

GST TRACKER

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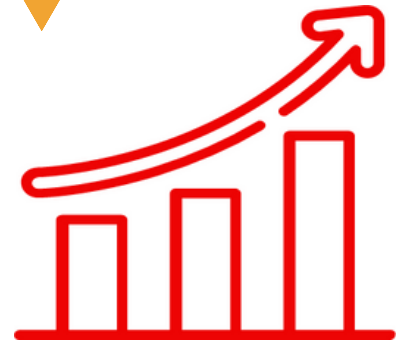
Guidance Notes On Supply of Goods and Services by E-Commerce Operators under GST Scenario



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EDITOR'S NOTE

GST is evolving and many changes are happening day by day. Various GST provisions were implemented wef 1st Jan 2022 and further various changes were proposed in the Budget. In this issue our readers will get benefit to know Supply by Ecommerce operators at the length.

We wish good health, peace, growth and prosperity in the whole world.

A handwritten signature in black ink that reads "Pankaj Kataria". The signature is written in a cursive, flowing style.

(Founder Pakkabil)

Guidance Notes on “ Supply of Goods and Services by E-Commerce Operators under GST Scenario.

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1. Definition of Electronic Commerce and E-Commerce Operator under GST.

According to Section 2(44) of CGST Act, 2017, “Electronic Commerce means the supply of goods and services or both, including digital products over digital or electronic network”. An activity of buying or selling of products through Internet, but it is also necessary to know where E-Commerce Operator does not have a physical business premises in the taxable territory.

According to Section 2(45) of CGST Act, 2017, “ Electronic Commerce Operator” means any person who owns , operates or manages digital or electronic facility or platform for Electronic Commerce” activity.

2. How E-commerce Transactions are undertaken under GST.

An E-Commerce Transactions are under taken between 3 parties. They are (i). Supplier, (ii). Buyer and (iii). E-Commerce Operator. As per the GST provisions, there are 2 distinct transactions.

(1). Transaction between the supplier and Buyer for the supply of goods or services and (ii) Transactions between the supplier and E-commerce operator for a commission charged for the use of the market place.

3. How many types of business models used in E-Commerce Operators under GST.

They are 6 types of business models used in E-Commerce Business:

- **Business to Business (B2B):** B2B E-Commerce refers to the sale of goods or services between businesses via an online sales Portal. Sometimes the buyer is the end user; frequently the buyer resells to the consumer. This type of E-Commerce generally applies to the relationship between producers and wholesalers. It may additionally remain applied to the relationship between the producers or the wholesalers and the retailers themselves. However, the same relationship can also occur between service providers and business organization. B2B generally requires more venture capital and a longer sales cycle, but results in higher order value and more recurring purchases.

As a more modish generation become decision makers in business this type of business has custom, enterprise E-commerce platforms that work directly with other business in a closed environment.

- **Consumer to Business (C2B):** C2B E-Commerce is when a consumer makes their services or products available for companies to purchase. The competitive edge of the C2B E-Commerce model is in its pricing for goods and services. This approach includes reverse auctions, in which customers name the price for a producer or service they wish to buy.
- **Business to Consumer (B2C):** B2C is the most common E-Commerce Model. It deals in electronic business relationships between businesses, Both Producers and service providers and with end consumers. Most of the people like this procedure of E-Commerce as it allow them to shop around for the best prices, refer customers reviews and frequently find different products that they would not otherwise be exposed to in the physical retails world. This E-Commerce category also enables business to develop a more personalized relationship with their customers.

- **Consumer to Consumer (C2C):** C2C or Customer –to Customer represents a market environment where one customer purchases goods from another customers using a third party business or platform to facilitate the transaction. In this case, the third party platform generally earns their money by charging transaction or listing fees. These business owners benefits from self-propelled growth by motivated buyers and sellers, but face a key challenge in quality control and technology maintenance. Another customer’s benefit is the competition for products. Customers may frequently find items that are difficult to locate elsewhere. Also, margins can be higher than traditional pricing methods for sellers as there are minimal costs due to the absence of retailers or wholesalers. While opening a C2C site takes careful planning. For Example of C2C, includes Craigslist and EBay, who pioneered this model in the early days of the internet. Often, transactions in this model occur via online platforms, but often are conducted using social-media networks like Facebook market place or Website.
- **Business to Administration (B2A):** B2A also known as Business – to – Government (B2G), refers to all transactions between companies and public administrations or government agencies. Government agencies use Central websites to trade and exchange information with various business organizations. This is an area that involves many services, particularly in areas such as social security, employment and legal documents.

