



Electronic Commerce Transactions under GST

Electronic commerce: Supply of goods/ services/ both, including digital products **over digital or electronic network**.

Electronic commerce operator (ECO): Any person who **owns, operates or manages** digital/electronic facility or platform for electronic commerce.

Various E-commerce Models:

Online Marketplace Model: Platforms like Amazon, Flipkart, Uber, & Swiggy connect suppliers with customers without owning products/services. They earn revenue through commissions/fees.

Direct Sales Model: Businesses like Urban Ladder sell directly to customers via their own websites, managing entire transaction.

Inventory Model: Platforms like Amazon/Snapdeal own & manage inventory, fulfilling orders through warehousing & logistics.

E-commerce is also categorized by **supplier-recipient relationships**, such as B2C, B2B, C2C, and G2C.

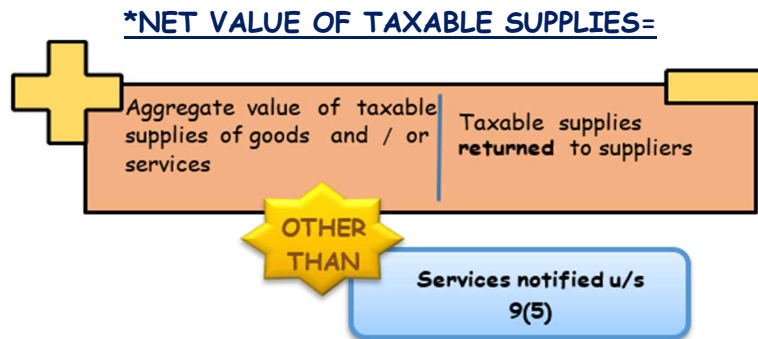
Taxability of E-commerce Transactions: ECOs must collect TCS @ **0.5% (total under CGST+SGST)** on net value of goods/services supplied through their portal & deduct it from supplier's payment.

Exceptions:

- **Notified Services u/s 9(5)** of CGST Act/ Sec. 5(5) of IGST Act: Here, ECO is liable to pay tax as the deemed supplier, so no need to collect TCS by ECO in such case.
- **Own Account Supply:** Supplier selling goods/services via his own website is not req. to collect TCS.

Tax collected at source (TCS) by ECO [Section 52]:

TCS is a mechanism where ECO, **not being an agent**, is req. to collect **tax of 0.5% (.25% CGST +.25% SGST)** on **net value of taxable supplies*** made through it. TCS is collected from suppliers when ECO collects payment for supply. ECO retains TCS amt. & its commission, passing remaining amt. to supplier.



Notes:

- Net taxable supplies are calculated on a **monthly** basis at **GSTIN level**.
- TCS is collected only on **taxable** supplies, so **no TCS on exempt supplies**.
- TCS is **not required to be collected on RCM supplies and import of goods/services**.
- If **returns exceed the supplies** during any period, excess returns are **ignored** i.e. the same **do not impact current as well as future tax periods**.

Special procedure to be followed by ECO for Supply by Composition taxpayers: **Composition taxpayers can only supply GOODS through ECO, not services. For goods supplied by a composition taxpayer, ECO must follow a special procedure u/s 148 of the CGST Act:**

- ECO must declare supplies made by composition taxpayer through **Form GSTR-8**.
- **Inter-state** supplies of goods by composition taxpayer through ECO are **not allowed**, as composition taxpayers cannot make such supplies.
- ECO must collect TCS for goods supplied by composition taxpayer & pay it to govt.

Return Filing by ECO:

- ECO liable to collect TCS must file Form **GSTR-8** monthly by **10th** day of the following month.
- TCS amount must be deposited by same date under respective tax heads (CGST/ SGST/ IGST).
- GSTR-8 includes details of supplies, returns, consideration collected, & TCS amount.
- Filing is only valid once full TCS liability is paid.
- TCS details provided by ECO in Form GSTR-8 are made available to **regd. suppliers** on common portal & TCS amount is credited to supplier's **ECL** under respective tax head. Suppliers can use this to discharge their tax liability or if credit is unused, they may claim a refund.

