

## Impact analysis of GST on E-commerce operators

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There are following e- commerce models working at present

- 1) Inventory Model: Where the supplier of goods/services develops their own platform to supply goods/ services.
- 2) Aggregator Model: Where the e- commerce platform sells the services provided by others in their own brand name.
- 3) Market place model: When the e –commerce portal sells the goods of others
- 4) C to C model: When the customer sells the goods they own to the other customers
- 5) Online information services: When we sell the database or information we have acquired.

**GST categorisation:** Under GST all these models are categorised in two parts. E- commerce model and aggregator model

Why it is important to determine the nature of e- commerce portal: This is important to correctly identify the nature of e- commerce portal because their tax treatment is different.

Aggregator: Clause 43B (a) of Model GST Law

*"Aggregator means a person, who owns and manages an electronic platform, and by means of the application and a communication device, enables a potential customer to connect with the persons providing service of a particular kind under the brand name or trade name of the said aggregator"*

*Clause 43B(b) defines the term "Brand name or trade name"*

**"Brand name or trade name** means, a brand name or a trade name, whether registered or not, that is to say, a name or a mark, such as an invented word or writing, or a symbol, monogram, logo, label, signature, which is used for the purpose of indicating, or so as to indicate a connection, in the course of trade, between a service and some other

*person using the name or mark with or without any indication of the identity of that person;”*

*Clause 43B(c) defines the term branded services:*

*“**Branded services** means services which are supplied by an electronic commerce operator under its own brand name or trade name, whether registered or not;”*

*Clause 43B (d) defines the term electronic commerce*

*“**electronic commerce**’ shall mean the supply or receipt of goods and / or services, or transmitting of funds or data, over an electronic network, primarily the internet, by using any of the applications that rely on the internet, like but not limited to e-mail, instant messaging, shopping carts, Web services, Universal Description, Discovery and Integration (UDDI), File Transfer Protocol (FTP), and Electronic Data Interchange (EDI), whether or not the payment is conducted online and whether or not the ultimate delivery of the goods and/or services is done by the operator;”*

*Clause 43B ( E) defines the term electronic commerce operator*

*“**electronic commerce operator** shall include every person who, directly or indirectly, owns, operates or manages an electronic platform that is engaged in facilitating the supply of any goods and/or services or in providing any information or any other services incidental to or in connection there with but shall not include persons engaged in supply of such goods and/or services on their own behalf.”*

Example:

Company	Aggregator/E-commerce operator	Reason
Flipkart	E- commerce portal	Brand name is not of flipkart
Snapdeal	E-commerce portal	Brand name is of snapdeal
Consultease	E-commerce portal	Brand name is not of consultease
Ola	Aggregator	Brand name is of Ola
Uber	Aggregator	Brand name is of Uber
Urban clap	E- commerce portal	Brand name is not of urban clap
Policy bazaar	E- commerce portal	Brand name is of companies
Urban pro	E- commerce portal	Brand name is not of

		urban pro
Freelancer	E- commerce portal	Brand name is not of freelancer
Practo	E- commerce portal	Brand name is not of practo

**Tax treatment of an e-commerce portal in GST:**

Under GST e- commerce portal will be liable for TCS under clause 43(c) of GST Model Law. Detail provisions are as under:

- 1) every electronic commerce operator shall, at the time of credit of any amount to the account of the supplier of goods and/or services or at the time of payment of any amount in cash or by any other mode, whichever is earlier, collect an amount, out of the amount payable or paid to the supplier, representing consideration towards the supply of goods and /or services made through it, calculated at such rate as may be notified in this behalf by the Central/State Government on the recommendation of the Council.
- 2) The power to collect the amount specified in sub-section (1) shall be without prejudice to any other mode of recovery from the operator.
- 3) The amount so collected shall be paid to the credit of appropriate government within 10 days after the end of the month in which such collection is made.
- 4) Every E- commerce portal is required to furnish details of supplied made through it in GSTR-8 within 10 days of next month. Following details are required to e furnish under GSTR-8.
  - a) Details of supplies to registered taxable person:

Department of Revenue  
Government of India  
Government of India/State  
Department of -----

**Form GSTR -8**

[See Rule ----]

**STATEMENT FOR E-COMMERCE OPERATORS**

1. GSTIN: \_\_\_\_\_ (to be auto-populated)
2. Name of the Taxable Person: \_\_\_\_\_ (to be auto-populated)
3. Period: Month..... Year .....

**4. Details of the supplies to registered Taxable Persons made through the e-commerce operator**

(figure in Rs.)

Invoice No.	Date	Merchant ID issued by e-commerce operator	GSTIN of supplier	Gross Value of supplies	Taxable value	Goods (G)/ Services (S)	HSN/SAC	IGST		SGST		CGST		Place of Supply (State Code)
								Rate	Amt.	Rate	Amt.	Rate	Amt.	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

b) Amendment to details of supplies to taxable person and supplies to unregistered person

**4A. Amendment to Details of the supplies to registered Taxable Persons made through the e-commerce operator**

(figure in Rs.)