Businesses that are accustomed to interacting with other business or directly with consumers generally encounter unexpected hurdles when working with government agencies. Layers of regulation can harm the overall efficiency of the contracting process and thus , government tend to take more than private companies to approve and begin work on a given project. While business may find that government contracts involve additional paperwork, time and examine, there are advantages to providing goods and services to the public sector. Government Contracts are generally large and more stable than analogous private sector work.

- **Consumer to Administration (C2A).** C2A E-Commerce encompasses all electronic transactions between individual and public administration. The Consumer to Administration (C2A)E-Commerce model helps the consumer post their queries and request information regarding the public sector directly from their local governments/ authorities. It provides an easy way to establish communication between the consumers and the Government. Ex: Filling tax returns, Health (scheduling an appointment using an online-services and paying tuition for higher education.

4. Requirement of Registration of E-Commerce Operator under GST:

- As per Section 24 of the CGST Act,2017, notwithstanding anything contained in section 22(1) of the GST Act, the threshold limit is not applicable to the following persons:According to Section 24(ix) of CGST Act,2017,” Person who supply goods or services or both , other thansupplies specified under sub-section(5) of section 9, through such electronic commerce operator who is required to collect tax at source under section 52 and According to Section 24(x) every Electronic Commerce Operator
- As per GST Council decision in it’s 45th meeting, CBIC has given CircularNo.167/23/2021-GST, CBIC-190354/207/2021-TRUSection-CBEC -Government of India, dated.17th December,2021, who are doing business in supplies of restaurant services supplied through E-Commerce Operations notified under section 9(5) of CGST Act,2017, there would be no mandatory requirement of taking separate registration
- A person supplying Restaurant Services through E-Commerce Operator \Services computed his aggregate turnover as per section 2(6) of the CGST Act,2017 and shall take registration under GST.

5. How to raise bill of supply of goods and services by E-Commerce Operator:

- A person, any supply that is not notified under Section 9 (5) of CGST Act,2017, that is supplied by a person through E-Commerce Operator, the liability to pay GST continuous on such supplies and E-Commerce Operator shall continue to pay TCS on such supplies.

- A person supplying goods and services other than “Restaurant Services” through the E-Commerce Operator and other compliances under the Act, including issuance of invoices to customers, continuous to lie with the respective suppliers, (E-commerce Operator being liable only to collect tax at source (TCS) on such payments).
- It is advisable that E-Commerce Operator raises separate bill on restaurant services in such cases separate bill on restaurant service where in such cases where E-Commerce Operator provides other supplies to a customer under the same order.

6. How to maintain records by E-Commerce Operator:

E-Commerce Operator has to maintain (i).Day Book, Ledger, Purchase Register, Sale Register (Prefer supplier wise i.e. Flipkart, Amazon and Snap deal etc.,) Output Tax Register, Input Tax Register, Tax payable register and Tax paid Register etc.,.

7. What is the procedure to be followed for claim of ITC by E-Commerce Operator:

- The E-Commerce Operator provide their own services as an electronic platform and an intermediary for which it would acquire inputs/input service on which E-Commerce Operators avail Input Tax Credit.
- The E-Commerce Operator is required to pay GST Tax on services notified under Sec.9(5) of CGST Act,2017, besides the services/other supplies made on his own account. On any supply that is not notified under Sec.9(5) of CGST Act,2017, that is supplied by a person through E-Commerce Operator, the liability to pay GST Tax continues on such supplies and E-Commerce Operator shall continue to pay TCS on such supplies.
- The E-Commerce Operator shall pay the entire GST tax liability in cash only. The E-Commerce Operator, No Input Tax Credit could be utilized for payment of GST Tax on restaurant services supplied through E-Commerce Operator.The E-Commerce Operator, No Input Tax Credit could be utilized for payment of GST Tax on restaurant services supplied through E-Commerce Operator.

8. What are the Forms to be filed and How to report turnover and discharge liability of E-Commerce Operator:

The E-Commerce Operator has to file these following GST Returns in respective months

as below:

Form GSTR-1, 2. Form GSTR-3B, Form GSTR-8 and Form GSTR-9 and Form GSTR-9B.

