Entertainment; M Srinivas, Commissioner, GST Commissionerate (Medchal); DS Rawat, Secretary-General, Assocham, and Anita Rastogi, PwC partner, launching the Assocham PwC report in Hyderabad NAGARA GOPAL

"Tickets priced below ₹100 attract 18 per cent GST. Some local bodies are allowed to levy an entertainment tax. This puts a burden on the industry," the report said.

The States are allowed to levy 'local entertainment' tax, over and above the GST. "This could lead to additional burden on the industry in some States," it said.

KV Rao, Chairman of Assocham's National Council on Media and Entertainment, felt the tax structure needed to be reviewed by involving more stakeholders from the film industry. The report noted that GST has brought in uniformity in taxation.

"Prior to GST, the rate of entertainment tax varied from State

to State, ranging from 15 per cent to 11 per cent. Introduction of GST has stabilised the rate variance and provides a uniform market across the nation," the report said.

Ticket prices to go up

Senior Telugu film producer Tammareddy Bharadwaj feared that GST could result in an increase in movie ticket prices. "On a ₹150 ticket, they will have to remit ₹42 as GST (at a rate of 28 per cent). It is not viable. Ticket prices will definitely go up in the next few weeks," he said.

As a result, footfalls in theatres will come down with the overall cost per family to watch a film going up, he said.

M Srinivas, Commissioner of GST Commissionerate (Medchal), asked the film industry representatives to submit a detailed note, explaining the concerns with supporting data.

Do Away with Local Taxes on Movie Tickets, Assocham and PwC Tell Govt

Our Bureau

Hyderabad: A report prepared jointly by industry lobby body Assocham and global consultancy firm PwC has advised the government to do away with imposition of any levy in addition to the current 28% GST on movie tickets costing over ₹100.

Currently under GST, tax at the rate of 18% is levied on tickets priced ₹100 or less and 28% on the rest

Released in Hyderabad on Thursday, the report sought to accord industry status to the film sector for inclusive growth of the media and entertainment sector.

“While the GST legislation classifies access to cinema as a luxury and puts it under the highest tax rate of 28% (tickets costing above ₹100), but considering the socioeconomic developments round the world, cinema may not really be a luxury, at least in metro cities,” said the Assocham-PwC report titled ‘An overview of the impact of GST on film industry - what, why and how’.

Currently, under GST, tax at the rate of 18% is levied on tickets priced ₹100 or less and 28% on the rest. Further, municipal and local bodies are allowed to levy a parallel entertainment tax along with GST that varies from state to state. The levy of LBETs (local bodies’ entertainment tax) is at the discretion of the states.

Anita Rastogi, partner (indirect taxes) at PwC India, said: “Whether commercial or art, regular or short, every piece of cinema goes through the process of making it and the whole value chain involved in its production needs to ensure that GST (a transaction tax) is rightfully complied with at each level.”



Study suggests govt remove local taxes on cinema tickets

INDIVJAL DHASMANA
New Delhi, 21 June

The Centre must do away with imposition of any levy in addition to the highest 28 per cent goods and services tax (GST) on movie tickets and accord industry status to the film sector, suggested a just-concluded Assocham-PwC joint study.

"While the GST legislation classifies access to cinema as a luxury and puts it under the highest tax rate of 28 per cent (tickets costing above ₹100), but considering the socio-economic developments around the world, the cinema may not really be a luxury, at least in metro cities," said the Assocham-PwC joint report.

Currently under GST, tax at the rate of 18 per cent is levied where the price of tickets is ₹100 or less and 28 per cent in other cases.

Also, the municipal and local bodies are allowed to levy a parallel entertainment tax along with GST, which may vary from state to state. The levy of LBETs (local bodies entertainment tax) is at the discretion of the states.

Assocham seeks lower GST on film tickets

Ticket rates, food price to go up soon

SPECIAL CORRESPONDENT
HYDERABAD

Frontline national trade and industry body Assocham wants the Centre to have a re-look at Goods and Services Tax rate (GST) on movie tickets, especially the highest slab of 28% levied on tickets priced above ₹100.

"Thinkings are required... 28% is a luxury tax,"

Anita Rastogi, Partner (Indirect Tax) PwC India said at the launch of the report of an Assocham-PwC joint study on GST's impact on film industry. Footfalls in theatres have reduced, she said, pointing out that besides GST, local body entertainment tax is also levied on cinema tickets in some States.

Seeking to highlight issues faced with GST by many in the film industry, producer Tammareddy Bharadwaj said an increase in the ticket

prices is on the cards as under the GST regime, cinema halls had to remit ₹42 to the government for every ₹150 ticket sold. He expected the movie theatres to peg the prices at a level where the impact on their revenue is minimal. As a corollary, the prices of food and beverages sold in the theatres would also increase thereby making a visit to the cinema expensive for the family, said Mr. Bharadwaj, who also spoke to press persons later.

