

Media and entertainment (films) newscast

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Reduction of GST rates on cinema tickets

GST Council has decided to revise GST rates on cinema tickets to 12% from 18% (for tickets priced below Rs.100) and to 18% from 28% (for tickets priced above Rs.100), as depicted in table 1. This comes as a part of the recommendation made during the 31st meeting of the GST council held on 22nd Dec, 2018 and is likely to come into effect from 1st Jan, 2019.

This brings a sigh of relief for the Indian film industry and the movie goers.

Table 1: GST rates on Indian movie tickets

Price of movie tickets	Old rate	New rate
Less than Rs.100	18%	12%
More than Rs.100	28%	18%

Impact of GST rates revision on movie tickets prices:

After the GST rate revision, a movie goer can save ~8% on his movie ticket for a movie ticket priced above Rs.100:-

- For example, under the earlier GST rate of 28% (for a movie ticket above Rs.100), a movie goer visits a cinema where the base ticket price is Rs.195/ticket. He pays 28% GST, raising the price to ~Rs. 250. If he uses an online app such as bookmyshow for making payment, he shall pay an additional 10% for booking fees and 9% CGST+ 9% SGST on the booking fees. The final price paid by the movie goer is ~Rs. 280/ticket.
- Whereas, under the revised GST rate of 18% (for a movie ticket above Rs.100), if a movie goer visits a cinema, he pays ~Rs. 257/ticket (using the same logic of calculation as above). This results in a saving of Rs.23 or 8% per ticket.
- Similarly, if a family of 4 individuals go to a cinema, they shall save a total of about Rs. 87 or ~8% on the total bill.
- The saving amount varies depending on the base price of a movie ticket.

Similarly, for a movie ticket with a base price of Rs.95 (below Rs.100), a movie goer ultimately saves ~Rs.6 or ~5% per ticket, under the revised GST rate of 12% (from earlier 18%). The savings can be ~Rs. 25 or ~5% for a family of 4 individuals.



Likely impact of reduction in GST rates of movie tickets:

- Increase in footfalls and occupancy levels
- Increase in operating cash flows
- Improvement in operating margins
- Additional investments in film exhibition
- Increase in penetration of multiplexes in tier 2 and 3 cities, etc.

Concluding remarks:

The reduction in GST rates of movie tickets comes as a breather for the Indian film industry, which is currently facing threat from the growing penetration of Over The Top (OTT) players and streaming platforms, such as Youtube, Netflix, Amazon Prime, etc. which are believed to be gradually denuding the revenues of established production houses. This will be a welcome move for the movie goers and Indian film industry as a whole, which was believed to be burdened with a high tax rate.

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