CHAPTER 9

GST and OTT Platforms: Taxation Challenges - A Comprehensive Research Paper Examining the Intersection of Digital Streaming Services and India's Goods and Services Tax Framework

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ABSTRACT

The meteoric rise of Over-The-Top (OTT) platforms in India has fundamentally transformed the media and entertainment landscape, simultaneously creating significant complexities within the country's Goods and Services Tax (GST) framework. This paper provides a comprehensive analysis of the taxation challenges that arise at the intersection of digital streaming services and India's indirect tax regime. With the Indian OTT market projected to reach USD 15 billion by 2030, the fiscal implications of effectively taxing these services are immense. The research examines the classification dilemmas, jurisdictional ambiguities, valuation challenges, and compliance burdens faced by OTT platforms under the current GST structure. It further explores the treatment of bundled services, cross-border transactions, and the evolving regulatory landscape governing the digital economy. The paper draws comparative insights from international taxation models, including the European Union's VAT framework and the OECD's BEPS guidelines, to propose a robust and adaptive tax framework for India. The findings suggest that the existing GST framework, while broadly applicable, requires targeted reforms to address the unique characteristics of digital streaming services, ensure fair competition between domestic and foreign players, and maximise revenue collection in the digital economy.

Keywords: GST; OTT platforms; Digital services tax; Streaming taxation; OIDAR; Indirect taxation; Digital economy; Netflix tax; E-commerce taxation.

1.0 Introduction

The digital revolution of the 21st century has fundamentally altered the way content is consumed, distributed, and monetised globally. Over-The-Top (OTT) platforms—digital streaming services that deliver video, audio, and other media content directly to consumers via the internet—have emerged as a dominant force in the global media landscape.

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In India, the OTT sector has witnessed exponential growth, particularly accelerated by the COVID-19 pandemic, which confined millions to their homes and dramatically increased demand for home entertainment.

India currently stands as one of the world's fastest-growing OTT markets. With over 900 million internet users and rapidly expanding smartphone penetration, platforms such as Netflix, Amazon Prime Video, Disney+ Hotstar, Sony LIV, ZEE5, and Voot have collectively amassed hundreds of millions of subscribers. The Indian OTT industry generated revenues exceeding INR 20,000 crore in 2023 and is projected to more than double by 2030, according to industry analyses by FICCI and KPMG.

This explosive growth has inevitably attracted the attention of tax authorities. The Goods and Services Tax (GST), introduced in India on 1 July 2017, consolidated a fragmented indirect tax structure into a unified framework. However, its application to the rapidly evolving digital services sector—particularly OTT platforms—has exposed several structural gaps, interpretive ambiguities, and implementation challenges.

The central tension lies in the inherently intangible, cross-border, and technology-driven nature of OTT services, which does not always align neatly with the physical-world assumptions embedded in traditional tax frameworks. Questions abound regarding the correct classification of OTT services, the applicable tax rates, the determination of the place of supply, the valuation of bundled offerings, and the compliance obligations of foreign digital service providers.

1.1 Research objectives

This paper is guided by the following primary research objectives:

- To examine the current GST framework as it applies to OTT platforms and identify inherent structural challenges.
- To analyse classification, valuation, and jurisdictional issues specific to digital streaming services.
- To evaluate the compliance burden on both domestic and foreign OTT service providers.
- To draw comparative lessons from international tax frameworks and OECD guidelines.
- To propose targeted policy recommendations for a more equitable, efficient, and adaptive GST framework for the OTT sector.

1.2 Research methodology

This paper adopts a doctrinal and analytical research methodology. It involves an extensive review of primary sources including GST legislation (CGST Act, 2017; IGST Act, 2017), CBIC circulars, GST Council decisions, AAR rulings, judicial pronouncements, and parliamentary debates. Secondary sources encompass peer-reviewed journal articles, industry reports, international tax guidelines, and comparative legislation. The analysis is supplemented by case studies of specific OTT platforms and their reported tax treatment.

