



LUXURY TAX &  
ENTERTAINMENT  
TAX

## Luxury tax in different states

States → Luxuries ↓	Karnataka	Assam	Delhi	Haryana
Hotels	Charge for luxury 1) between Rs. 500 – Rs. 1,000: 4% 2) Rs. 1,000 – Rs. 2,000: 8% 3) More than Rs. 2,000: 12%	Room charge: 1) Between Rs. 1000 – Rs. 1999 per day: 5% 2) Between Rs. 1999 – Rs. 2999 per day per room: 8% 3) Exceeds Rs. 2999: 12% Luxury boat or heritage home - Exceeds Rs. 200 per day: 5%	Room tariff: 1) Between Rs.750 - Rs.1000: 3% 2) Above Rs. 1000: 10% on per room per night basis (Rate not exceeding 15%)	10%-15%
Marriage halls	Daily rent exceeding Rs. 5,000: 10%	Exceeds Rs. 5000 per day: 8%	3%	10%-15% for luxuries worth Rs. 20000 or more
Clubs	Club in a corporation area: Rs. 600 per member per annum Club in other areas: Rs. 300 per member per annum 10% on Health clubs		3%	10%-15% for luxuries worth Rs. 2000 or more
Hospitals	Room rents exceeding Rs. 1000 per day: 8%	Room rent: 1) Between Rs. 1000 – Rs. 2500: 5% 2) Exceeds Rs. 25000: 8%		

## Possible luxury taxation policy

- The concept of luxury tax is relatively new and needs to be looked at in a focused manner.
- Policy intervention may be looked at by the State of Haryana
- Hotels:
  - *Levy a staggered tax on various classes of hotel rooms*
  - *Services / amenities which are peripheral in nature may be taxed separately.*
  - *The tax rate may be kept in the range of 5%-15% instead of 10%-15%*
- Banquet Hall:
  - *Staggered tax rates, for example, Banquet hall rent:*
    - *Between Rs. 5,000 – Rs. 20,000: 3%,*
    - *Between Rs. 20,000 – Rs. 50,000: 5%*
    - *Between Rs. 50,000 – Rs. 75,000: 8%*
    - *Rs. 75,000 or more: 10%*
  - *Tax on consumption of consumables e.g. fuel, electricity etc. beyond a certain limit*
  - *Intimation to the government of the event schedule mandatory*
- Clubs/Spa/Heath clubs:
  - *Apart from the primary services provided (per the luxury tax Act), other peripheral services may be taxed at 3%*
- Hospitals:
  - *Levy tax on room rents exceeding Rs. 15,000 of 5%*

## Hospitals:

- India is ranked 5<sup>th</sup> in medical tourism industry globally.
- Industry will reach by Rs. 36,000 crore by 2018.
- Gujarat and Tamil Nadu promotes medical tourism.  
<http://www.medicaltourismintamilnadu.com/>
- Karnataka and Tamil Nadu are accredited in Incredible India for their medical tourism efforts.
- Medical / wellness tourism industry of potential in the state of Haryana given the Medical Hub Gurgaon is becoming for the NCR region.
- Out of the 20 internationally accredited hospitals, 2 are in Gurgaon
- Tourism statistics in the Haryana reports doesn't include Medical tourism as a concept
- Medical and wellness tourism as a concept needs to be developed and brought about in the state via policy intervention

# Entertainment industry in India

## The Indian media and entertainment industry: size and projections

Overall industry size (INR billion) (For Calendar Years)	2008	2009	2010	2011	2012	2013	2014	Growth in 2014 over 2013	2015P	2016P	2017P	2018P	2019P	CAGR (2014-2019P)
TV	241.0	257.0	297.0	329.0	370.1	417.2	474.9	13.8%	543.2	631.2	739.6	854.6	975.5	15.5%
Print	172.0	175.2	192.9	208.8	224.1	243.1	263.4	8.3%	284.5	307.1	331.9	358.0	386.8	8.0%
Films	104.4	89.3	83.3	92.9	112.4	125.3	126.4	0.9%	136.3	155.6	170.7	186.3	204.0	10.0%
Radio	8.4	8.3	10.0	11.5	12.7	14.6	17.2	17.6%	19.6	22.3	27.0	32.7	39.5	18.1%
Music	7.4	7.8	8.6	9.0	10.6	9.6	9.8	2.3%	10.4	12.0	14.2	16.9	18.9	14.0%
OOH	16.1	13.7	16.5	17.8	18.2	19.3	22.0	14.0%	24.4	27.1	29.6	32.2	35.1	9.8%
Animation and VFX	17.5	20.1	23.7	31.0	35.3	39.7	44.9	13.1%	51.0	58.7	68.5	80.6	95.5	16.3%
Gaming	7.0	8.0	10.0	13.0	15.3	19.2	23.5	22.4%	27.5	31.8	35.4	40.0	45.8	14.3%
Digital Advertising	6.0	8.0	10.0	15.4	21.7	30.1	43.5	44.5%	62.5	84.0	115.3	138.2	162.5	30.2%
<b>Total</b>	<b>580</b>	<b>587</b>	<b>652</b>	<b>728</b>	<b>821</b>	<b>918</b>	<b>1,026</b>	<b>11.7%</b>	<b>1159</b>	<b>1330</b>	<b>1532</b>	<b>1740</b>	<b>1964</b>	<b>13.9%</b>

