



THE CHAMBER OF TAX CONSULTANTS

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Issues on E-Commerce to be discussed at the study circle meeting arranged by IDT committee

1. Registration:

- Will even artisans/one time dealer need to get themselves registered if they were to offer their goods/art effects on portal of a E- commerce operator?
- What about person selling personal effects like his car, old TV, used laptop on OLX, Quikr? He is not taxable person, is obtaining registration compulsory?
- Is there requirement of registration for each depot of E-Commerce Operator as additional place of business, if supply is made from their depot?

2. Agent: Can an E-Commerce be treated as agent of any supplier? Pl. consider - may be as a consumer I book the order on flipkart and flipkart delivers the goods to me and I don't know the vendor till I remove the packing of the product, can we say E-Commerce is an agent?

3. Auction by Sites like ebay: ebay facilitates supply of goods. Do they come under definition of E-commerce operator?

4. M/s ABC Global Ltd is in the business of manufacturing educational toys. It supplies goods locally and internationally through E-commerce websites like Amazon.

For Sales through Amazon USA,

- Typically, M/s ABC Global maintains stock with Amazon USA, in its warehouses across the USA. Based on a month's trends goods are manufactured in india and sent to be stored in Amazon USA's warehouses.
- Once a customer's order is received on the Amazon USA website, Amazon USA will then dispatch the goods from its warehouses in the USA.

Sales are booked in M/s ABC Global's Accounts only on successful supply to the customer. Amazon USA charges warehouse handling charges and other charges such as portal listing charges, advertisement charges etc. Only the net amount after adjustment of its charges are sent in forex to M/s ABC Global.

- Whether dispatch of goods out of india to Amazon USA is 'Export of Goods'?
- If yes, how is the same to be reported in GSTR1 of M/s ABC Global? The Sale value cannot be determined on the actual dispatch of the goods. It generally varies with final price sold to the customer.
- Can Refund of unutilized ITC be applied for even if sale of the goods have not been completed? Practical and fund blocking challenges
- Amazon USA charges are quite high, is M/s ABC Global liable to pay reverse charge on "import of services" for the services received by him?

5. M/s XYZ is engaged in the business of providing car decorator services. Its most famous item is the "paint protection coating". Its HO is in Mumbai Maharashtra. They have a huge vendor dealer network which actually does the "supply-apply" job. Normally, a customer in Delhi, will approach the HO in Maharashtra for the "paint protection coating". M/s XYZ MH will ask its Vendor Delhi to go to the customer in Delhi and complete the job. The final invoice is made by M/s XYZ in the name of the customer.

M/s XYZ MH is intending to list itself on UrbanClap and is wondering about the GST Implications on the same. In last example, additional party UrbanClap gets added in the mix. The customer will book the paint protection coating on UrbanClap, Ms/ XYZ MH will in turn ask Delhi Vendor to be complete the job. The consideration from the customer will flow through the e-commerce website UrbanClap. What are the GST Implications as M/s XYZ will be raising the final invoice on the customer?

6. Deep Discounts by portal

Different situations:

- a. Brand owner MRP 100 à supply to portal@60 à Portal will supply @45 toà customer à any issue?
- b. Brand owner à stores stock at portal's locationsà portal will dispatch on receiving orderà customer. Invoice will be raised by Brand owner on the customer directly.

Brand owners realization is Rs.60

- From customer – 45
- From portal – 15
- Total – 60

What are the GST implications? Are there two considerations and thereby, two recipients of supply?

Can the portal claim input tax credit on its portion of the payment made to brand owner i.e. GST on 15?

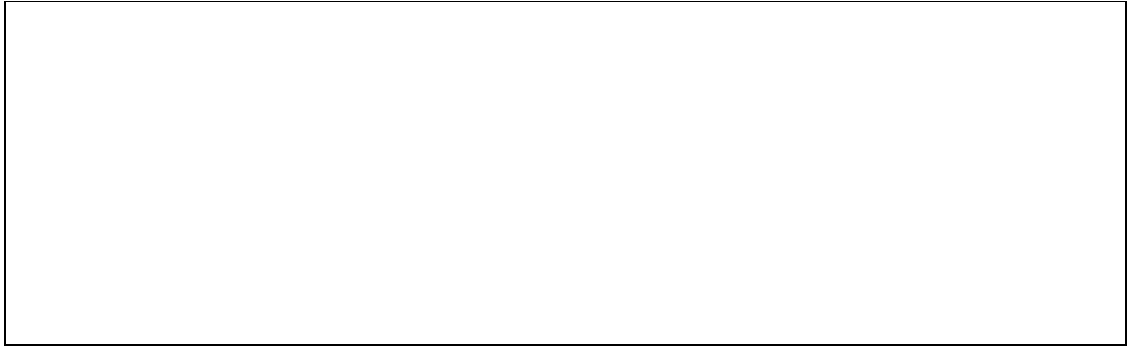


7. Cash back from credit card company

Amazon is running a Cash Back scheme in association with a Bank say HDFC. Customer gets Rs.5 cash back on the transaction of Rs. 100