2.0 The OTT Ecosystem: Structure and Revenue Models

2.1 Defining OTT Platforms

'Over-The-Top' refers to the delivery of content directly over the internet, bypassing traditional broadcast and cable television infrastructure. OTT platforms are broadly categorised as follows:

Table 1: Classification of OTT Platform Models

Category	Description	Examples	Primary Revenue
SVOD	Subscription Video on Demand – users pay a recurring fee for unlimited access	Netflix, Amazon Prime Video, Apple TV+	Monthly/Annual Subscriptions
AVOD	Ad-supported Video on Demand – content is free; revenue generated through advertisements	YouTube (free tier), MX Player, Pluto TV	Advertising Revenue
TVOD	Transactional Video on Demand – pay-per-view model for individual titles	Google Play Movies, Apple iTunes	Per-transaction Fees
Hybrid Models	Combination of subscription, ad-supported, and transactional access	Disney+ Hotstar, ZEE5, SonyLIV	Mixed Revenue Streams

2.2 Market size and economic significance

The economic footprint of the OTT industry in India is substantial. As per the FICCI-EY Media & Entertainment Report 2024, the OTT video streaming market in India reached approximately INR 22,500 crore in FY 2023-24. The total number of paid OTT subscribers in India exceeded 120 million by mid-2024, with Disney+ Hotstar, Netflix, and Amazon Prime Video commanding the largest subscriber bases. The industry also has significant upstream economic effects—driving demand for content production, digital infrastructure, internet services, device manufacturing, and payment processing. This multiplier effect amplifies the fiscal importance of getting OTT taxation right: both to generate revenue and to avoid distortive effects on investment and innovation.

2.3 Business models relevant to GST

From a GST perspective, OTT platforms generate taxable supplies through multiple channels:

- Subscription fees for access to a content library (SVOD model)
- Pay-per-view charges for individual movies or events (TVOD model)
- Advertisement revenue from brands seeking to reach platform audiences
- Licensing fees for content distribution rights

- Fees from co-production and original content partnerships
- Data monetisation and analytics services

Each of these revenue streams may have different GST implications in terms of rate, place of supply, and compliance requirements, adding layers of complexity for platforms with diverse business models.

3.0 GST Framework and Digital Services

3.1 Foundational GST architecture

India's GST is a dual levy—Central GST (CGST) and State/Union Territory GST (SGST/UTGST) apply to intra-state supplies, while Integrated GST (IGST) applies to inter-state supplies and imports. The constitutional foundation is provided by the 101st Constitutional Amendment Act, 2016, while the operational framework is governed by the CGST Act 2017, IGST Act 2017, and their respective rules. The standard GST rate structure applicable to goods and services includes slabs of 0%, 5%, 12%, 18%, and 28%. The applicable rate, the availability of input tax credit (ITC), and the compliance requirements all depend critically on the correct classification of the supply in question.

3.2 Classification of OTT services under GST

The classification of OTT services under GST has been a subject of considerable debate. The primary candidates for classification are:

3.2.1 Electronic commerce and information technology enabled services (ITeS)

Section 2(45) of the CGST Act defines 'electronic commerce' as the supply of goods or services over a digital or electronic network. OTT platforms largely fit this definition. The Notification No. 11/2017 - Central Tax (Rate) lists services under various SAC (Service Accounting Codes). OTT streaming services are generally classified under SAC 9984 (Telecommunications, broadcasting and information supply services), attracting an 18% GST rate.

3.2.2 OIDAR services

A particularly significant classification for foreign OTT providers is Online Information and Database Access or Retrieval (OIDAR) services, defined under Section 2(17) of the IGST Act. OIDAR services are those delivered through information technology over the internet or electronic network, where the nature of supply is essentially automated and involves minimal human intervention. Netflix, Spotify, and similar pure-play streaming services clearly fall within OIDAR classification, triggering specific compliance obligations for non-resident service providers.

3.2.3 Broadcasting services

An alternative classification could be as 'broadcasting services', which traditionally applied to satellite and cable television operators. However, the technological distinction between traditional broadcasting and internet-based streaming, combined with specific regulatory treatment by TRAI and MIB, weighs against this classification for most OTT services.

