

## Levy of GST and Tax Collection at Sources on E-Commerce Transactions

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**Abstract:** In this paper I have tried to focus on provisions pertaining to Levy of GST and Tax Collection at Sources on E-Commerce Transaction. The explosive growth in the E-commerce sector has given rise to multiple Tax issues. Importance of E-commerce has grown in India due to online buying and selling items. Electronic commerce is defined as commercial transaction which is conducted through electronic media. Every electronic commerce operator has to collect tax termed as TCS when services or goods are supplied through its portal.

**Key words:** Electronic Commerce, electronic Media, TCS, Portal, Multiple Tax.

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### I. Introduction

It is estimated that Indian E-Commerce Manual has crossed US \$38.5 Billion as of 2017 March. This article analysis the effect of GST on E-Commerce Operator in service sector. Electronic Commerce or e-commerce means the supply of goods or services including digital products through electronic or digital network. Hence E-commerce is related with buying or selling of goods and services on the internet electronically and especially the World Wide Web and making e-payment. Electronic commerce has become a buzzword for business over the past few years with increased awareness about the use of computer and communication technologies to simplify business procedures and increase efficiency. Probably the growing importance of E-commerce in global economy indicates the rapidity with which uses of internet has increased and spread during the last decade. GST is a new legislation that came into effect on 1.07.2017. It has replaced many indirect taxes in India.

### II. Objectives of the Study

- a. To comprehend and explain the terms E-commerce and E-commerce operator.
- b. To describe the various aspects which are related to tax an E-commerce transaction & other provisions which are required for industry.
- c. To describe and understand the Tax Collection at Source (TCS).

### III. Analysis of the Study

#### • Electronic Commerce

According to section 2(44) 'Electronic Commerce' means the supply of goods or services or both including digital products over electronic or digital network.

#### • Electronic Commerce Operator

Under Section 2(45) 'Electronic Commerce Operator' included the persons who operates, manages or owns electronic or digital facility or platform for electronic commerce.

\*\* We should know the following relevant terms before going to analyse levy of GST on E-commerce transaction.

#### • Components of E-commerce transaction

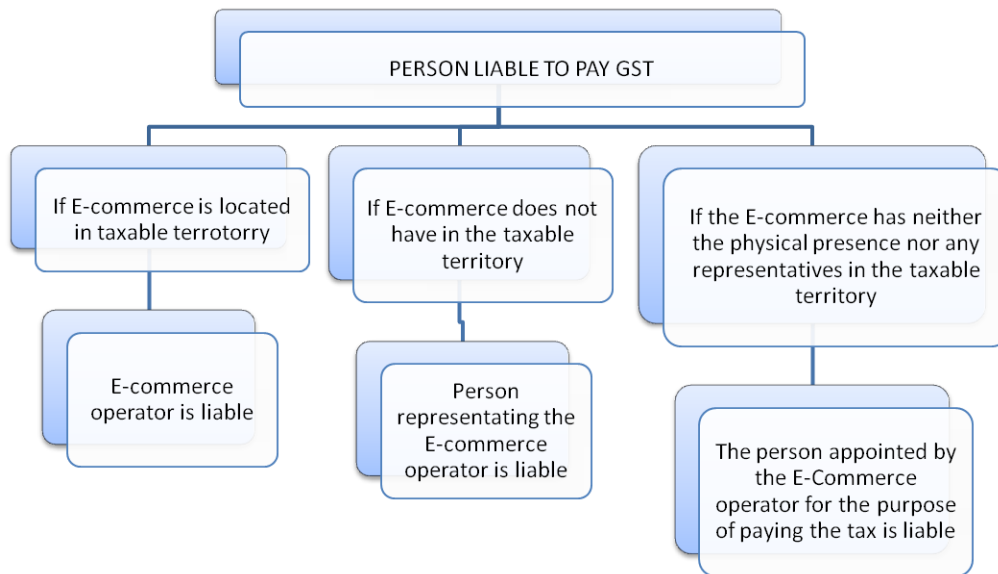
All the traditional elements of commerce present in an e-commerce transaction.

- A product or services
- A place or website
- A process for the people to visit the place.
- A process to accept money through credit cards.
- A process to accept order.
- A facility of outsourcing for products or a facility of downloading for software & information.

- A process for accepting or rejecting the goods or services.
- A process for handing warranty against claims if required.
- A process for providing customer service by way of e mail, online forms and frequently asked questions.
- A process for providing information of the exact status of an order to the customer.