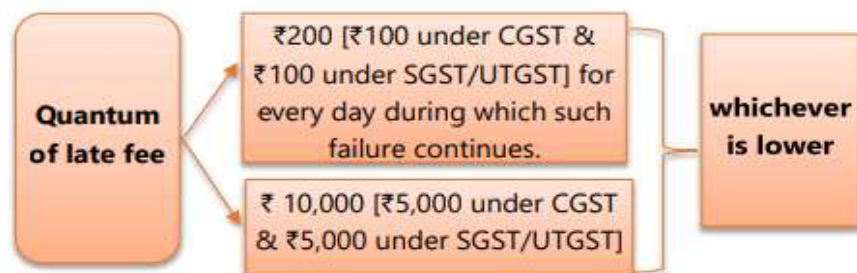
If ECO finds discrepancies in GSTR-8 after submission, he must rectify it in GSTR-8 for month when error is noticed, subject to interest u/s 50. Correction must be made by **earlier of:**

- 30th November following end of FY
- Filing date of relevant annual statement (GSTR-9B).

Contents of GSTR-8

Table No.	Contents
Table 3	Details of supplies attracting TCS
Table 4	Amendment to details of supplies attracting TCS in respect of earlier statements
Table 5	Details of interest on account of late payment of TCS (Auto-calculated on GST Portal)
Tables 6 & 7	Payment of tax

Late fees for delay in filing GSTR-8:



Key Points:

- Filing **Nil** GSTR-8 is **not mandatory** if there is no TCS liability & no transactions auto-populated in Table 4 of GSTR-8 for tax period.
- **Max. time-limit** to furnish GSTR-8 is **3 yrs** from relevant due date of its filing, extendable by Govt.
- ECO is req. to file an annual statement in **Form GSTR-9B (not yet notified)** by **31st Dec.** of next FY.
- Int. is applicable for omission, non-collection or incorrect particulars of TCS, with penalty u/s 122(vi).
- TCS should be collected once supply has been made through ECO, regardless of actual collection.
- An officer not below rank of Deputy Commissioner can serve a **notice** to ECO requiring details of supplies & stock of goods held by suppliers. ECO must provide this info. within **15 working days**. Failure to comply can lead to penal action u/s 122, along with a general penalty of up to ₹25,000.

Tax payable by ECO on Notified Services [Sec. 9(5) of CGST Act/ Sec. 5(5) of IGST Act]: Govt., on GST Council's recommendations, has notified specific services where ECO is liable to pay tax as deemed supplier (invoices are also issued by ECO & not actual service suppliers):

- **Passenger Transportation:** Includes services via radio-taxi, motorcab, maxicab, motorcycle, or other motor vehicles (**except omnibus**).
- **Accommodation Services:** In hotels, guest houses, campsites, or other commercial places meant for residential or lodging purposes, **unless** supplier is liable for **registration u/s 22(1)**.
- **Housekeeping Services:** Includes plumbing, carpentering, etc., **unless** supplier liable for **regn. u/s 22(1)**.

- Restaurant Services: **Excludes** services from restaurants located at specified premises [Premises providing hotel accommodation service having declared tariff of **above Rs.7,500 per unit per day**]
- Omnibus Passenger Transport: **Except when service provider is a company, in which case co. itself is liable to pay tax** [Omnibus= Any MV constructed/adapted to carry >6 persons excluding driver]

Note: ECO is not liable to pay tax on accommodation/housekeeping services if supplier is required to register u/s 22; here, supplier must obtain regn. & pay tax & ECO will then liable for TCS provisions.

Person liable to pay tax on notified services:

Scenario	Person liable to pay tax
If ECO is located in taxable territory	ECO
If ECO does not have physical presence in taxable territory	Person representing ECO for any purpose in taxable territory
If ECO has neither physical presence nor any representative in taxable territory	Person appointed by ECO for purpose of paying tax

Key Points:

- ECO reports GST on notified services in Form GSTR-3B by treating them as **outward taxable supplies**.
- Payment of tax on notified services is not allowed through ITC of ECO. It has to be paid in cash only.