3.3 GST rate applicable to OTT services

Based on prevailing notifications and AAR (Authority for Advance Ruling) precedents, OTT subscription services are taxed at 18% GST. This rate applies to:

- Monthly, quarterly, and annual subscription fees
- Pay-per-view charges for individual films or events
- Bundled subscriptions that include OTT with telecom or broadband services

Notably, the 18% rate places OTT services in the same bracket as most professional and financial services, and higher than the 12% rate applicable to print media and some educational content—a differential that has attracted criticism from the OTT industry and content creators alike, as detailed in Section 5.

3.4 Place of supply rules

The determination of the 'place of supply' is crucial for determining which state's SGST should be credited and for distinguishing CGST+SGST from IGST transactions. Under Section 12(11) of the IGST Act, the place of supply for telecommunications and other specified services (including broadcasting and information) is the location of the recipient. For B2C (business-to-consumer) transactions—the predominant OTT model—this creates significant complexity. The recipient (subscriber) may be physically located in any of India's 28 states and 8 union territories, and may access content while travelling, making the determination of a single 'location' inherently difficult. Platforms must track subscriber locations and apply the correct SGST rate for each state, creating substantial compliance overhead.

4.0 Key Taxation Challenges

4.1 Classification ambiguity

Perhaps the most fundamental challenge is the absence of a dedicated HSN/SAC code specifically tailored to OTT streaming services. The existing classification framework was designed primarily for traditional goods and services, and the digital streaming category straddles multiple existing classifications.

The ambiguity manifests in several concrete ways. First, platforms offering a mix of original content (which might be characterised as production services) and licensed content (characterised as distribution/access services) may face different classification arguments for different parts of their business. Second, hybrid platforms offering both SVOD and live sports (treated as broadcasting) may need to bifurcate their revenue for classification purposes. Third, interactive OTT features—such as gaming elements, viewer polls, or real-time comment sections—may complicate the characterisation of the primary supply.

4.2 Taxation of bundled services

A significant and growing challenge concerns bundled offerings, where OTT subscriptions are packaged with telecom, broadband, or other services. Common examples include:

- Telecom bundles: Jio, Airtel, and Vi (formerly Vodafone Idea) offer mobile plans that include complimentary or discounted subscriptions to OTT platforms
- Device bundles: Smart TV manufacturers bundle OTT subscriptions with device purchases
- Bank and credit card offers: Financial institutions offer OTT subscriptions as cardholder benefits

The critical question is whether such bundled supplies should be treated as a single composite supply (taxed at the rate of the principal supply) or as a mixed supply (taxed at the highest applicable rate among the bundled elements). The GST Council's guidance on composite vs. mixed supplies, while providing a framework, does not specifically address OTT bundling scenarios, leaving significant room for interpretive disagreement.

The Supreme Court's jurisprudence on the 'dominant supply' test—applicable to pre-GST service tax disputes—offers some guidance but requires adaptation to the digital context. The AAR ruling in the case of Vodafone Idea (2020) held that bundled telecom services including OTT access should be treated as a composite supply with the principal supply being telecommunications, attracting 18% GST. However, this ruling has been contested and the issue remains unsettled before higher courts.

4.3 Cross-border and OIDAR taxation

The taxation of foreign OTT platforms supplying services to Indian subscribers presents a distinctive set of challenges:

4.3.1 The OIDAR framework

Prior to amendments in 2017, foreign digital service providers had limited GST obligations in India. The 2017 IGST Act introduced OIDAR provisions requiring foreign suppliers of digital services to Indian non-business recipients to register and pay GST in India. This was a significant policy shift intended to level the playing field between domestic and foreign providers. Under the OIDAR framework, foreign OTT providers such as Netflix and Amazon Prime Video must register under GST (or designate an agent in India for this purpose), charge IGST at 18% on subscriptions sold to Indian consumers, file periodic returns, and remit the collected tax to the Indian government.

4.3.2 Verification and enforcement challenges

Despite the OIDAR framework, enforcement remains challenging. The GST authorities face difficulties in identifying all foreign providers offering services to Indian consumers, verifying the quantum of supplies made, ensuring accurate self-assessment by foreign registrants, and pursuing tax recovery from entities with no physical presence in India.

