

GOODS & SERVICE TAX (GST)

FREQUENTLY ASKED QUESTION ON ELECTRONIC COMMERCE

1. What is Electronic Commerce?

Answer – Electronic Commerce has been defined in Sec. 2(44) of the TSGST Act, 2017 to mean the supply of goods or services or both, including digital products over digital or electronic network.

2. Who is an e-commerce operator?

Answer – Electronic Commerce Operator has been defined in Sec. 2(45) of the TSGST Act, 2017 to mean any person who owns, operates or manages digital or electronic facility or platform for electronic commerce.

3. Is it mandatory for e-commerce operator to obtain registration?

Answer – Yes. As per Section 24(x) of the TSGST Act, 2017 they are liable to be registered irrespective of the value of supply made by them or provide electronic facility or platform.

4. Whether a person supplying goods or services through e-commerce operator would be entitled to threshold exemption?

Answer – No. Section 24(ix) of the TSGST Act, 2017 lays down that the threshold exemption is not available to such persons and they would be liable to be registered irrespective of the value of supply made through e-commerce operator. This requirement is, however, applicable only if the supply is made through such electronic commerce operator who is required to collect tax at source under section 52 of the TSGST Act, 2017. However, where the e-commerce operators are liable to pay tax on behalf of the suppliers under a notification issued under section 9 (5) of the TSGST Act, 2017, the suppliers of such services are entitled for threshold exemption.

5. Will threshold exemption be available to electronic commerce operators liable to pay tax on notified services?

Answer – No. Threshold exemption is not available to e-commerce operators and they are required to pay tax on notified services supplied through them.

6. What is Tax Collection at Source (TCS)?

Answer – The e-commerce operator is required to collect an amount at the rate of one percent (0.5% CGST + 0.5% SGST/UTGST) of the net value of taxable supplies made through it, where the consideration with respect to such supplies is to be collected by such operator. The amount so collected is called as Tax Collection at Source (TCS). (Refer to Section 52(1) of the TSGST Act, 2017.)

7. Is every e-commerce operator required to collect tax on behalf of actual supplier?

Answer – Yes, every e-commerce operator (other than an operator required to pay tax under section 9(5) of the TSGST Act, 2017) is required to collect tax at source where consideration with respect to a taxable supply is collected by such e-commerce operator. (Refer to Section 52(1) of the TSGST Act, 2017.)

8. How can actual suppliers claim credit of this TCS?

Answer – The amount of TCS paid by the operator to the government will be reflected in the e-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. The same can be used at the time of discharge of tax liability in respect of the supplies made by the actual supplier.

9. Whether TCS to collected on exempt supplies?

Answer – No, TCS is not required to be collected on exempt supplies.

10. We purchase goods from different vendors and are selling them on our website under our own billing. Is TCS required to be collected on such supplies?

Answer – No. According to Section 52 of the TSGST Act, 2017, TCS is required to be collected on the net value of taxable supplies made through it by other suppliers where the consideration is to be collected by the ECO. In this case, there are two transactions - where you purchase the goods from the vendors, and where you sell it through your website. For the first transaction, GST is leviable, and will need to be paid to your vendor, on which credit is available for you. The second transaction is a supply on your own account, and not by other suppliers and there is no requirement to collect tax at source. The transaction will attract GST at the prevailing rates.