CHAPTER 7

GST and the Taxation of Influencers and Digital Content Creators in India: A Study of the Rules, the Gaps, and What They Mean for Online Creators

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ABSTRACT

India's creator economy has grown much faster than the tax rules designed to govern it. Estimates place the number of Indians earning a living from digital content between 3.5 and 4.5 million, collectively influencing more than $350 billion of global consumer spending annually. The treatment of such earnings under indirect tax law, however, remains unsettled. The CGST Act, 2017 defines "supply" broadly under Section 7, but it was not drafted with influencers in mind. Brand collaborations, affiliate commissions, advertising revenue, gifted products and barter arrangements behave differently, and the Act has to be stretched to fit them. Most of these supplies fall under SAC 998361 and attract 18% GST; in practice, enforcement remains uneven. Section 9 governs the levy and Section 15 the valuation, but both struggle when payment takes the form of a phone, a sponsored trip or a non-cash benefit. Departmental circulars, GST Council updates and Section 194R of the Income Tax Act add further layers of interpretation. This study, based on a qualitative analysis of statutory provisions, departmental circulars and industry reports, finds that GST has, on balance, formalised the creator economy: registration is now routine, invoicing is cleaner and most mid-tier creators treat their work as a business. However, the treatment of non-cash transactions under Section 15 remains problematic, particularly for smaller creators without access to professional advice. Until a dedicated CBIC circular on barter is issued and filing requirements are simplified for the lower end of the market, compliance will continue to fall hardest on those least equipped to handle it.

Keywords: Goods and Services Tax, Influencer Economy, Digital Content Creators, Section 15 CGST Act, Section 194R, Barter Transactions, Tax Compliance, India.

1.0 Introduction

A decade ago, "influencer" was barely a job title in India. Today it is a profession.

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Instagram, YouTube, and X (formerly Twitter) have created a category of earners who do not work for a company, do not receive a fixed salary, and do not need permission from a gatekeeper to reach an audience. Some have a few thousand followers; others have tens of millions. What they share is that their income depends on the content they produce [1], [2]. The scale of this sector is easy to underestimate. Industry estimates place the number of active Indian creators between 3.5 and 4.5 million [1]. The domestic influencer marketing industry is valued at roughly Rs. 3,000–3,500 crore, and is reportedly growing at around 22% annually [2]. Globally, influencer-led purchases already account for more than $350 billion of consumer spending each year, with projections crossing $1 trillion within the next six years [1]. The Government of India has begun to take notice, with reports indicating a Rs. 8,545 crore support package aimed at the creator economy [3].

The central question of this paper concerns how this income is taxed, with the Goods and Services Tax (GST) regime as the primary lens. GST came into force on 1 July 2017 and subsumed a long list of central and state levies into a single destination-based tax. Under the CGST Act, 2017, a service provider must register once annual turnover crosses Rs. 20 lakh (Rs. 10 lakh in certain special category states) [4]. Influencers, being suppliers of advertising, promotion and entertainment services, fall within this category. On paper, the law already covers them. The catch lies in the detail. When a brand wires money to a creator for a sponsored post, applying GST is straightforward. When the brand instead sends a Rs. 50,000 smartphone in exchange for three Instagram stories, the position becomes considerably more difficult. Awareness at the nano and micro end of the market is low, the paperwork is non-trivial, and there is little authoritative guidance written specifically for influencers. This paper attempts to map that space — what the law currently does, where it works, and where it creates friction the creator economy cannot easily absorb. Accordingly, the study addresses two key questions. First, has GST formalised and professionalised the creator economy in India? And second, does the present compliance framework — particularly around barter and non-cash transactions — disproportionately burden small and mid-level creators?

2.0 Literature Review

Academic literature on the taxation of influencers in India remains limited. The principal sources of information are the statute itself, departmental circulars and industry reports. The main strands are summarised below.

2.1 The CGST Act, 2017

The starting point is the Act itself. Section 7 of the CGST Act, 2017 defines “supply” in broad terms, encompassing sale, transfer, barter, exchange, licence, rental and lease, where made in the course of business [4]. This definition is wide enough to include most influencer arrangements, even those where no money changes hands. Section 9 provides for the levy of tax on intra-state supplies at rates notified by the GST Council. Section 15 governs valuation: ordinarily the transaction value is used; where consideration is not entirely in money, the open market value applies. This last provision is central to the discussion of barter transactions later in the paper.