The use of VPNs (Virtual Private Networks) by some Indian consumers to access foreign OTT content—either to access geo-restricted content or for privacy reasons—further complicates the supply chain and may result in incorrect place of supply determinations.

4.4 Input Tax Credit (ITC) complexities

Input Tax Credit allows GST-registered businesses to offset GST paid on inputs against their GST liability on outputs, preventing the cascading effect of multiple taxation. For OTT platforms, ITC complexities arise in several areas:

- Content acquisition costs: GST paid on acquiring licensed content from domestic and international studios
- Technology and infrastructure costs: GST on cloud computing, content delivery network (CDN) services, server infrastructure, and software licences
- Marketing and distribution expenses: GST on advertising, promotional, and distribution services
- Employee costs: Salary payments do not attract GST, but contract workers' payments may, creating differential ITC availability

The specific concern for OTT platforms relates to the eligibility of ITC on certain inputs. Section 17(5) of the CGST Act restricts ITC on certain categories of goods and services. Determining whether specific OTT-related expenditures fall within blocked credit categories has led to disputes and advance rulings.

4.5 Valuation issues

The valuation of OTT services for GST purposes follows Section 15 of the CGST Act, which generally provides that the transaction value (i.e., the price actually paid or payable) is the basis for valuation. However, specific challenges arise in the following scenarios:

4.5.1 Free or discounted trials

Most OTT platforms offer free trial periods (typically 7 to 30 days) to new subscribers. The GST treatment of these trials is ambiguous—while no monetary consideration is received during the trial, the supply of content does occur. The issue is whether the subsequent subscription revenue should be pro-rated to cover the trial period, or whether the trial supply should be treated as a zero-value supply.

4.5.2 Gift subscriptions and vouchers

OTT platforms often sell gift vouchers and prepaid subscription cards through third-party retailers. The GST implications at different stages of the supply chain—between the platform and the retailer, and between the retailer and the final consumer—are not explicitly addressed in GST law, creating potential for both double taxation and under-taxation.

4.5.3 Barter and revenue-sharing arrangements

Some OTT-telecom bundling arrangements operate on a revenue-sharing rather than a direct payment basis. For instance, a telecom operator may retain 30% of subscription revenue collected on behalf of an OTT platform. The GST treatment of such arrangements—particularly regarding the face value vs. net amount principle—remains contested.

4.6 State-level revenue distribution

India's federal structure gives states a significant stake in indirect tax revenues through SGST. For OTT platforms that charge subscribers across India, the correct attribution of SGST revenues to different states is both a compliance challenge and a fiscal equity issue.

Consider a subscriber living in Tamil Nadu who, during a month of service, was physically located in Maharashtra for 15 days on a business trip. The place of supply—and hence the state entitled to SGST revenue—is technically the state where the subscriber is located at the time of consumption. The practical impossibility of tracking real-time subscriber location at the transaction level means that most platforms default to using the subscriber's registered billing address as a proxy for location, which may systematically under-credit certain states.

5.0 Competitive and Policy Distortions

5.1 Domestic vs. Foreign OTT platforms

A fundamental competitive concern in OTT taxation is the differential between domestic and foreign platforms. Indian platforms like ZEE5, SonyLIV, and Eros Now must charge GST on subscriptions and comply fully with all GST requirements. Foreign platforms are required to register under OIDAR and comply similarly, but enforcement is demonstrably more challenging, creating a de facto compliance gap that may disadvantage domestic providers. Moreover, foreign platforms may have structural advantages in tax planning. Through the use of intellectual property holding structures, intra-group royalty payments, and treaty-based arrangements, multinational OTT groups may reduce their effective tax burden in India beyond what their Indian domestic competitors—who face the full weight of domestic taxation—can achieve.