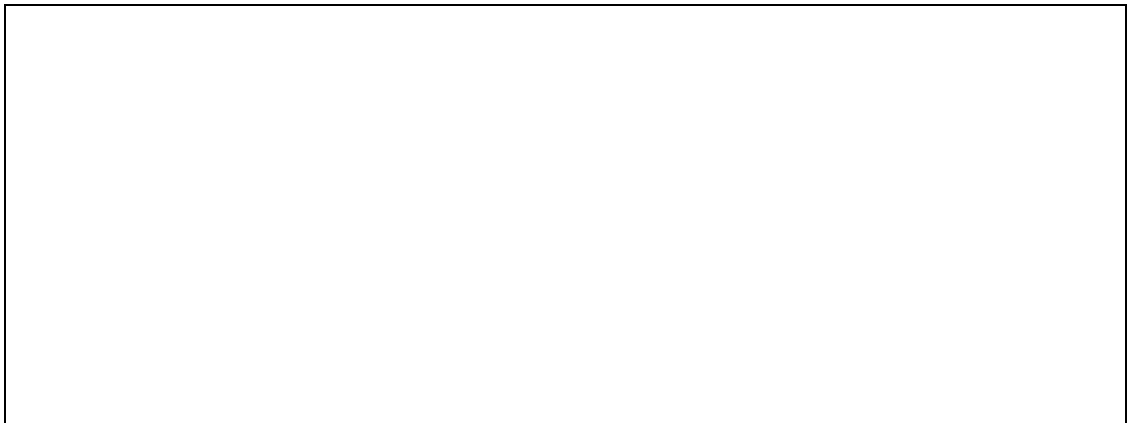
Vendor PQR is listed on the Amazon india website and supplies various kind of products such as gloves, masks, sanitizers etc. Customer places an order for these products on Amazon's website. He is eligible for the Cash Back.

- Vendor PQR dispatches the goods and also raises the final invoice. The invoice value is Rs.100. Vendor should realise Rs.100. Customer will get Rs. 5 from the Bank. What are GST Implication? Are there 2 recipients of supply? Bank will pay Rs.5 to the customer. However, it will be paid after 3 months' time.
- Customer gets cash back 5 from bank – but Amazon bears Rs.2/- and pays it to the bank. Is it business support transaction in between the bank and Amazon?
- Vendors gets visibility by way of advertisement on banks. Is it a barter transaction? If yes, how to value it? How the GST auditor to trace it and also verify/ vouch it?



8. Loyalty Points -Discuss GST implications

- Loyalty points received on purchases of goods from one franchisee shop; redeemed at other franchisee shop such as points from Lifestyle can be used across franchises like Westside, FBB etc.
 - a. Loyalty points entitles discount/ encashment
- From sites like MakeMyTrip/Yatra/BookMyShow on certain transactions you get discount coupons which can be redeemed at MacDonalds, Mad Over Donuts etc.
 - a. How to value this? It is observed that 80% cases, these coupons are not encashed
 - b. What if cash backs are given?



9. TCS: Mr. A is an E- Commerce Operator (ECO) who has a Normal and a TCS Registration in the state of Maharashtra, as, till date Mr. A had suppliers only in the state of Maharashtra. Now going ahead, Mr A plans to expand and wants to allow suppliers from other states as well, to list their products on his website. Mr A charges an annual listing fee and also a commission for every transaction that takes place through his portal.

In view of this we have the following queries.

- Is Mr A required to get Normal and TCS registration in the other states as well, where his suppliers are registered? Note that Mr A does not have any POB in other states.
- Will Mr. A be considered as an agent of the suppliers who are registered in other states and in view of Section 24, he will be required to get registered in those states, on this count?
- If one of the suppliers in other states is making an interstate supply, then will Mr. A collect IGST TCS or CGST + SGST TCS?

10. Barter – Discuss GST implications like supply or not, valuation etc.

- Cross advertisement on each other's portals
- Promotion on other print/digital media
- Cross selling – preferred search

11. Book my show – Internet handling fees etc. how are various income streams treated in the hands of e-comm operator