## Entertainment tax rates in India

S.No.	State	Entertainment tax on gross movie ticket value
1.	Andhra Pradesh	20% (15% Telegu Films)
2.	Assam, Himachal Pradesh, Jammu & Kashmir, Punjab and Uttaranchal	Nil
3.	Bihar	50%
4.	Delhi	20%
5.	Gujarat	20%
6.	Haryana	30%
7.	Jharkhand	110%( Nil for Jharkhand films)
8.	Karnataka	30% (Nil Kannada films)
9.	Kerala	30%
10.	Madhya Pradesh	20%
11.	Maharashtra	45% (Nil for Marathi films)
12.	Orissa	25%
13.	Rajasthan	30% (Nil Rajashthani films)
14.	Tamil Nadu	15% (Nil for Tamil films)
15.	Uttar Pradesh	30-40%
16.	West Bengal	30% (2% for Bengali films)

# EXCISE AND SALES TAX

## Receipts from Entertainment Tax and Show Tax

No. 27.3

(Lacs ₹)

Year/District	Entertainment Tax	Show Tax
1	2	3
1966-67	50.14	1.97
1970-71	110.54	10.03
1980-81	542.51	51.44
1985-86	836.64	79.12
1990-91	731.00	76.87
1995-96	1,005.49	95.62
2000-01	914.63	88.91
2005-06	1,356.09	* *
2009-10	3,555.00	* *
2011-12	3,995.95	* *
2012-13	5,041.56	* *
2013-14	6,185.19	* *

# ENTERTAINMENT TAXES RATES

## PER CABLE TV SUBSCRIBER PER MONTH

S. No.	State	Rate of E. T. (In Rs.)	Remarks	DTH Rate (E. T.)
1.	Punjab	15000 per Year	Nil	10%
2.	Maharashtra	45/-	45/- Mahanagar Palika, Grampanchayaat-15/- Nagar Parishad- 30/-	Rs. 45/30/15
3.	Uttar Pradesh	25%	On gross collection	25%
4.	Jharkhand	30/- to 50/-	Rs. 30/- per connection (Up to 5 channels), Rs. 50/- per connection ( More than 5 channels), 7.5%	10%
5.	Delhi	20/-	For hotels it is Rs. 50/- per room/ month	Rs. 20
6.	Bihar	15/-		15%
7.	Goa	15/-	Officially Gazette Rs. 20	Rs. 30
8.	Assam	12/- to 50/-	Rs. 12/- per subscriber, Hotels- Rs. 50/- per TV	Rs. 25
9.	Madhya Pradesh	10/- to 20/-	20% on total collection	20% (Exempted- SC dt 16 Apr 2013)
10.	Chhattisgarh	10/- to 20/-	Rs. Nil for town below 10,000 population; Rs. 10/- for town with population 10001 to 50000; Rs 20/- per connection in towns with a population above 50,000.	Rs. 20/10
11.	Meghalaya	10/-		
12.	Gujarat	6/-		Rs. 17
13.	Kerala	5/-	Nil	2%
14.	Orissa	3/-		5%
15.	Sikkim	25%	On gross collection	
16.	Uttarakhand	20% of revenue		Rs. 25
17.	Andhra Pradesh	6% of turnover of MSO	3/- Municipal Cop. / Connection Rs. 100/- in Villages Per Cable Operator	
18.	West Bengal	MSO @5% of Monthly Gross Receipts.	Only those local cable operators who run their own video channel on cable. ( From April'2010) cable operators @ 1500/- per annum in Kolkata Metro area and @ Rs. 1000/- per annum in other areas.	Rs. 10/5
19.	Haryana	Nil		
20.	Rajasthan	Nil		
21.	Himachal Pradesh	Nil		
22.	Tamil Nadu	Nil		30% (Exempted- HC Dt 20 Oct 2012)
23.	Karnataka	6% Approx Rs. 30/- to 60/- Per sub	MSO & DTH Operator 6%; Cable Operators: Bangalore- Rs. 6500/- PM; Municipal Corp- Rs. 3000/PM; Village/ Gram panchayat- Population Below 25000- Rs. 600/- ; Above 25000 Rs. 1500/- ; Above 50000- 6%	6%
24.	Jammu & Kashmir	10/-		
25.	Tripura	10%		
26.	Puducherry	10%		



## Possible entertainment taxation policy

- **Movie/Play/Musical/Theatre**
  - *Instead of a blanket 30% tax on the value of tickets, tax may be levied at different rates based on the class of entertainment ticket bought*
  - *Government should consider putting Nil tax on Haryanvi films*
  
- **Cable operators**
  - *There are currently around 1000 cable operators and around 300 Multi Service Operators (MSOs) that provide cable TV services in Haryana to seven million homes.*
  - *Taxation may be levied under via one of the following two ways:*
    - *A blanket yearly tax per year per operator of Rs. 15,000*
    - *Rs. 20 per subscriber per month for household users (to be paid by the cable operator) and Rs. 50 per subscriber per month for commercial DTH users (to be paid by the cable operator)*
  
- **Video on demand**
  - *Owing to the development of IT and allied services, 'second screen' concept is set to grow.*
  - *A need to develop a dedicated policy for the upcoming entertainment channels.*