

ANALYSIS OF TDS ON E-COMMERCE TRANSACTIONS AND TCS AMENDMENT BY FINANCE ACT 2020

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TDS ON E-COMMERCE TRANSACTIONS



TDS ON E-COMMERCE TRANSACTIONS

FA 2020 has introduced section 194-O which provides for TDS on E-commerce transactions

E-commerce operator to deduct TDS @ 1% on gross payment made by it to e-commerce participant

(5% if e-commerce participant does not have PAN)

E-commerce participant means a person resident in India selling goods or providing services or both including digital products through digital or electronic facility or platform for electronic commerce;

E-commerce operator means any person who owns, operates or manages digital or electronic facility or platform for e-commerce. Whether non-resident e-commerce operator would also be covered?

“electronic commerce” means the supply of goods or services or both, including digital products, over digital or electronic network.

“Services” includes FTS or FPS as defined in section 194J

TDS ON E-COMMERCE TRANSACTIONS

Section 1940 will override all TDS provisions.

Applicability - sale of goods or provision of services of an e-commerce participant facilitated by an e-commerce operator through its digital or electronic facility or platform.

Such e-commerce operator shall deduct TDS at the rate of one per cent of the gross amount of such sales or services or both

TDS to be deducted at the earlier of following two events:

- At the time of payment to e-commerce participant; or
- At the time of credit of amount of sale or services to the account of e-commerce participant

TDS ON E-COMMERCE TRANSACTIONS

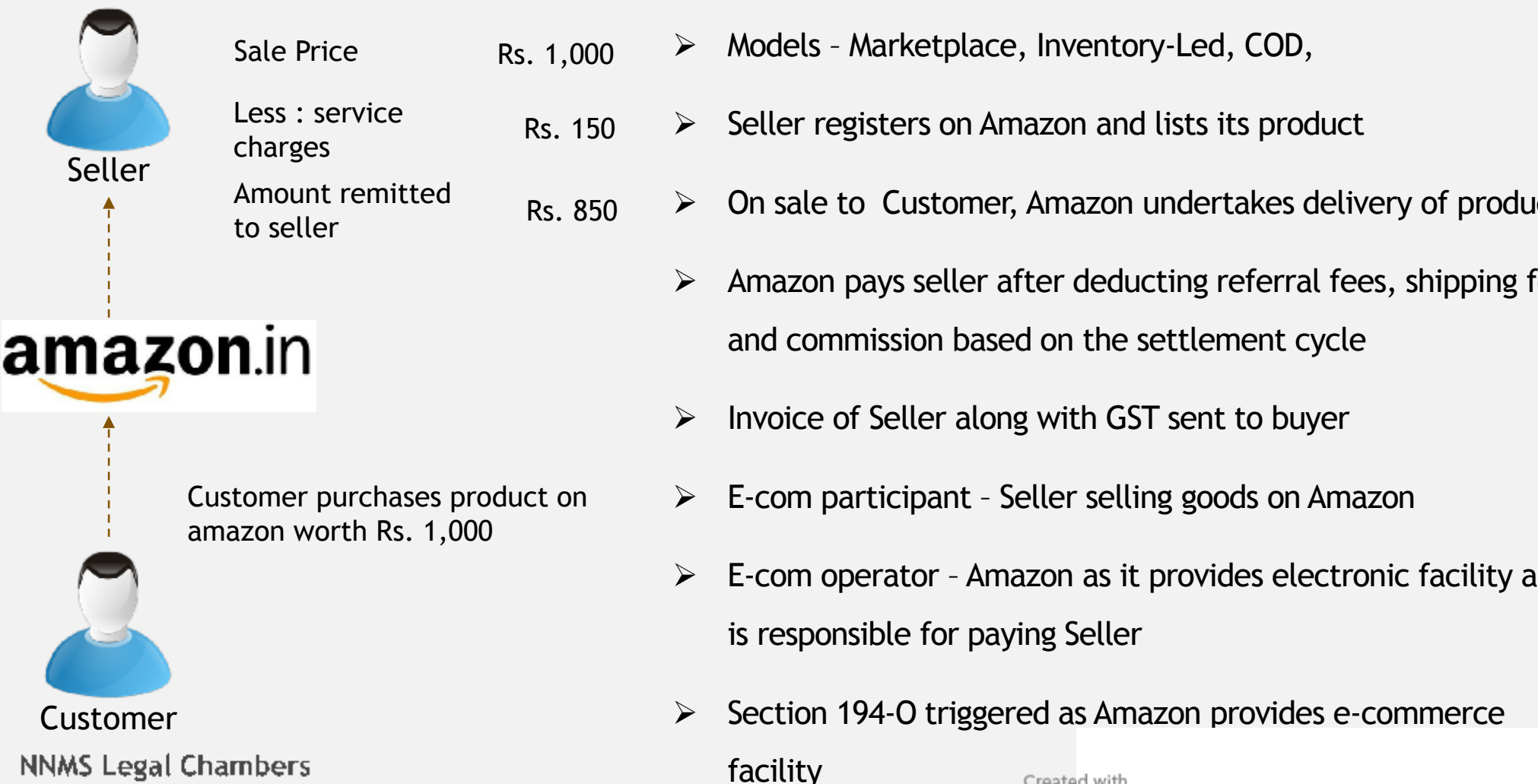
Amount would be deemed to be paid by e-commerce operator to e-commerce participant who purchases goods or services makes payment directly to e-commerce participant (for transaction facilitated by e-commerce operator).

