Equalisation Levy

S.No	Particulars	Details
1.	*Purpose*	To bring under tax regime Non-resident companies not having permanent establishment in India which receives payment for providing E commerce advertisement services in India.
2.	*Applicability*	Applies to whole India except Jammu & Kashmir. The CBDT issued notification dated 27 May 2016, stating that the provisions of Chapter VIII relating to the equalisation levy would come into effect from 1 June 2016
3.	*Definitions*	
	Equalisation Levy	means the tax leviable on consideration received or receivable for any specified service under the provisions of this Chapter;
	"specified service	means online advertisement, any provision for digital advertising space or any other facility or service for the purpose of online advertisement and includes any other service as may be notified by the Central Government in this behalf;
4.	*Charge of Equalisation levy*	• (Consideration) X 6% • Payee : Non resident • Payer : Resident person carrying business or profession **or** Non-resident person having PE in India
5.	*Non Applicability*	• Non-resident service provider having PE in India and services are effectively connected with PE. • Consideration $\leq$ 100,000 • Payment not for business or profession
6.	*Deposit of Equalisation levy*	Payer shall deduct equalisation levy and it shall be paid to the credit of the Central Government by the 7th day of the month immediately following the calendar month in which It is deducted. Challan 285 is applicable.
7.	*Failure to Deduct*	notwithstanding such failure, payer shall be liable to pay the levy to the credit of the Central Government
8.	*Furnishing of statements*	On or before 30th June in form no.1
9.	*Interest on Delayed payment (section 167)*	1% x equalisation levy (for every month or part of the month by which payment is delayed)
10.	*Penalty for failure to deduct or pay (section 168)*	• Fail to Deduct : penalty equal to equalisation levy failed to deduct in addition to levy and interest

		• After deduction fails to pay : 1000 for every day subject to maximum levy amount failed to pay
11.	*Penalty for failure to furnish statement (section 169)*	• 100 rupees per day for period of failure
12.	*Penalty when not Applicable*	If assesse proves to the satisfaction of the Assessing Officer that there was reasonable cause for the said failure

Notes: Equalisation levy is not a part of Income tax Act. However it is a part of Finance bill.