- An E-Commerce Operator is required to submit an electronic statement i.e. Form GSTR-8. This Form should contain details of outward supplies of goods and / services delivered by supplies through its market place, net of returns, along with the TCS during the calendar month.
- Form GSTR-8 should be submitted within 10 days from the end of the calendar month. The ECO is also required to file an annual return in Form GSTR-9B by the 31st December following the end of the financial year in which the transactions have taken place and the tax is collected at source (TCS).
- TCS deposited by E-Commerce Operator will appear in Form GSTR-2A- at PART-C on the GST Portal of the supplier. The supplier can use this TCS credit to discharge their GST liability. Generally, return goods are common in ECO for buyers to return the goods that have been purchased. In case the sales returns for a supplier are more than the sales in a calendar month, then ECO is not required to collect TCS.

An E-Commerce Operator may, on services notified under Sec.9(5) of the CGST Act,2017, including ,On “Restaurant Services “ provided through ECO, may continue to pay GST by furnishing the details in Form GSTR-3B, reporting them as outward taxable supplies for the time being. Besides , E-Commerce Operator may also, for the time being , furnish the details of such supplies of restaurant services under section 9(5) in Table-7A(1) or Table 4A of Form GSTR-1, as the case maybe, for accounting purpose.

The Registered persons supplying restaurant services through E-Commerce Operators under Sec.9(5) will report such restaurant services made through ECO' in Table 8 of Form GSTR-1 and Table 3.1 (c) of Form GSTR-3B on or before every month as prescribed in the GST Law.

9. What is Tax Collected at Source (TCS) and when the E-Commerce Operator collect TCS ?

- According to Sec.52 of CGST Act,2017,"Tax Collected at Source under GST Act means, the tax collected by an E-Commerce Operator from the consideration received by it on behalf of the supplier of goods or services who makes supplies through the operators online platform". TCS will be charged @1% on the net taxable supplies.

Who own, operate and manage E-Commerce Platforms are liable to collect TCS. TCS applies only if the operators collect the consideration from the customers on behalf of vendors or suppliers.

Some of the service providers are liable to make TCS for services provided by an E-Commerce Operators. They are:

- Hotel accommodation/clubs (unregistered suppliers),
- Transportation of passengers like Radio Taxi, Motor Cab and Motor cycle,,
- House-keeping services like Plumbing, Carpentry etc., (who are unregistered suppliers).
- TCS will be collected by E-Commerce Operator while making a payment to the vendor. This payment will be the consideration collected on the vendors behalf of the supplies made by him via the online portal. This tax will be collected on the net value fo taxable supplies.

- As per Notification No.52/2018 –Central Tax, and Notification NO.02/2018 –Integrated Tax ,The dealers or traders supplying goods and / or services through E-Commerce Operators will receive payment after deduction of TCS on Inter State Transactions @1% or Intra State Transactions @0.5% CGST and @0.5% SGST .
- An E-Commerce Operator have to file Form GSTR-08 by 10th of the next month in which the tax was collected. The Form GSTR-08 return will only be filed once the tax collected has been deposited to the respective credit of the Government.
- Tax Collected at Source(TCS) provisions are not apply to the import of goods or services.
- If the supplier sells their products through their electronic portal, TCS is not required.
- If a supplier sells exempted goods or Zero rated goods through the market place of an E-Commerce Operator, under that circumstances no tax shall be collected at the source as the net taxable value of the goods is NIL.

10.Is it necessity to do cross verification of supplies by E-Commerce Operator every month, If not tally, what is the GST impact on such transactions of E-Commerce Operator?

The Details reported by an E-Commerce Operator in Form GSTR-8 is required to match the details reported by the respective suppliers in Form GSTR-1 filed every month. In case the particulars provided do not match, the discrepancy should be communicated to the respective parties by the other. If the ECO or the supplier does not rectify the returns, then the output tax liability due to the mismatch will be payable in the subsequent calendar month along with interest @18% p.a. as per Sec.50(1) the CGST Act,2017.

11. Certain specified transactions are notified under Sec. 9(5) of the CGST Act,2017 and Sec.5(5) IGST Act,2017, where the E-Commerce Operator is required to pay the GST on behalf of the suppliers.