TDS not applicable if following conditions are fulfilled:

- E-commerce participant is individual or HUF; and
- Gross revenue during the year from such sale or services or does not exceed Rs. 5 lakhs; and
- E-commerce participant has furnished PAN or Aadhar number to the e-commerce operator.

A transaction in respect of which TDS is deducted under this section by e-commerce operator, TDS is required to be deducted under any other section. Exception not applicable on payment relating to hosting advertisements or providing any other services by e-commerce operator.

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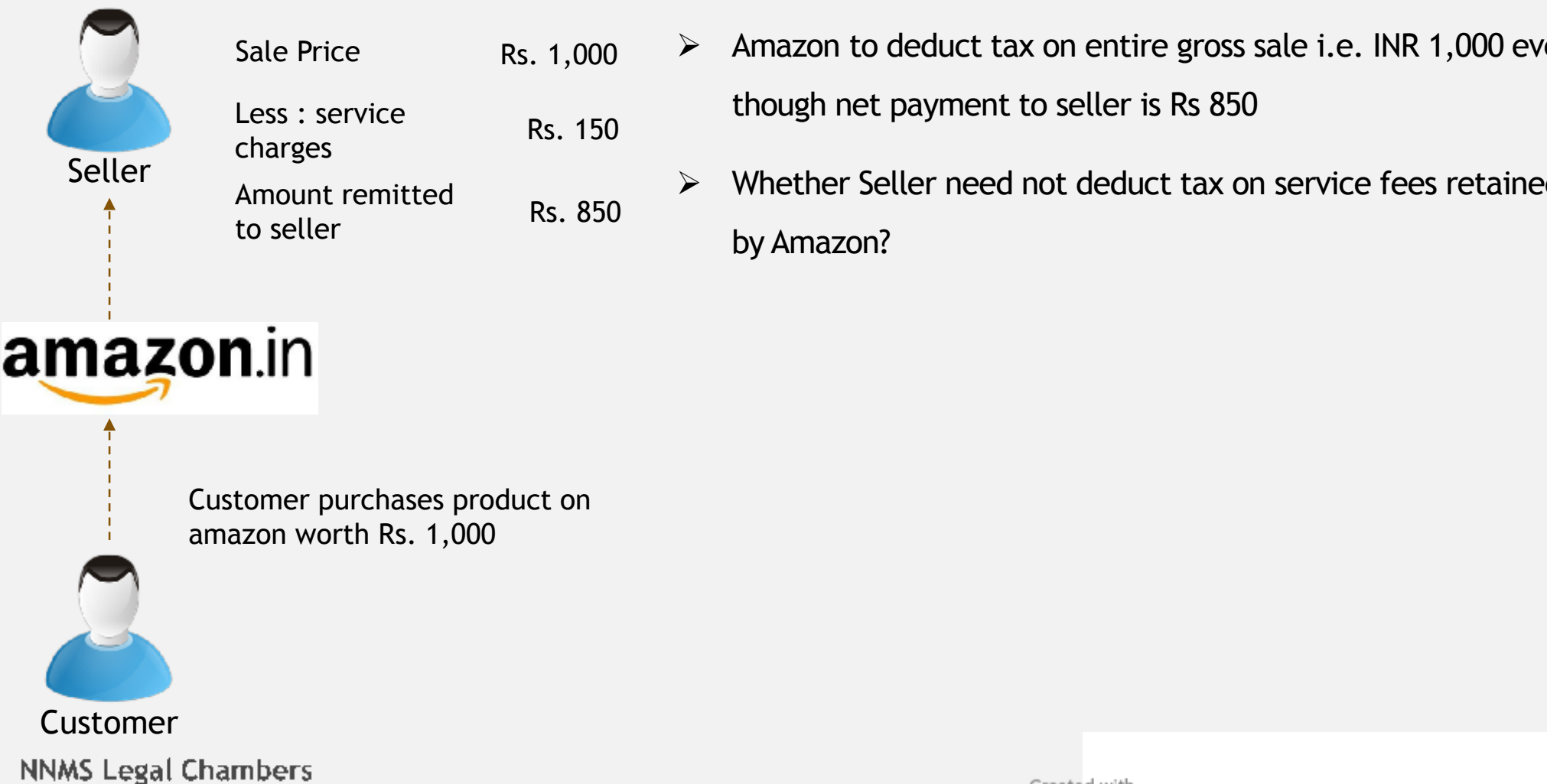


