

Electronic Commerce under GST

Introduction

- In simpler terms, e-commerce (electronic commerce or EC) is the buying and selling of goods and services, or the transmitting of funds or data, over an electronic network, primarily the internet. These business transactions occur either as business-to-business, business-to-consumer, consumer-to-consumer or consumer-to-business.

Q1. What do you mean by electronic commerce operator and electronic commerce?

- Electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.
- Electronic commerce means supply of goods or services over digital or electronic network. In simpler terms, electronic commerce is an electronic or digital platform.

Ex:- Flipkart, Amazon, Paytm, Uber, Ola, Freecharge etc.

Q2. What are the different types of model in electronic commerce?

- There are different types of model in electronic commerce; we have compiled here two important models as under:-

1. Sale of Goods/Services – Online Shop - Traditional Model

- In this model, the platform is owned by the supplier, and the inventory of goods /services offered is also owned or controlled by him.

2. Sale of Goods – Market Place – The aggregator

- In this model, the platform is owned by the one person, but the goods or services are provided on such platform by other person. The person owning the site or platform displays the products or services of other persons. Buyers/Clients visit the site where they can find their requisite goods or services. The payment is made to the site owner while the delivery of goods or services provided directly to the buyer/client by the seller or service provider. The site owner makes the payment to the seller or service provider after deducting his margin or commission.

Apart from the above service providers, there are also other support functions of electronic commerce which coexist in the electronic commerce ecosystem like payment gateways, e-wallets, internet services providers etc.

Q3. Whether electronic commerce operator is required to take registration under GST? Is there any threshold limit or not?

- Every electronic commerce operator shall be required to take registration under GST i.e. no threshold exemption has been provided to the electronic commerce operator.

Q4. Whether person supplying goods or services through electronic commerce operator is also required to take registration under GST? Is there any threshold limit or not?

- Every person who is supplying goods or services through electronic commerce operator shall be required to take registration under GST from his first rupee of supply i.e. no threshold exemption has been provided to them.

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Q5. Who will levy tax on supplies effected made through electronic commerce?

- Person who supplies goods or services through electronic commerce operator shall levy GST on all supplies effected through electronic commerce. However, central government or state government specify the categories of services under section 8(4) on which tax shall be paid by electronic commerce operator not the person who supplies goods or services through electronic commerce.

Q6. Whether electronic commerce operator is require to pay GST?

- Yes, electronic commerce operator shall discharge GST on the commission or margin earned by him. Moreover, they are also require to pay GST on specified categories of services which is notified under section 8(4).

Q7. What do you mean by tax collection at source under GST?

- Under GST, every person who owns, operates or manage electronic commerce platform i.e electronic commerce operator not being an agent shall collect an amount at the prescribed rate of 1% of net value of taxable supplies made through it where the consideration of that supplies is to be collected by the operator.

Q8. What is 'net value of taxable supplies'?

Aggregate value of taxable supplies of goods or services made during the month	XXXXX*
Less: Aggregate value of taxable supplies returned to the supplier during the said month	(-)XXX
Net Value of Taxable Supplies	XXXX

*Excluding specified categories of service on which tax is payable by electronic commerce operator.

Q9. What to be done with tax collected at source by electronic commerce operator?

- Electronic commerce operator shall deposit the amount to the government within 10 days from the end of the month in which such tax is collected.

Q10. Whether electronic commerce operator is require to file any statement or return with respect to supplies effected through electronic commerce or TCS deducted during the month? If yes, what is the time limit upto which statement or return should be filed?

- Every electronic commerce operator shall furnish a statement containing the details of outward supplies of goods or services including the supplies of goods or services returned and the detail of tax collected at source during the month within 10 days from the end of the month.

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Q11. Whether the supplier can claim the credit of tax collected at source by operator?

- Yes, the supplier can claim the credit of tax collected at source by electronic commerce operator in his electronic credit ledger if the details of supplies furnished by the electronic commerce operator is matched with the corresponding details of outward supplies furnished by the concerned supplier.

Q12. What will happen when the corresponding details of supply furnished by the operator and supplier are not matched?

- The discrepancy shall be communicated electronically to both operator and the supplier persons for rectification.

Q13. What will happen when communicated discrepancy is not rectified by the operator and the supplier?

- The amount of discrepancy which was communicated to both supplier and operator is not rectified in his valid return for the month in which discrepancy is communicated; shall be added to the output liability of the supplier when the value of outward supplies declared by the operator is more than the value declared by the supplier.

Q14. In which period discrepant amount is added in the output tax liability of the supplier?

- Discrepancy amount is added in return of the month succeeding the month in which discrepancy is communicated.

Q15. Whether supplier is also liable to pay interest on the above discrepancy amount which is added in the output liability of the supplier? If yes, how much interest?

- Supplier is liable to pay tax along with interest at the prescribed rate from the date when tax was due i.e original month liability till the date of its payment.

Q16. Whether authority under GST can seek additional details from electronic commerce operator? If yes, which types of detail?

- Any authority not below the rank of Joint Commissioner may serve a notice under section 56(9) requiring the operator to furnish details such details:-
 - Supplies of goods or services effected by the supplier through such operator of any period.
 - Stock of goods held by the supplier in the godowns, warehouse or other place managed by the operator and which is declared by the supplier as additional place of business.

Q17. Whether any prescribe time period for serving notice under section 56(9) by the authority?

- Notice can be served before or during the course of any proceeding under this Act.

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Q18. Is there any prescribe criteria under GST when additional details can be seek through notice under section 56(9)?

- No such prescribe criteria.

Q19. What is the time limit of furnishing the details sought under notice?

- Every operator shall furnish the information sought under notice within 15 working days from the date of service of such notice.

Q20. What are the consequences, if operator fails to furnish information sought under by serving notice under section 56(9)?

- Without prejudice to any action that may be taken under section 85, be liable for penalty which may extend to Rs.25,000/-.

Note:- We are continuously adding up question in this topic. We will happy if anyone gives their precious feedback or advice related to this note or want to any add any other questions in this topic. Feedback helps us to serve best from our side.

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