

**“What’s  
New?”**

**GSAP**

April 15, 2020

## ***“New taxes on e-commerce”***

The Finance Act, 2020 introduced a new section 194-O in the Income-tax Act, 1961 which requires an e-commerce operator to withhold tax for facilitating any sale of goods or services through its portal.

Further, a new tax, called Equalisation Levy, has been levied on e-commerce operators which will be charged @2% of the value of e-commerce transaction subject to certain conditions.

*Source: Finance Act, 2020*

 [www.gsapadvisors.com](http://www.gsapadvisors.com)  [info@gsapadvisors.com](mailto:info@gsapadvisors.com)

# 1

## Equalisation levy on Non resident e-commerce operators

- With effect from April 1, 2020 a tax is payable by a **non-resident e-commerce operator** @2% of the amount of consideration received or receivable from **e-commerce supply or services** made or provided or facilitated by it to the following persons:
  - a) A person who is resident in India
  - b) A person who buys such goods or services or both using internet protocol address located in India
  - c) A non-resident person in the specified circumstances
- However, equalisation levy shall not be charged if the sale, turnover or gross receipts of the e-commerce operator from e-commerce supply or services made or provided or facilitated to the persons mentioned above is less than **INR 20 million** during the year

### New taxes on e-commerce

# 2

## E-commerce operators to withhold tax on payment to resident e-commerce participants

- E-commerce operator is required to withhold tax @1% on gross amount of sale, services or both facilitated through its portal at the time of payment or credit to a **resident** e-commerce participant, whichever is earlier
- Gross amount of sale or services means the price before charging commission of e-commerce operator
- No tax to be withheld if participant is resident individual or HUF and gross amount of sale of goods, services or both does not exceed **INR 500,000** during the year provided such participant furnishes his PAN or Aadhaar.
- Section 194-O Applicable from October 1, 2020

# Contact us

## GSAP



H-59AB, Lower Ground Floor  
Kalkaji, New Delhi 110019  
India



[info@gsapadvisors.com](mailto:info@gsapadvisors.com)



+91 (11) 4056 0819  
+91 (11) 4154 4443

**Disclaimer:** The content herein are solely meant for commercial purposes and shall not be considered as professional advice and/or used as base for any technical decision. GSAP Advisors India Pvt. Ltd., its employees, contractors, associates are not responsible for loss whatsoever sustained by any person who relies on the information contained herein.