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PAYMENT BY E-WALLET



Seller

Sale Price Rs. 1,000

Less : service charges Rs. 20

Amount remitted to seller Rs. 980

Paytm remits money to Seller

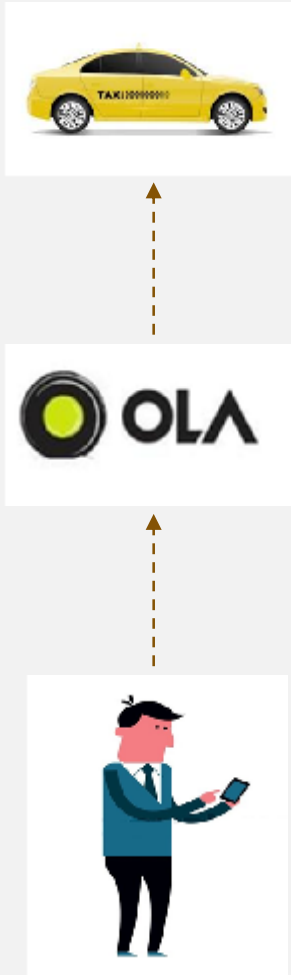


Customer

Customer purchases product offline worth Rs. 1,000 and makes payment through Paytm

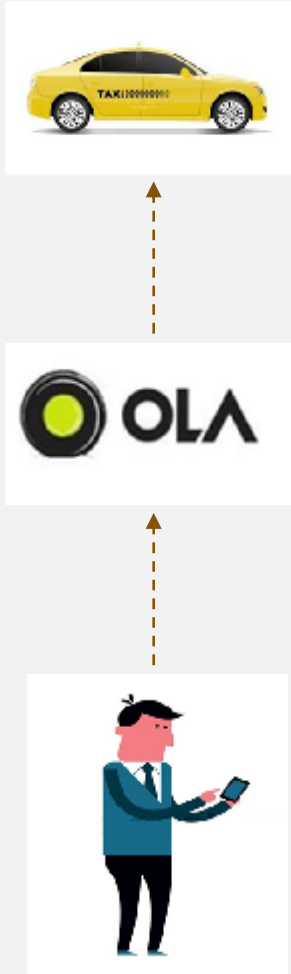
- Customer buys product from offline seller but makes payment through Paytm
- Seller registers itself with Paytm to receive payment
- Section 194-O applies only when sale of goods or services is facilitated by e-commerce operator
- Whether word 'facilitated' would cover providing e-wallet facility?
- Is seller e-commerce participant?