5.2 OTT vs. Traditional media

The current GST framework also creates distortions between OTT platforms and traditional media. As the following comparison illustrates:

Table 2: Comparative GST Treatment Across Media Types

Media Type	GST Rate	ITC Available	Compliance Burden
OTT Streaming (SVOD/TVOD)	18%	Yes (with restrictions)	High (digital + OIDAR)
Cinema Tickets (above INR 100)	18%	Limited	Moderate
Cinema Tickets (up to INR 100)	12%	Limited	Moderate
Print Media (Newspapers/Magazines)	0% / 5%	Limited	Low
Cable TV Subscriptions	18%	Yes	Moderate
Educational OTT/E-learning	18% (contested)	Yes	High
Live Online Events/Concerts	18%	Yes	High

The absence of a reduced or concessional GST rate for OTT services—despite their serving many of the same cultural and entertainment functions as print media (which receives preferential treatment)—is a notable asymmetry in the current framework.

5.3 Educational and cultural content: The rate debate

A particularly contentious issue concerns the GST treatment of educational content on OTT platforms. Platforms such as Coursera, Udemy, Khan Academy, and domestic players like Unacademy and Vedantu offer educational content that is functionally similar to formal education—which is exempt from GST—but delivered digitally via OTT-style interfaces. The GST Council has received representations from the EdTech sector seeking either exemption or a reduced 5% rate for educational content, arguing that taxing digital education at 18% creates a cost barrier for students, particularly in lower-income groups. Several AARs have held that recorded lectures and pre-packaged e-learning content constitute 'services by way of education' and may qualify for the educational exemption, while others have taken a contrary view. The inconsistency in AAR rulings on this issue underscores the urgent need for definitive clarification from the GST Council.

6.0 Compliance Challenges and Administrative Issues

6.1 GST registration and return filing

OTT platforms with pan-India subscriber bases face significant compliance obligations. Unlike a conventional business with a fixed location, a streaming service with subscribers in all 36 states and union territories is technically required to register in each state where it has a ‘business establishment’ or where it effects supplies. While Centralized Registration for OIDAR services provides some relief for foreign providers, domestic platforms typically require registrations in multiple states. The GSTN (GST Network) portal, while substantially improved since its troubled launch in 2017, continues to face technical challenges for large-volume filers. OTT platforms, particularly larger ones processing millions of subscription transactions monthly, may face system-level difficulties in accurately reporting transaction-level data.

6.2 Reconciliation with payment gateways and app stores

A significant compliance challenge unique to OTT platforms is the need to reconcile GST liabilities across multiple payment channels. A subscriber may pay for their subscription through the platform’s website, a third-party app store (Apple App Store, Google Play Store), a telecom operator’s billing system, or a retail gift card. Each of these payment channels may have different GST treatment. App stores, for instance, charge a commission (typically 15-30%) on subscription revenue—creating a principal-agent question regarding who is responsible for collecting and remitting GST on the end-user subscription, and whether the app store commission itself is subject to GST.

6.3 Data localisation and digital records

India’s emerging data protection framework—encapsulated in the Digital Personal Data Protection Act, 2023—imposes obligations on platforms to handle subscriber data within defined parameters. The intersection of data protection requirements with GST compliance creates complexities, since accurate GST reporting requires accessing and processing subscriber location data. The reconciliation of data minimisation principles with tax compliance obligations remains an emerging area of tension.

6.4 Advance rulings: Inconsistency and uncertainty

The AAR mechanism, intended to provide clarity and certainty for taxpayers, has produced inconsistent and sometimes contradictory rulings on OTT-related issues. Key inconsistencies include:

- Whether bundled subscriptions should be treated as composite or mixed supplies

- Whether OTT content constitutes 'educational services' eligible for exemption
- The GST treatment of platform-facilitated advertising for foreign brands targeting Indian audiences
- Whether OTT content delivery qualifies as 'temporary transfer of intellectual property' (potentially attracting 12% GST) rather than a service supply (at 18%)

The lack of appellate consistency—since state-level AARs are not bound by each other's rulings—creates a fragmented compliance landscape where similar platforms may receive different tax treatment depending on which state's AAR they approach.

