

Government is not considering levying Goods and Services Tax (GST) on UPI transactions over 2,000

Posted On: 18 APR 2025 7:02PM by PIB Delhi

The claims that the Government is considering levying Goods and Services Tax (GST) on UPI transactions over ₹2,000 are completely false, misleading, and without any basis. Currently, there is no such proposal before the Government.

GST is levied on charges, such as the Merchant Discount Rate (MDR), relating to payments made using certain instruments.

Effective January 2020, the Central Board of Direct Taxes (CBDT) has removed the MDR on Person-to-Merchant (P2M) UPI transactions through the Gazette Notification dated 30th December 2019.

Since currently no MDR is charged on UPI transactions, there is consequently no GST applicable to these transactions.

The Government remains committed to promoting digital payments via UPI.

To support and sustain the growth of UPI, an Incentive Scheme has been operational from FY 2021-22. This scheme specifically targets low-value UPI (P2M) transactions, benefiting small merchants by alleviating transaction costs and promoting wider participation and innovation in digital payments.

The total incentive payouts under this scheme over the years reflect the Government's sustained commitment to promoting UPI-based digital payments. Allocation under the scheme over the years has been:

- FY2021-22: ₹1,389 crore
- FY2022-23: ₹2,210 crore
- FY2023-24: ₹3,631 crore

These measures have significantly contributed to India's robust digital payments ecosystem.

According to the ACI Worldwide Report 2024, India accounted for 49% of global real-time transactions in 2023, reaffirming its position as a global leader in digital payments innovation.

UPI transaction values have seen an exponential increase, growing from 21.3 lakh crore in FY 2019-20 to 260.56 lakh crore by March 2025. Specifically, P2M transactions have reached 59.3 lakh crore, reflecting growing merchant adoption and consumer confidence in digital payment methods.

NB/KMN

click anywhere on white paper to join updates WhatsApp group