

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.

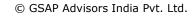
"What's New?"

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







## Equalisation levy on Non resident ecommerce operators

- With effect from April 1, 2020 a tax is payable by a **non-resident ecommerce 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

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## E-commerce operators to withhold tax on payment to resident ecommerce 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** ecommerce 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

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