2.2 CBIC Circular No. 92/11/2019-GST

This circular addresses sales promotion schemes — free samples, gifts, and buy-one-get-one offers [5]. While not drafted for influencers, the underlying logic transfers directly. Most influencer collaborations involve some exchange of value without cash, and the circular is the closest authoritative guidance currently available on how GST applies in such cases.

2.3 Section 194R of the Income Tax Act

Section 194R was introduced by the Finance Act, 2022 and took effect on 1 July 2022 [6]. It requires tax to be deducted at source whenever a person provides a benefit or perquisite to a resident in the course of business. The threshold is Rs. 20,000 per recipient per year; the rate is 10%. Two CBDT circulars — No. 12/2022 and No. 18/2022 — provide implementation guidance [6], [7].

For influencers, the operational rule is straightforward: where a product sent by a brand is retained, TDS is attracted; where it is returned after the campaign, it is not. This distinction shapes how many barter arrangements are structured today.

2.4 SAC Code 998361

Influencer services broadly fall under SAC 998361, which covers advertising and related activities, attracting GST at 18%. This places influencers, for compliance purposes, within the same category as conventional advertising agencies. Practitioner commentary [8], [9] has examined the implications of this classification for invoicing, returns and Input Tax Credit eligibility.

2.5 Industry reports

Reports by leading consultancies and industry bodies provide a sectoral picture [1], [2]. NITI Aayog estimates that more than 80 million Indians participate in some form of content creation, although mostly part-time. Read together, these reports indicate a large informal tail currently outside the tax net. IBEF [3] further argues that government attention to the sector is rising and that further regulation is likely.

3.0 Research Methodology

3.1 Research design

This paper is descriptive and analytical in nature. Because the subject is essentially legal and policy-based, a qualitative approach grounded in secondary sources is more appropriate than a survey-based or quantitative design [10]. The study is exploratory in part, in that it maps the application of GST provisions to a relatively new category of taxpayer for whom dedicated jurisprudence is still developing.

3.2 Sources and data

The primary material consists of the CGST Act, 2017 - specifically Sections 7, 9 and 15 - alongside CBIC Circular No. 92/11/2019-GST and CBDT Circulars No. 12/2022 and No. 18/2022 [4]–[7]. These are supplemented with practitioner commentary from established tax-advisory sources [8], [9], [11], [12], on which professionals themselves rely. For the sectoral picture, industry reports from BCG, Kofluence and IBEF have been used [1]–[3].

3.3 Method of analysis

Three threads run through the analysis. First, the legal provisions are examined as drafted. Second, their application to practical cases is tested, with particular focus on barter and non-cash consideration. Third, the pre-GST regime is compared with the current one to make the direction of change visible. This approach is standard in legal and tax research; the weight of the findings rests on the authority of the sources used rather than on sample size.

4.0 Hypothesis

H: "The introduction of GST has formalised and professionalised influencer earnings in India; however, compliance — particularly around barter and non-cash transactions — remains a real barrier for small and mid-level creators."

This hypothesis embeds two distinct claims, each tested separately in the findings. The first is that GST has imposed structure on a previously informal sector. The second, narrower claim is that even with this structure in place, the compliance burden falls disproportionately on creators at the smaller end of the market.

5.0 Findings and Analysis

5.1 Treatment of influencers under GST

Under the CGST Act, 2017, an influencer is a service provider. Sponsored posts, brand endorsements and paid collaborations all qualify as "supply" under Section 7 [4]. The applicable SAC code is 998361 (Marketing and Advertising Services), and the rate of tax is 18%. Registration is mandatory once aggregate annual turnover crosses Rs. 20 lakh; in special category states such as Jammu and Kashmir, Himachal Pradesh and the north-eastern states, the threshold is Rs. 10 lakh. Below these limits, registration remains optional.

Once registered, three obligations follow. GST-compliant invoices must be issued for every taxable transaction. Returns must be filed in Form GSTR-1 and Form GSTR-3B, monthly or quarterly depending on turnover. Proper books of account must be maintained. In return, registered creators may claim Input Tax Credit (ITC) on business expenses such as cameras, editing software, internet charges and rented studios. This benefit, which did not exist under the pre-GST regime, has materially altered the economics of the profession.

5.2 Income sources and their treatment

Most creators earn from multiple streams, and GST does not treat them identically. A sponsored post or paid collaboration is taxable as a supply of service at 18%. YouTube ad revenue is more nuanced: where it is received in freely convertible foreign exchange and the creator has filed a Letter of Undertaking (LUT), it can qualify as a zero-rated export of service [11]. Affiliate commissions are performance-linked and taxable in the ordinary way. Income from selling online courses is a taxable supply, as are subscription and membership fees on platforms such as Patreon or YouTube. All these streams are subject to the Rs. 20 lakh registration threshold. Barter, the most complex category, is treated separately below.