Commissioner of Medchal GST Commissionerate M. Srinivas said tax rate of film tickets is a policy matter. The Sectoral Working Group on Media and Entertainment, constituted by the government in the run-up to GST, suggested a lower rate of tax on the tickets, Mr. Srinivas, who heads the group, said. He also cautioned assesses against not remitting the levy collected to the government within the prescribed timeframe.



Film-maker Tammareddy Bharadwaj (left) and Assocham office-bearers at a media conference in Hyderabad on Thursday. ■ MANGARA GOPAL

Movie ticket prices to rise as GST woes trickle down

Filmmakers Rue Increased Cost Of Production

TIMES NEWS NETWORK

Hyderabad: Watching a movie at a theatre is going to be a bigger drain on your pocket soon. The Telugu film industry, that has refrained from passing on the high GST to its viewers for nearly a year in the hope that the government would roll back the high taxes, is now mulling hiking film ticket prices in Telangana and Andhra Pradesh.

The Centre has imposed 18% GST on film tickets priced below ₹100, whereas the GST on those priced over ₹100 is 28%, deeming it a luxury service. Earlier, the GST Council had proposed taxing movie tickets at a flat 28%, but later decided to slash the tax on tickets less than ₹100.

"We have been having discussions with the state governments and ticket prices will be hiked soon. If not immediately, at least in a year's time it should be done," former Andhra Pradesh Film Chambers of Commerce (APFCC) president and Tollywood director-cum-producer Tammareddy Bharadwaj said.

He also pointed out that the cost of production has risen manifold in the last one year due to imposition of GST on various aspects of filmmaking.

He was quick to add that even hiking ticket prices may not be of much help as it will impact footfalls. The only way the film industry can expect to tide over this challenge is by ensuring the content is good. "If the film is good, people will come to watch it. High ticket prices won't deter a viewer from watching a good movie," he said.

REEL ISSUES TO HIT CITIZENS

GST AS IT STANDS

18% For film tickets below ₹100

28% For film tickets above ₹100



INCREASE IN PRODUCTION COST

15% service tax on renting shooting sets and studios raised to 18% under GST

➤ Similar change for tax on post-production facilities such as sound recording, editing and dubbing

FILMMAKERS SAY...

28% GST on tickets above ₹100 must be done away with

➤ GST must be imposed on production houses and not on individual producers

➤ Government must accord 'industry' status to boost prospects of film sector

➤ Local bodies entertainment tax, which is parallel to the GST and differs in each state, must be removed

1,800
Screens in Telangana and AP

'Industry status' to help sector: Report

TIMES NEWS NETWORK

Hyderabad: Rooting for the film industry that generates mass employment, apex trade and industry body Assocham and consultancy firm PwC urged the government to accord 'industry' status to boost the prospects of the sector. This has been a long-standing demand of the industry and has been reiterated at many forums by stakeholders.

In a joint report unveiled here on Thursday, Assocham and PwC also urged the government to do away with the 28% GST on movie tickets costing over ₹100. "While the GST legislation classifies access to cinema as a luxury, consid-

ring the socio-economic developments around the world cinema may not really be a luxury at least in metro cities," said the report titled 'An overview of the impact of GST on film industry - What, Why and How'.

The report pointed out how GST has led to a rise in cost of film production. It also noted that municipal and local bodies are allowed to levy a parallel entertainment tax, which may vary in each state.

M Srinivas, commissioner of GST Commissionerate (Medchal), asked the industry body to give a detailed representation explaining their concerns so that the government can have a relook at it.

'GST a huge success, tax base expands by 50%'

BUSINESS BUREAU

Hyderabad: The Goods & Services Tax (GST), which will shortly complete one year of its implementation has been a huge success, said an expert.

Talking to reporters on the sidelines of an Assocham press meet to announce the release of an ASSOCHAM-PwC study suggesting the government to do away with additional local taxes on cinema tickets, M Srinivas, commissioner, Medchal GST Commissionerate said, "The tax base was hardly 70 lakh assesses of state and centre prior to GST implementation, today it is over 1.1 crore, and this is a clear 50 per cent raise in the tax base."

He also said that most of the stakeholders and businessmen who conduct any activity which



M. Srinivas, commissioner, Medchal GST Commissionerate releasing an ASSOCHAM-PwC joint study on 'Impact of GST on Media & Entertainment Sector,' at an ASSOCHAM press meet held in Hyderabad on Thursday.

attracts GST are convinced that being a part of the GST net is beneficial and their total tax liability is extremely low.