### III. LEVY OF GST ON E-COMMERCE TRANSACTION

E- Commerce operator shall paid tax on the categories or services which are specified by the Central Government as per Section 9 (5) of the CGST Act and Section 5 (5) of the IGST Act provided such services are supplied through it. Therefore E-commerceoperator shall paid tax on services according to the specification of the Central Government and the e commerce operator shall be treated as the person liable to pay tax and all the companies need to be done by him. Persons liable to pay GST for specified services when supplied through ECO have been shown by the following diagrams.



Specified services,tax shall be paid by the ECO on behalf of the service suppliers is such services are supplied through it Notification No 17/2017 CT (R) dated 28.06.2017,Notification No 14/2017 CT (R) dated 28.06.2017 as amended has notified the following categories of service supplied through ECO for this purpose.

Sl No	Description of Supply of Services	Supplier of Service	Person liable to pay GST
1.	Transportation of passengers by a radio taxi ,motor cab, maxicab and motor cycle	Any person	E-Commerce operator
2.	Providing accommodation in hotels, inns guesthouses, clubs, camp sites or other commercial places meant for residential or lodging purposes.	Any person except who is liable for registration under section 22 (1) of the said CGST Act	E-Commerce operator
3.	Services by way of housekeeping such as plumbing, carpenting etc	Any person except who is liable for registration U/s 22 (1) of the said CGST Act	E-Commerce operator

### IV. Collection of Tax At Source(TCS) Under Section 52

Every Electronic Commerce operatorhas to collect tax termed as TCS when services or goods are supplied through its portal. Statutory provisions relating to TCS are the following:

Under CGST not exceeding 1% of the net value of taxable supplies.

Deposits of TCS by ECO to Government.

The E Commerce Operator has to be deposited the TCS amount collected by it to Government Treasury within 10 days after the end of month in which collection was made. For example, if TCS has been collected in the month of December the amount has to be remitted to the Government Treasury on or before10<sup>th</sup> August.

### V. Registration

The Registration provision for E-Commerce Operator or the person who supplies through E-Commerce Operator are as follows:-

**Compulsory Registration for E-Commerce Operator:**

As per clause (X) of Section 24 of CGST Act 2017, every Electronic - Commerce Operator has required to register irrespective of its turnover. The benefit of threshold of Rs 20 lakh is not available to E-commerce operator.

Persons who supplies through an E-commerce operator has to compulsorily register as per provision of Section 24(ix) of the CGST Act, 2017 irrespective of its turnover. Section 24(ix) of the CGST Act, 2017 lays down that the threshold exemption is not available to such persons. However, the persons making supplies specified u/s 9(5) is allowed to entitle for threshold exemption vide Notification No.65/2017-Central Tax dt.15/11/2017.

#### IV. RETURN FILLING UNDER GST FOR E-COMMERCE

• **By E Commerce Operator**

ECO shall furnish a monthly return in form GSTR electronically through a common portal on/before 10<sup>th</sup> of the month succeeding the calendar month in which tax has been collected at source

• **By Supplier**

In return, the supplier is also required furnish the details of outward supplies made through E-Commerce Operator in table 4,5 & 7 of FORM GSTR 1 by 10<sup>th</sup> or every month.

#### VI. Limitation

Sometimes it is not possible for the E-Commerce Operator to upload huge number of invoice in the software. The details of supplies and the amount collected during a calendar month and furnished by every e-commerce operator in his statement should be matched with the details of outward supplies furnished by the concerned seller in his valid return filed for the same calendar month or any preceding calendar month.

The supplier would be liable to pay tax along with interest if the above do not match within a reasonable time.

#### VII. Conclusion

- GST will have a positive effect on E-commerce services and as a result consumer will be benefitted.
- From the point of view of suppliers it will be more easy to supply goods in other states.
- Responsibility of tax collection and payment to the to the government is shifted from consumes & suppliers through E-Commerce to the E-Commerce operator.

Inspite of increasing compliances under GST still it improves market for the local suppliers because they are able to sell their goods or services in any state with same tax rates which will promote more sellers to go on line and provide best services to the customers.

It can be concluded that the state will be able to earn revenue from this sector and to regulate over the e-commerce transactions and more opportunities will be there. So in my opinion GST is one of the biggest fiscal reforms that our country has witnessed and it is regarded as unified taxation system in a federal country like India. But due to reverse charge mechanism there are some practical implication and law is not very clear about that. But overall implementation of GST on E-Commerce is appreciable.

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