5.3 Barter and non-cash transactions

Consider a representative scenario. A smartphone brand sends an influencer a handset valued at Rs. 50,000. In return, the influencer posts three Instagram reels. No money changes hands and nothing visible occurs on either party's bank statement.

Under GST, however, two supplies have taken place. The influencer has supplied a service — the reels. The brand has supplied goods — the phone. This is precisely the type of exchange that Section 7 was drafted to capture [4]. The non-monetary nature of the consideration is not a route out of taxation; it merely changes how the transaction is valued.

Section 15 governs that valuation. Where consideration is not wholly in money, the value of the supply is taken as the open market value of what has been exchanged. In the example above, that value is Rs. 50,000. GST at 18% applies to this amount, giving rise to a liability of Rs. 9,000 — even though no cash has been received. The invoice must reflect the full Rs. 50,000, and the creator must fund the GST liability out of other income.

CBIC Circular No. 92/11/2019-GST reinforces this position by clarifying that free goods given in promotional campaigns retain GST consequences [5]. On the income tax side, Section 194R imposes a parallel obligation: where the phone is retained, the brand must deduct TDS at 10% (subject to the Rs. 20,000 annual threshold) [6], [7]. Where the phone is returned after the campaign, no TDS arises. This explains why several brands have adopted formal "loan-and-return" structures, which keep Section 194R out of the picture.

The resulting position is that a single barter deal can trigger two distinct tax obligations simultaneously — GST on the service and TDS on the benefit. For creators without ready access to professional support, this is difficult to navigate, and is, in the authors' view, where the system's most significant friction currently lies.

5.4 Impact of GST on the creator economy

Although the compliance burden is substantial, GST has produced meaningful structural gains. Before 2017, most influencer income flowed through informal channels; invoicing was ad hoc, the earlier service tax regime applied unevenly, and few creators treated their work as a formal business. That position has changed materially. Registered creators now keep proper books, issue standardised invoices and file returns on schedule. Brands actively prefer GST-registered creators because of the Input Tax Credit they can recover, which draws even smaller creators into the formal system simply because remaining outside it costs them deals. ITC has also reshaped how creators spend. An influencer who registers and purchases a camera for Rs. 1 lakh, on which Rs. 18,000 of GST is paid, can set off that Rs. 18,000 against the GST collected on services. The effective cost of the camera falls accordingly. This has, over time, encouraged investment in better equipment and, by extension, in higher-quality content.

5.5 Pre-GST and Post-GST: A comparative view

Table 1 summarises the key differences between the pre-GST and post-GST regimes as they apply to influencer income.

Table 1: Pre-GST vs Post-GST Regime for Influencer Income

Aspect	**Before GST**	**After GST**
Tax System	Multiple, fragmented indirect taxes administered separately by Centre and States.	Single GST, typically 18%, under one national framework.
Registration	Most creators unregistered; operated informally.	Mandatory once turnover crosses Rs. 20 lakh (Rs. 10 lakh in special category states).
Invoicing	Occasional, non-standard, usually on request.	GST-compliant invoices with GSTIN required for every taxable supply.
Barter Deals	Largely unreported; outside the tax net.	Taxable at open market value under Section 15, CGST Act.

Freebies / Gifts	Generally unreported; no formal TDS obligation.	TDS at 10% under Section 194R when product is retained.
Transparency	Limited digital footprint of transactions.	High traceability through GSTN and matched returns.
Input Tax Credit	Not available to creators.	Available on eligible business expenses — equipment, software, internet.
Professional Status	Treated as informal, individual-led work.	Recognised as a business activity with proper documentation.

Source: Authors' compilation based on CGST Act, 2017 and CBDT Circulars.

5.6 Persistent friction points

Although the structural gains are real, several friction points remain, and they do not affect all creators equally. Larger creators retain accountants; smaller creators typically do not. The recurring issues observed are as follows.

Awareness is patchy. A significant share of nano and micro influencers — typically those with under 50,000 followers — are unaware that their earnings fall within the GST net. SAC 998361, the turnover thresholds and the registration process are not communicated through channels these creators routinely use [8]. Willingness to comply is generally higher than knowledge of how to comply.

