



Online, mobile ads turn costlier

By [BS Reporter](#), Business Standard, New Delhi,
July 11, 2014 Section: [News](#) Category: [Advertising](#)

These will now attract service tax; print media continues to be exempt from paying service tax.

Keeping in line with Prime Minister Narendra Modi's thrust on digital media, the Budget for FY15 offers a slew of initiatives for the medium. While Finance Minister Arun Jaitley set aside Rs 500 crore for National Rural Internet and Technology Mission and proposed the development of a National Centre for Excellence in Animation, Gaming and Special Effects, he also brought digital advertising back under the ambit of service tax.

Since April 2012, online advertising (including mobile advertising) was included in the negative list and was exempt from service tax, which is at 12.36 per cent.

However, sale of advertising space in print media continues to be exempt from service tax. The move is in line with the intention to increase the service tax base. The digital advertising segment has been growing at an average rate of 40 per cent over the past three years. According to the FICCI KPMG Media and Entertainment Report 2014, the Rs 3,000-crore sector grew 38.7 per cent in 2013 - the fastest pace of growth in media.

The direct impact of the move will be reduction in the margins earned by web-based businesses. Currently, mobile and internet advertising is one of the most cost-efficient mediums and many websites depend heavily on advertising as a source of revenue. On the advertisers' side, the bigger advertisers might not be so heavily impacted, but those with smaller budgets for advertising and marketing will find it costlier to market their products and services.

Neeraj Roy, managing director and CEO, Hungama Digital Media Entertainment, says: "Whilst it is very encouraging to see the government giving more attention to the internet and support of animation and gaming, I view the initial allocations as a small step in the right direction. The aspect of bringing back online advertising into the service tax ambit, whilst it is still a fledgling segment, is a conflicting action and not a welcome move."

Ambika Sharma, founder and managing director, Pulp Strategy Communications, says, "this decision is certain to significantly influence the usable budget allocation for mobile advertising initiatives and spends will be impacted. While this medium is certain to augment further, now with the service tax applicability may influence and witness some dip." Apart from this, the Budget proposed Rs 100 crore each for rolling out a new television channel to address the needs of farmers (Kisan TV) and to set up 600 community radio stations across the country. The Budget also provided for a 24x7 channel for North East by the name Arun Prabha.

Sports infrastructure found place in this year's Budget. Rs 200 crore was allocated for the development of indoor and outdoor stadia in J&K, Rs 100 crore for a sports academy in Manipal and another Rs 100 crore towards training for the Asian and Commonwealth Games. The Budget also proposed that Film and Television Institute of India, Pune and Satyajit Ray Institute, Kolkata are to be accorded institutes of national importance status and a world-class convention centre be developed in Goa.

[Major stories over the last 30 days](#)

© Business Standard 2014

0 Comments

Afaqs!

 Login ▾

Sort by Newest ▾

Share  Favorite 



Start the discussion...

Be the first to comment.

 Subscribe

 Add Disqus to your site

MORE FROM THE WEB

Search Marketing Strategies: Understanding Google Search Marketing Strategies

See the amazing Bangalore in pictures *Happy Trips*

10 Essential SEO Terms You Should Know *Titan SEO*

Seven & i chief finds innovation and success can't come *Nikkei Asian Review*

10 Timeless Marketing Lessons Steve Jobs Taught Us *Postcron*

MORE FROM AFAQS

GEC Watch: Star Plus, Zee TV gain in week 27 *News*

Sakal appoints Umesh Roy as head, Mumbai Unit *News*

Set Max: Fear is the Key *News*

Tribune Digital Ventures acquires Atul Phadnis' What's-ON *News*

Himalaya Drug Co: Striking Oil *News*

Recommended by

Home

- [About us](#)
- [Advertise](#)
- [Register](#)
- [Contact us](#)
- [Sitemap](#)

- [Service Agreement](#)

News

- [Latest News](#)
- [People](#)
- [Guest Articles](#)
- [Points of View](#)
- [Defining Moments](#)
- [Case Studies](#)
- [afaqs! Reporter](#)
- [Special Reports](#)
- [Industry Events](#)
- [Last 30 Days Stories](#)
- [Company Briefs](#)
- [Interviews](#)

Advertising

- [Creative Showcase](#)
- [Storyboards](#)
- [News](#)
- [Interviews](#)
- [Account Movements](#)

Media

- [Latest News](#)
- [Television](#)
- [Print](#)
- [OOH](#)
- [Digital](#)
- [BTL](#)
- [Radio](#)
- [Media Briefs](#)
- [Interviews](#)

Directories

- [Office Finder](#)
- [Brand Finder](#)

Community

- [Blogs](#)
- [In the Spotlight](#)
- [Brand Birthdays](#)
- [Planning Room](#)
- [Face Off](#)
- [News Maker](#)

Jobswitch

- [All Vacancies](#)
- [Top Employer](#)
- [Charter Members](#)
- [Post Resume](#)

events

- [Digital Agency Awards 2014](#)

- [Buzziest Brands](#)
- [Brand Owner's Summit](#)
- [Healthcare Brand Summit](#)
- [Mobile.Nxt](#)
- [TV.NXT 2012](#)
- [Unmetro](#)
- [More Events](#)

Copyright © 2014 afaqs!. All pages of the Website are subject to our terms and conditions and privacy policy. You must not reproduce, duplicate, copy, sell, resell or exploit any material on the Website for any commercial purposes.

[Developed and maintained by Techafaqs!](#)