S. No	Category of supply of Specified Service	Services provided by Supplier
1	Transportation of passengers by a Radio-Taxi, Motor Cab, Maxi Cab and Motor Cycle.	Any person (N.No.17/2017-Central Tax (Rate) dt.28.06.2017.
2	Providing accommodation in Hotel, Inns, Guest Houses, Clubs, Campsites or other commercial places meant for residential or lodging purposes.	Any person except those who are liable to obtain GST registration under Sec.22 (1) of the CGST Act,2017.(N.No.12/2017 – Central Tax (Rate) dt.28.6.2017)
3	House-keeping such as Plumbing, Carpentering etc.,	Any person except those who are liable to obtain GST registration under Sec.22 (1) of the CGST Act,2017.(N.No.23/2017 –Central Tax (Rate) dt.22.8.2017)

12. Here with I am providing Some Models for better understanding :

Division.	E-Commerce Operators.	Service Providers Registration.	Who is liable to pay Tax under GST.
Sale of Goods	Flip kart, Amazon, OLX etc.,	Service provider is required to obtain registration(Mandatory) under GST.	Supplier is liable to pay GST Tax .
Hotel	OYO, Make My Trip, Trivago, Goibibo etc.,	Registration required only if the turnover of the Hotel is more than Rs.20 Lakhs and Special Category States is Rs.10 Lakhs.	Hotel (a). If Hotel is required under GST E-Commerce Operator (b).If Hotel is not registered under GST.
Cab Aggregator	UBER,OLA, Akbar etc.,	Registration required only if car owner's turnover is more than Rs.20 Lakhs and In special category States Rs.10 Lakhs.	Cab Aggregator – Irrespective of whether the car owner is registered under GST or Not
House-Keeping Services Aggregator	Urban Clap, House Joy and Chennai Cleaning Services etc.,	Registration required only, if the turnover of the service provider is more than Rs.20 Lakhs and Rs.10 Lakhs in Special Category States.	Service Provider (a). If service provider is registered under GST E-Commerce Operator (b). If service provider is not registered under GST.

GSTN Updates February 2022

Date of Issue	Subject
04/02/2022	Module wise new functionalities deployed on the GST Portal for taxpayers
17/02/2022	Setup of 'GST Refund Help Desk' in the office of Pr. CCA, CBIC
23/02/2022	Upcoming GSTR-1/IFF enhancements

Source: www.gst.gov.in

Notifications/Circulars/Orders issued in the month of February 2022

Central Tax Notifications February 2022

Notification Nos.	Date of Issue	Subject
01.2022	24.02.2022	Seeks to implement e-invoicing for the taxpayers having aggregate turnover exceeding Rs. 20 Cr from 01 st April 2022.

Central Tax (Rate) Notification February 2022

No Central Tax (Rate) Notification was issued in the month of February 2022

Integrated Tax Notification February 2022

No Integrated Tax Notification was issued in the month of February 2022

Integrated Tax (Rate) Notification February 2022

No Integrated Tax (Rate) Notification was issued in the month of February 2022

Circular issued in the month of February 2022

No Circular was issued in the month of February 2022

Orders

No order was issued in the month of February 2022

Removal of Difficulty Orders February 2022

No order was issued in the month of February 2022

Source: www.cbic.gov.in

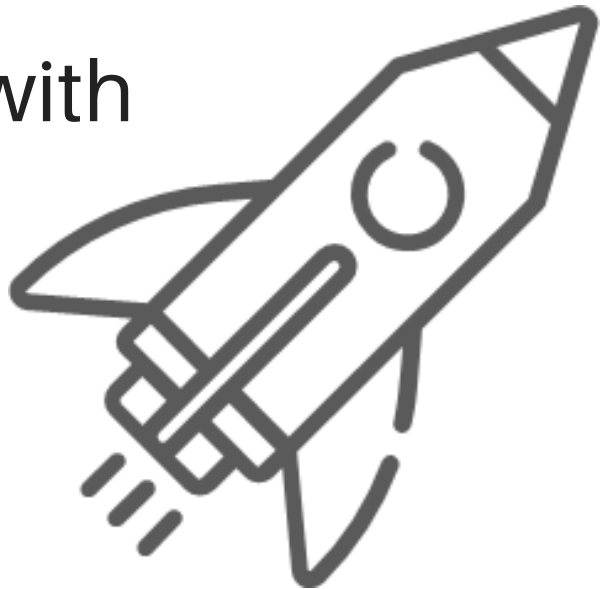
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