7.0 International Perspectives and Comparative Analysis

7.1 European Union: VAT on digital services

The European Union has been at the forefront of adapting indirect tax frameworks to digital services. Under EU Directive 2006/112/EC (as amended), digital services—including streaming—are taxed in the member state of the consumer. The VAT OSS (One Stop Shop) mechanism, fully implemented from July 2021, allows suppliers to file a single VAT return covering sales to consumers in all EU member states, significantly reducing compliance burdens. The EU model offers several lessons for India. The OSS mechanism's centralised filing architecture provides a template for reducing the multi-state compliance burden on OTT platforms. Additionally, EU guidance on the definition and classification of electronically supplied services (ESS) provides detailed criteria that could be adapted to India's HSN/SAC framework.

7.2 OECD BEPS and the digital economy

The OECD's Base Erosion and Profit Shifting (BEPS) project has produced significant guidance on the taxation of the digital economy, particularly through Action 1 (Tax Challenges Arising from Digitalisation) and the subsequent Pillar One and Pillar Two frameworks. While these primarily concern direct taxation (corporate income tax), the principles of nexus, value creation, and fair allocation are highly relevant to the indirect tax context as well. India is a member of the OECD Inclusive Framework and has committed to implementing BEPS minimum standards. The concept of 'significant economic presence' (SEP), introduced into Indian direct tax law through Section 9(1)(i) of the Income Tax Act (via Finance Act 2018), has conceptual analogies in the GST context that warrant exploration.

7.3 Australia's GST on digital imports

Australia extended its GST to digital imports from 1 July 2017—coincidentally the same date as India's GST rollout.

The Australian model requires foreign digital service providers to register and remit GST if their Australian sales exceed AUD 75,000 per year. The Australian Taxation Office (ATO) has published detailed guidance on the application of GST to digital services, including streaming subscriptions, providing a practical implementation model.

7.4 Singapore's GST on imported services

Singapore extended its GST to imported services (including digital services) through an Overseas Vendor Registration (OVR) regime effective January 2020. The OVR regime's design—with a registration threshold, simplified compliance procedures, and clear guidance—has been widely praised as a model for taxing digital services in small open economies and offers relevant lessons for India's OIDAR framework.

8.0 Recent Developments and Judicial Pronouncements

8.1 GST council decisions on OTT

The GST Council, in its periodic meetings, has addressed OTT taxation on several occasions. Key decisions include:

- The 47th GST Council Meeting (June 2022) deferred a decision on the proposed changes to the classification of OIDAR services, pending a comprehensive review by the Law Committee.
- The 50th GST Council Meeting (July 2023) discussed but did not resolve the issue of differential GST rates for educational content on digital platforms, requesting further examination.
- Ongoing discussions regarding the inclusion of a specific tariff item for OTT streaming services in the GST rate schedule, which would eliminate current classification ambiguities.

8.2 Notable advance rulings

Several AAR rulings have shaped the contours of OTT GST liability:

- Rulings confirming that subscription-based streaming services attract 18% GST under SAC 9984, consistent with information technology and telecommunications services.
- A ruling (Karnataka AAR, 2021) holding that live-streaming of events constitutes a broadcasting service and attracts 18% GST, setting a precedent for live OTT events.
- A contested ruling (Maharashtra AAR, 2022) on whether certain educational OTT content qualifies for the educational exemption—subsequently appealed to the Appellate AAR with a different outcome.

8.3 Directorate General of GST Intelligence (DGGI) investigations

The DGGI has initiated investigations and issued show-cause notices to several OTT platforms and allied digital service providers in connection with alleged GST non-compliance. Reported areas of investigation include alleged under-reporting of subscription revenues, incorrect classification of certain supply categories, and non-compliance by foreign OIDAR service providers. These enforcement actions, while signalling heightened regulatory attention, have also increased compliance uncertainty for the industry.

9.0 Policy Recommendations

Based on the foregoing analysis, this paper proposes the following policy recommendations to address the identified taxation challenges:

9.1 Dedicated HSN/SAC classification for OTT services

The GST Council should introduce a specific SAC code (or sub-codes under the existing SAC 9984) dedicated to OTT streaming services, distinguishing between:

- Pure SVOD and TVOD subscriptions (streaming access)
- Live OTT broadcasts and virtual events
- Educational and vocational OTT content
- Bundled OTT-telecom-broadband packages

Such specificity would eliminate the classification ambiguities that currently generate litigation and compliance uncertainty.