GSTIN of Supplier	Original Invoice		Revised/Original Invoice		Merchant ID issued by e-commerce operator	GSTIN of supplier	Gross Value of supplies	Taxable value	Goods (G)/ Services (S) [other than branded]	HSN/SAC	IGST		SGST		CGST		Place of Supply (State Code)
	No.	Date	No.	Date							Rate	Amount	Rate	Amount	Rate	Amount	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18

**(5) Details of the supplies to unregistered persons made through the e-commerce operator**

(figure in Rs.)

Sr No.	Merchant ID issued by e-commerce portal	GSTIN of supplier	Place of Supply (State Code)	Taxable value	IGST		CGST		SGST	
					Rate	Amt	Rate	Amt	Rate	Amt
1	3	4	5	7	8	9	10	11	12	13

c) Amendment to the details of supplies to unregistered person and details of Tax collected at source.

**(5A) Amendment to details of the supplies to unregistered persons made through the e-commerce operator**

(figure in Rs.)

Sr No.	Original Details		Revised Details		Merchant ID issued by e-commerce portal	GSTIN of supplier	Taxable value	IGST		CGST		SGST	
	Tax period of supplies	Place of Supply (State Code)	Tax period of supplies	Place of Supply (State Code)				Rate	Amt	Rate	Amt	Rate	Amt
1	2	3	4	5	7	8	9	10	11	12	13	14	15

**6. Tax Collected at Source (TCS) Details**

(figure in Rs.)

Sr No.	Tax Period of payment to supplier	Merchant ID allocate by e-commerce portal	GSTIN of supplier	Name of supplier	Value on which TCS is collected	Nature of supply (B2B/B2C)	TCS_IGST		TCS_CGST		TCS_SGST	
							Rate	Amt.	Rate	Amt.	Rate	Amt.
1	2	3	4	5	7	8	9	10	11	12	13	14

d) Details of liability payable and actual payment

**7. Liability payable and paid**

Description	(figures in Rs.)						
	TCS_IGST Payable	TCS_CGST Payable	TCS_SGST Payable	Cash ledger Dr. No.	TCS_IGST Paid	TCS_CGST Paid	TCS_SGST Paid
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Tax Collected at Source (TCS)							
Interest on delayed payment of TCS							
Fees for late filing of return							
Others (pls. specify)							
<b>Total</b>							

**Notes –**

1. Taxable value is exclusive of exempted supplies.
2. B to B supplies means supplies made to registered Taxable Persons. GSTIN of both supplier as well as recipient should have been mentioned on the invoice.
3. B to C supplies means supplies made to persons other than registered.
4. Invoice wise detail may be kept safely for a period prescribed in the Act.
5. An e-commerce portal supplying goods through his own portal shall not be required to file this return in respect of such supplies.
6. To be furnished by the 10th of the month succeeding the tax period
7. To be furnished by e-commerce operator(s) providing facility of supplying goods and/or services, other than branded services, of other suppliers through his portal

- 5) Any payment collected and paid by the E- commerce operator shall be treated as a payment made by the supplier.
- 6) The details of supplies and the amount collected during a calendar month, and furnished by every operator under sub-section (4), shall, in the manner and within the period prescribed, be matched with the corresponding details of outward supplies furnished by the concerned supplier in his valid return for the same calendar month or any preceding calendar month.
- 7) Details furnished by the supplier and by the E- commerce will be matched and discrepancy will be communicated to supplier in prescribed manner. If any discrepancy is not sorted out by supplier it will be added to his output tax liability in the month succeeding the month in which it was communicate to the supplier.
- 8) Any authority not below the rank of Joint Commissioner may, by notice, either before or during the course of any proceeding under this Act, require the operator to furnish such details relating to—
  - a. supplies of goods and/or services effected through such operator during any period, or
  - b. stock of goods held by the suppliers making supplies through such operator in the go downs or warehouses, by whatever name called, managed by such operators and declared as

additional places of business by such suppliers as may be specified in the notice.

- 9) Every operator on whom a notice has been served under sub-section (10) shall furnish the required information within five working days of the date of service of such notice.
- 10) Any person who fails to furnish the information required by the notice served under sub-section (10) shall, without prejudice to any action that is or may be taken under section 66, be liable to a penalty which may extend to rupees twenty-five thousand.

### **Treatment of an Aggregator in GST:**

Definition of supply has the specific provisions for an aggregator. Clause 3 of GST Model Act provide for supply which covers the supply made by an aggregator. It reads as follows

*" (4) Notwithstanding anything contained in sub-section (1), the supply of any branded service by an aggregator, as defined in section 43B, under a brand name or trade name owned by him shall be deemed to be a supply of the said service by the said aggregator."*

- 1) This supply made by an aggregator will be taxable in their hands under GST.
- 2) There is no separate return form prescribed for an aggregator. An aggregator will file their GST return in GSTR 1, 2 and 3.
- 3) Provisions of TCS are also not applicable to an aggregator.