Clarification on service supplied by restaurants through ECOs

1. ECOs are **not** required to collect **TCS** for restaurant services notified u/s 9(5).
2. ECOs do **not need separate registration** for paying tax on restaurant services supplied u/s 9(5) if they are already regd. u/R 8 as supplier of their goods/services.
3. ECOs are **liable to pay GST** on restaurant services supplied via them, incl. those by unregd. persons.
4. Restaurant services provided via ECOs are **included in Agg. T/O of person supplying** those services.
5. Restaurant services via ECOs are **not inward supply** for ECO. These are not to be reported as RCM inward supply in Form GSTR-3B; rather reported as **Outward Taxable Supplies in GSTR-3B**.
6. ECOs are **not req. to reverse ITC** on input goods & services used for restaurant services as u/s 17(5).
7. ECO shall pay entire GST liability w.r.t. restaurant services u/s 9(5) **in cash**.
8. GST is payable **by supplier on services not notified u/s 9(5)** but supplied via ECO.
9. ECO is req. to **issue invoice** for restaurant services supplied through them u/s 9(5).
10. If restaurant services & other goods/services are sold under same order, ECO should raise **invoice for restaurant services portion only**. For other goods/services, supplier is liable for GST & ECO collects TCS.
E.g.: A customer orders from a restaurant through Swiggy: a Pizza (restaurant service) - ₹500 & Packaged Soft Drink- ₹100, then ECO invoices only for restaurant service (₹500) and pays GST u/s 9(5), while restaurant invoices for soft drink (₹100), charging GST itself & subject to TCS by ECO.

Clarification on TCS liability in case of multiple ECOs in 1 transaction:

1. **Generally in cases with multiple ECOs, supplier-side ECO, who releases payment to supplier, is responsible for collecting TCS and making other compliances u/s 52.**
2. **When Supplier-side ECO is also supplier of goods/services, Buyer-side ECO is responsible for collecting TCS & making other compliances u/s 52.**

Registration Requirements of ECO:

1. An ECO liable for TCS u/s 52 or tax u/s 9(5) must obtain regn. u/s 24, regardless of Agg. T/O.
2. An ECO required to collect TCS must apply for separate registration, even if already regd. under GST, & will receive registration **within 3 working days** after due verification.

3. ECOs must register in each State/UT where their suppliers are located, even if they do not have a physical presence in those States/UTs, using their Head Office as PoB for registration in such states.
4. Registration can be canceled if PO determines that ECO is no longer liable to collect TCS, & cancellation will be communicated electronically.

Registration Requirements of Supplier making Supplies of Goods/Services through ECO:

A. Persons making supplies of GOODS through ECO:

- Persons making supplies of goods through ECO who is required to collect TCS must obtain registration u/s 24, except when their aggregate T/O is below threshold.
- Unregistered persons can supply GOODS through ECOs if they meet specified conditions, such as declaring their PAN & PPOB for verification.
- Details of supplies made by unregd persons will be reported by ECO in GSTR-8, & supplier will be flagged if their total supply in CFY approaches the threshold limit.
- Suppliers with T/O below threshold are exempt from registration, subject to below conditions:
 - No inter-State supply of goods.
 - No supply of goods through ECO in >1 State/UT.
 - Must have a PAN issued under Income Tax Act.
 - Must declare their PAN, POB address, & State/UT of supply on common portal.
 - Receive enrolment no. after successful PAN validation, which is req. before supply via ECO
 - Only 1 enrolment number is allowed per State/UT.
 - If they get regd u/s 25, enrolment no. will be cease to be valid from such registration date.

Special procedure to be followed by ECO through which unregistered persons supply goods

- ECO must ensure no inter-State supply of goods is made by unregd persons.
- ECO will only allow supply of goods if unregd person has allotted enrolment no.
- ECO will not collect TCS u/s 52 for supplies made by unregd persons.
- ECO must report details of goods supplied by unregd persons in Form GSTR-8.
- In cases involving multiple ECOs, ECO responsible for releasing payment to unregd person will be considered the liable ECO.

B. Persons making supplies of SERVICES, other than services specified u/s 9(5) through ECO: Exempt from registration if their Agg. T/O doesn't exceed ₹20 lakh/₹10 lakh (threshold). ECOs are not required to collect TCS for unregd. suppliers in such case.

C. Persons making supplies of SERVICES notified u/s 9(5): Eligible for threshold exemption from registration i.e. liable to register only if Agg. T/O exceeds ₹20 lakh/₹10 lakhs.

Rule 78- Matching of Details: Following details relating to supplies made through an ECO, as declared in FORM GSTR-8, shall be matched with corresponding details declared by supplier in FORM GSTR-1, as amended in FORM GSTR-1A, if any,

- (a) State of POS; and
- (b) net taxable value.

Provided that where time limit for furnishing FORM GSTR-1 u/s 37 has been extended, date of matching of above-mentioned details shall be extended accordingly. Provided further that Commissioner may, on recommendations of Council, by order, extend date of matching to such date as may be specified.