OLA



- Ola/Uber are Taxi Aggregators. They do not own taxi or employ taxi driver.
- Vehicle owner registers himself with Ola
- Ola allots ride through its software. Pricing is decided by software.
- Ola pays fare and incentives to Driver. Driver incurs cost of car, petrol maintenance etc
- Some customers pay cash directly to driver.

OLA



- E-com participant - Vehicle owner, as he offers service on electronic platform
- E-com operator - Ola as it provides electronic facility and is responsible for paying Driver
- Section 194-O is triggered
- Ola will be required to deduct TDS on payments made to Vehicle Owner/Driver. Pursuant to Explanation to section 194-O, payment in cash made by customer to driver will be deemed to be payment made by Ola to vehicle owner
- Section 194C v Section 1940

MAKE MY TRIP (MMT)



Fare/charges	Amount
Base Fare	4350
Tax and Other Charges:	
Passenger Service Fee	150
Airline GST	220
Other surcharge	80
Total	4800



Total Fare	Rs. 4800
Convenience fees	Rs. 300
IGST @ 18%	Rs. 54
Total	Rs. 5154



- User books ticket online
- MMT charges user air fare (which includes airline GST) and MMT service charge. Invoice provides details of air fare charged by airline along with airline GST and MMT charges are stated separately
- E-com participant - Airline Companies as they are selling tickets through digital or electronic facility
- E-com operator - MMT, as it provides electronic facility and is responsible for paying Airlines
- Whether Section 194-O triggered and on what amount TDS to be deducted.
- Whether TDS applicable

HOTEL BOOKING



are/charges

Amount

Room Rent

5000

Passenger Service Fee

900

Total

5900



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- Hotel Booking - Aggregator and Franchise Model
- OYO - majorly uses Franchise Model
- OYO lease a part of Hotel's Inventory beforehand and organises it under its brand name.
- User books rooms online
- OYO charges user room rent
- Whether Section 194-O triggered in case of Franchise Model

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BOOK MY SHOW (BMS)



Price/charges

Amount

Movie Fare

350

and Other Charges:

Convenience Fee

50

GST

09

Total

409

bookmyshow



- Cinema owners register on BMS and offers tickets for booking. Pricing is decided by the Cinema Owners
- User books movie tickets through BMS
- BMS charges user, Cinema charges along with GST and it's charges are separately charged along with GST
- Whether Section 194-O is triggered?
- BMS provides various services like ticket verification, on-ground services for vendors, advertisement, etc. What would be the TDS implications on these.

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RAILWAY TICKET BOOKING ON IRCTC



Rail Fare Rs. 1,000



Rail Fare Rs. 1,000
IRCTC Charges Rs. 10
Total Rs. 1,010



- IRCTC has sole rights to book railway tickets online
- E-com participant - Ministry of Railway as it sells ticket through IRCTC
- E-com operator - IRCTC as it provides electronic facility and responsible for paying Railway
- IRCTC charges user for railway fare and IRCTC service charge
- IRCTC remits railway fare to Ministry.
- Even though section 194-O is triggered, no TDS deductible as per section 196 provides for no TDS on payments made to Government

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CARS-24

Cars 24 works on C2B model.

It purchases used cars from individuals and dealers, then sells it to other dealers.

Seller has to book an appointment on the Cars 24 website.

Seller has to visit the nearest Cars 24 branch for due verification.

Post verification, Cars 24 will give best available quote. Cars 24 charges a nominal fees to sellers, who then sells car to them.

Cars 24 has various channel partners, who buy the second hand cars. Cars 24 charges a fees to buyers.