9.2 Rationalise the GST rate for OTT services

A review of the 18% rate applied to OTT services is warranted. Specific recommendations include:

- Reduce GST on educational and vocational OTT content to 5% (or consider exemption for accredited providers), aligning with the treatment of formal educational services.
- Introduce a concessional 12% rate for domestic OTT platforms producing and distributing original Indian content, consistent with the government's 'Atmanirbhar Bharat' initiative and to support the domestic creative economy.
- Maintain the 18% rate for international content aggregation and streaming to prevent revenue leakage.

9.3 Implement a centralised OTT OSS-style compliance mechanism

Drawing from the EU's OSS model, India should implement a centralised GST filing mechanism for OTT platforms, whereby a platform files a single return covering its entire national subscriber base. Revenue would be attributed to individual states based on subscriber location data (using billing address as proxy), with the GSTN computing state-specific SGST allocations centrally. This would dramatically reduce the multi-state compliance burden while preserving state revenue entitlements.

9.4 Clarify bundled service treatment

The GST Council should issue a detailed circular specifically addressing the treatment of OTT-telecom and OTT-broadband bundles, providing:

- Clear criteria for distinguishing composite vs. mixed supply in the digital context
- Guidance on the 'dominant supply' determination for technology bundles
- Specific treatment for operator billing arrangements and revenue-sharing models

9.5 Strengthen OIDAR enforcement

To address the compliance gap between domestic and foreign OTT providers:

- CBIC should publish a public list of registered foreign OIDAR providers, creating transparency and accountability.
- The GSTN should develop automated data-matching tools to identify foreign OTT providers receiving payments from Indian banks and payment gateways, flagging unregistered entities.
- Bilateral information-sharing arrangements with tax authorities in key OTT-exporting countries (USA, UK, Netherlands) should be strengthened.
- The appointment of local fiscal representatives should be made mandatory (rather than optional) for foreign OIDAR providers above a specified threshold.

9.6 Establish a dedicated OTT tax guidance unit within CBIC

Given the complexity and rapid evolution of the OTT sector, CBIC should establish a dedicated unit responsible for issuing timely guidance, FAQs, and circulars on OTT taxation issues, engaging proactively with industry stakeholders, monitoring international developments in digital services taxation, and providing training to tax officers on digital economy issues. This would reduce reliance on the AAR mechanism for routine classification questions and promote greater consistency in the application of GST to OTT services.

10.0 Conclusion

The intersection of India's GST framework and the rapidly evolving OTT streaming sector represents a microcosm of the broader challenge of taxing the digital economy: the collision between 20th-century tax architecture and 21st-century business models. The challenges documented in this paper—classification ambiguity, bundled service complexity, cross-border enforcement gaps, input tax credit disputes, and state-revenue attribution difficulties—are not merely technical minutiae. They have real consequences for tax revenue collection, industry investment decisions, competitive neutrality between domestic and foreign players, and ultimately, the cost and accessibility of digital entertainment and education for Indian consumers.

India's GST system, now in its eighth year of operation, has demonstrated impressive adaptive capacity and has successfully unified India's fragmented indirect tax landscape. The task now is to extend that adaptation to the digital frontier. The OTT sector, with its scale, growth trajectory, and complexity, offers both an urgent test case and a valuable opportunity to develop a sophisticated, principle-based framework for digital services taxation that can serve as a model for the broader digital economy.

The recommendations in this paper—dedicated classification codes, rationalised rates, a centralised compliance mechanism, clearer bundle treatment, stronger OIDAR enforcement, and dedicated institutional capacity—are designed to be practically achievable within India's existing constitutional and legislative framework. They do not require wholesale reform of the GST structure, but rather targeted, evidence-based amendments that address the specific needs of the OTT sector while remaining consistent with the broader goals of the GST system.

As the Indian digital economy continues its remarkable expansion, proactive and thoughtful tax policy adaptation is not merely desirable—it is essential for maintaining fiscal integrity, supporting investment in the digital content ecosystem, and ensuring that the extraordinary cultural and economic value generated by India's OTT revolution is appropriately captured in the public exchequer.

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