

E Commerce transactions under GST

1) What is Electronic Commerce (e-commerce)

Electronic Commerce means the supply of goods or services or both, including digital products over digital or electronic network. Electronic commerce operator defines as “Electronic Commerce Operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce”

2) What is OIDAR

Online Information Database Access and Retrieval services (hereinafter referred to as OIDAR) is a category of services provided through the medium of internet and received by the recipient online without having any physical interface with the supplier of such services. E.g. downloading of an e-book online for a payment would amount to receipt of OIDAR services by the consumer downloading the e-book and making payment.

3) Difference between OIDAR and E-commerce

Electronic commerce provides platform for others to sell and buy goods whereas OIDAR itself provides services with least human intervention

Electronic commerce involves buying and selling of goods and services whereas OIDAR deals only in services

4) 6 Basic Types Of E Commerce

Sr No	Types Of E Commerce	Particulars	Illustration
1	Business to Business (B2B)	Business-to-Business (B2B) e-commerce encompasses all	Indiamart, Walmart, Alibaba

		electronic transactions of goods or services conducted between companies	
2	Business to Consumer (B2C)	The Business-to-Consumer type of e-commerce is distinguished by the establishment of electronic business relationships between businesses and final consumers	Amazon, Dmart, Flipkart .
3	Consumer to Consumer (C2C)	Consumer-to-Consumer (C2C) type e-commerce encompasses all electronic transactions of goods or services conducted between consumers	Ebay, OLX, Quikr
4	Consumer to Business (C2B).	A large number of individuals make their services or products available for purchase for companies seeking precisely these types of services or products. This type of e-commerce is very common in crowd sourcing based projects	Odesk work, Freelancer.in
5	Business to Administration (B2A)	This part of e-commerce encompasses all transactions conducted online between companies and public administration	Accela.com
6	Consumer to Administration	The Consumer-to-Administration model encompasses all electronic transactions conducted between individuals and public administration	Education distance learning, Filing taxes, health services

5) Registration requirement for ECO (Amazon, Flipkart, etc.)

Compulsory Registration for ECO:

Every electronic commerce operator irrespective of his turnover, has to compulsorily register.

Compulsory Registration for person supplying through ECO:

Persons who supply goods or services or both, other than supplies specified u/s 9(5), through such electronic commerce operator who is required to collect tax at source under section 52 has to compulsorily register as per provisions of section 24(ix). However, the persons making supplies of services, other than supplies specified under subsection (5) of section 9 is allowed to take benefit of threshold limit vide Notification No. 65/2017 – Central Tax dated 15/11/2017. Such benefit is not given to person supplying goods through ECO, he is liable to be registered irrespective of turnover.

{Explanation: Person supplying services other than transportation via radio taxi, motor cab, maxi cab through such ECO who is required to collect tax at source are required to register only if their turnover exceeds limit of 20 lakhs/10 lakhs, the person specified above are not required to register irrespective of their turnover. The person supplying goods is required to register irrespective of their turnover.}

Registration of foreign Electronic Commerce Operator:

Foreign Electronic Commerce Operator is required to obtain registration under GST. Such foreign ecommerce operator would be liable to collect TCS on such supply and would be required to obtain registration in each State or union territory (UT). If the foreign ecommerce operator does not have physical presence in a particular State or UT, he may appoint an agent on his behalf.

State wise Registration:

Electronic Commerce Operator is required to obtain GST Registration in each State If he has suppliers in different States. However, he can indicate his head office as

place of business and file all the returns through Head office, if he does not have place of business in that State.

Application Form for Registration:

E Commerce operator need to file Form GST REG 07.

Certificate of Registration:

The proper officer may grant registration after due verification and issue a certificate of registration in Form GST REG-06 within a period of three working days from the date of submission of the application – rule 12(2) of CGST Rules.

Cancellation of Registration:

If the proper officer enquires or ascertains through a proceeding that a person is no longer liable to deduct TDS or collect TCS, then the officer will cancel the registration. The cancellation shall be communicated to the said person electronically in Form GST REG-08. The officer will follow the same procedure for cancellation as for normal taxpayers

6) Levy and collection

Between Seller & Buyer –

GST on entire value of goods/ services supplied (GST shall be paid by the supplier except in case of services specified u/s9(5))

Between Seller & ECO

GST on commission value/other charges earned by ECO for providing market platform to seller. (GST shall be paid by the ECO)

Specified Services u/s 9(5) of CGST Act:

In respect of specified services, tax shall be paid by the ECO on behalf of the service suppliers if such services are supplied through it and all the provisions of the Act shall apply to such ECO as if he is the supplier liable to pay tax in relation to the supply of such services. The Government has notified following categories of services, the tax on intra-State/ inter-state supplies shall be paid by the ECO –

Sr No	Service Description	Supplier of services	Person liable to GST
1	Transportation of passengers by a radio-taxi, motorcab, maxicab and motor cycle	Any person	ECO
2	Providing accommodation in hotels, inns, guest houses, clubs, campsites or other commercial places meant for residential or lodging purposes	Any person except who is liable for compulsory registration under the law	ECO
3	Services by way of house-keeping, such as plumbing, carpentering etc.	Any person except who is liable for compulsory registration under the law	ECO

The above mentioned suppliers of services covered u/s 9(5) are exempted from compulsory registration and can take benefit of threshold limit.

7) TCS UNDER GST

Every electronic commerce operator, not being an agent, shall collect an amount calculated at such rate not exceeding one per cent, as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator.

Monthly Return–

ECO should make the tax collection during the month in which the consideration amount is collected from the recipient. The amount of TCS collected by the ECO is to be deposited to the Government and ECO is required to furnish a statement in Form GSTR-8, electronically within 10 days after the end of the month in which amount was so collected.

Annual Return –

The e-commerce operator is required to file Annual Statement before 31st December of following financial year. Every e-commerce operator required to collect tax at source under section 52 of CGST Act shall furnish annual statement in Form GSTR-9B. The payment of tax collected at source is to be made through electronic cash ledger only within 10 days from close of month. Payment of TCS amount cannot be made through electronic credit ledger

8) Non Applicability of TCS Provisions:

- a) TCS provisions are not applicable where GST is payable under reverse charge.
- b) TCS provisions also do not apply in case of exempt supply
- c) TCS provisions do not apply on import of goods or services
- d) There is no TCS if you are selling your own products through electronic portal

Every person supplying goods or services through an ecommerce operator is mandatorily required to register. However, vide Notification 65/2017-Central Tax dated 15th November, 2017 a person supplying services, other than supplier of services under section 9 (5) of the CGST Act, 2017, through an e-commerce platform were exempted from obtaining compulsory registration provided their aggregate turnover does not exceed INR 20 lakhs (or INR 10 lakhs in case of specified special category States) in a financial year. Since such suppliers are not liable for registration, ecommerce operators are not required to collect TCS on supply of services being made by such suppliers through their portal.

9) Credit of TCS

The amount of TCS deposited by the operator with the appropriate Government will be reflected in the electronic cash ledger of the actual registered supplier (on whose account such collection has been made) on the basis of the statement filed by the operator in FORM GSTR-8. The said credit can be used at the time of discharge of tax liability by the actual supplier