Whether, TDS u/s 194-O is applicable?

OLX

OLX works to C2C model (i.e. Consumer sells to Consumer).

Seller needs to create an account and list its product by uploading the images on the OLX website.

Buyer will browse the listing.

OLX neither acts as a liason between buyer and seller nor involves in negotiation. It provides merely platform.

Seller can opt for “Sponsored and Premium listing” services by paying a fee to OLX.

OLX earns revenue from “Google Adsence”, which is an advertisement from Google.

Whether TDS u/s 194-O is applicable for the above transactions?

JUST DIAL

Just Dial works on B2B and B2C models.

Seller lists its products and services on JD website.

Buyer can browse the listing or can call the JD (88888 88888) and seek the details.

Seller can opt for premium listing service by paying some fees. JD provides various packages, based the package opted seller stands on the top of the search list.

Information on search by buyer is transferred only to paid sellers.

Whether TDS u/s 194-O is applicable?

PRACTO

Practo connects doctors and patients. Apart from this, sells medicines to chemists and druggists, sales

Practo Ray, Premium listing service for doctors on payment of fees.

Practo Ray (SaaS application): this is a Software provided to doctors for an annual subscription fees.

helps doctors in maintaining their patients record, billing, prescriptions and others.

Doctors are listed on the Practo with details of experience, area of specialisation etc.

Patients browse the listing. Practo would list the doctors who are paid and opted for premium listing

service in the top of the list.

Patients can fix the appointment with doctor. Patients can also consult with the doctors on the Practo t

free or on payment of fee.

Whether TDS u/s 194-O is applicable?

TCS PROVISIONS



TCS ON FOREIGN REMITTANCE UNDER LRS/ FOREIGN TOUR

Section 206C (1G) is introduced to collect TCS on foreign remittance under LRS or foreign tour

Persons responsible for collecting TCS are:

- Authorised Dealer who receives money for remittance under LRS; or
- Tour Organiser, who sells overseas tour program packages

Authorised Dealer means, person authorised by RBI u/s 10(1) of FEMA 1999.

Overseas tour program packages means, any package which offers visit to outside India and includes travel and hotel accommodation charges

TCS to be collected @ 5% of amount received/receivable (0.5% if remittances is out of education loan per 80E, for pursuing education)

TCS ON FOREIGN REMITTANCE UNDER LRS/ FOREIGN TOUR

TCS to be collected at the earlier of following two events:

- At the time of receipt of such amount from the buyer; or
- At the time of debiting the account of buyer

Threshold limit Rs. 7,00,000/- (Only for remittance under LRS). TCS shall be collected only on amount excess of Threshold limit

Authorised Dealer shall not collect if Overseas tour program package seller has already collected TCS

Not applicable, if buyer is:

- Required to deduct TDS; or
- Government, Embassy, Consulate and etc

TCS ON SALE OF GOODS

Section 206C (1H) is introduced to collect TCS on sale of goods

Seller of goods shall collect TCS @ 0.1% from buyer of such goods (1% if buyer does not provide PAN AADHAAR to seller)

TCS shall be collected at the time of receipt of sale consideration, unlike other TCS provisions

Threshold limit is Rs. 50,00,000. TCS shall be collected on amount exceeding 50,00,000 only (i.e. not entire sale value during the year)

TCS not applicable in the following cases:

- If goods are exported; or
- If such goods are covered under sub-section (1) or sub-section (1F) or sub-section (1G); or
- If aggregate sale value of goods does not exceed 50,00,000/-; or
- If the buyer is liable to deduct TDS on the goods purchased and has deducted TDS

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TCS ON SALE OF GOODS

Buyer means, person who purchases goods, but does not include,

- Central or State Government;
- Embassy, high commission, legation, commission, consulate & trade representation of foreign state;
- Local Authority;
- Person importing goods;
- Any other person notified by the Central Government.

Seller means, a person whose turnover exceeds Rs. 10 Cr during the preceding previous year.

THANK YOU