Valuation in barter is genuinely difficult. Even when creators are aware of the rules, the practical question of what value to attribute to a gifted product is not obvious. Should it be the MRP, the invoice price, or a discounted figure? Section 15 refers to open market value, but that concept is fluid in practice, and the CBIC has not yet issued a circular addressing influencer-specific cases [4], [5].

Cross-border payments add another layer of complexity. Creators working with foreign brands often receive payment through PayPal or Stripe. Such receipts may qualify as zero-rated exports of service, but only where payment is in freely convertible currency, an LUT has been filed, and FEMA conditions are met [11]. Most creators in this position are unaware of even half these requirements.

The filing workload is heavier than it appears. GSTR-1, GSTR-3B and the annual GSTR-9, together with reconciliation against GSTR-2A and GSTR-2B, represent a non-trivial burden for solo creators without finance support [12].

Professional help is costly. A competent CA or tax consultant is not inexpensive, and many creators cannot justify the spend until they are already earning meaningfully. In the absence of such support, errors — misclassified income, incorrect valuations, missed deadlines — occur, and the resulting penalties can be disproportionate to the size of the business.

6.0 Conclusion of the Study

The hypothesis is broadly supported, with caveats. GST has performed its principal function: it has brought structure and accountability to a sector that previously operated largely off the books. At the same time, it has also produced frictions — around barter, cross-border supplies and return-filing — that fall unevenly, and that fall hardest on the creators least able to absorb them.

The structural gains warrant restatement. Influencers are now treated as businesses. They maintain books, claim Input Tax Credit on genuine business costs, and file returns on a regular schedule. Brands prefer registered creators because doing so allows recovery of input costs, with the result that the reputational cost of remaining outside the system is now sufficient to draw even small creators into it. None of this represents trivial progress.

The single most significant unresolved issue is barter. There is no CBIC circular directly addressing how non-monetary influencer rewards should be valued. Combined with the Section 194R overlay, this produces a position in which a creator may owe GST under Section 15 while the brand partner may also have to deduct TDS in respect of the same underlying transaction [4]–[7]. Larger creators absorb this with professional support; smaller creators either err in compliance or stay out of the system entirely. Without intervention, the gap between these two groups will continue to widen.

7.0 Implications and Suggestions

This research offers practical insights for creators, policymakers and platforms working with the digital creator economy. The following suggestions follow directly from the analysis. First, a dedicated CBIC circular on barter would be the single most useful intervention. It should address valuation methodology, documentation and a lighter regime for small-value exchanges. Clear guidance would reduce genuine confusion without creating loopholes. Second, a simplified compliance scheme for small creators is warranted. For creators with turnover between Rs. 20 lakh and Rs. 50 lakh, a lighter-touch scheme — perhaps quarterly returns with a composition-style levy — would meaningfully reduce the time burden, given that such creators do not maintain finance teams.

Third, platform-led awareness initiatives are essential. Platforms and creator associations are better placed than the government to reach small creators. Campaigns on registration, thresholds and filing basics, delivered through the platforms creators already use, would do more for compliance than formal notices. Fourth, a joint CBIC–CBDT valuation framework for non-monetary benefits would remove a substantial part of the interpretive overhead. Aligning the Section 15 and Section 194R treatments under a single framework would also make compliance easier to standardise [4], [6]. Fifth, a dedicated digital portal for creators — with pre-filled data, standard invoice templates and step-by-step guides for common scenarios such as brand deals and affiliate income — would significantly cut the compliance burden. The required design effort is modest; the impact would not be.

India's tax framework can accommodate the creator economy, and largely already does. What it requires is targeted refinement rather than structural change. The current rules were drafted with conventional income in mind and now have to catch up with the shape of digital earnings. The practical question is not whether to regulate but how, and the evidence suggests that regulation should support the sector rather than weigh it down. Long-term gains in employment and revenue depend on getting that balance right; the choices made by regulators in the next few years will shape the environment in which the next cohort of creators operates.

8.0 Limitations and Future Research

This study has certain limitations. First, it is qualitative and based on secondary sources; an empirical study built on survey data from creators across tiers would complement the present analysis. Second, the work focuses on Indian regulation, and findings may not generalise to other jurisdictions where the creator economy operates under different tax architectures. Third, the legal landscape itself is evolving — GST Council clarifications, fresh CBIC and CBDT circulars and possible amendments to Section 15 may alter the conclusions over time. Future research could build on this paper in several directions: empirical studies of compliance behaviour among nano and micro influencers; comparative work on how comparable jurisdictions tax non-cash benefits to creators; and impact assessments of any future CBIC circular on barter, once issued.

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