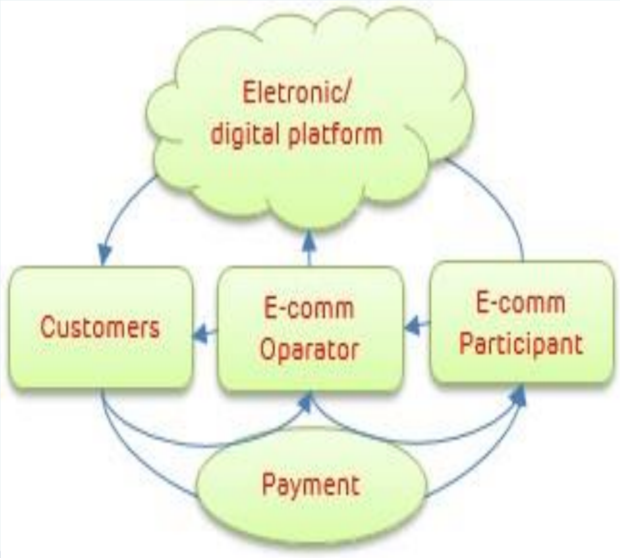
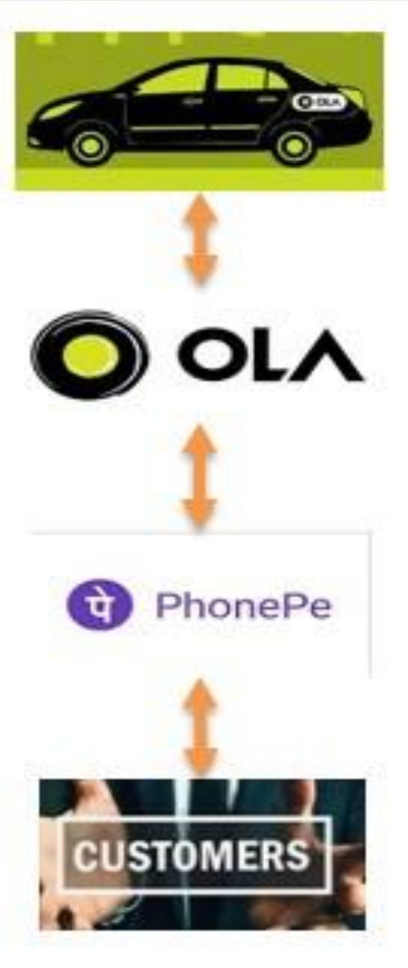
TDS on E-commerce Transaction

- Finance Bill, 2020 proposed to Insert sec 194-O, where E-commerce Operator (“Operator”) liable to deduct TDS from payment made to E-commerce participant (“Participant”) in respect of sale of goods or services or both facilitated by operator through its digital or electronic platform, at rate of 1%, at time of credit or payment w. e. earlier.
- If PAN or Adhhar not furnished TDS to be deducted at rate of 5%.

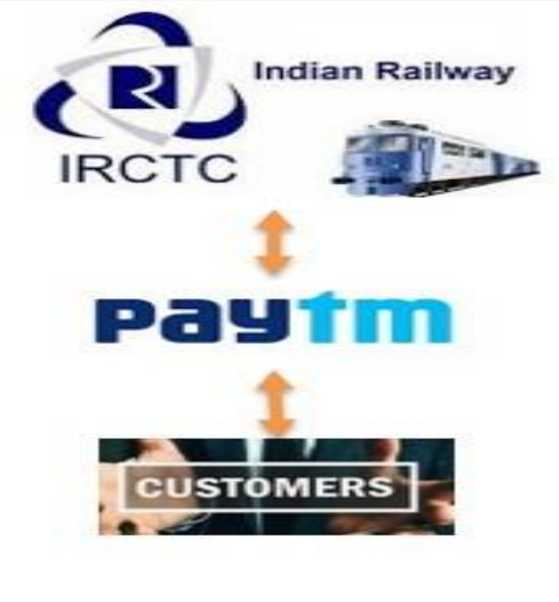




- TDS not required to be deducted where participant is Individual or HUF, having furnished PAN or Adhhar and gross amount of sale of goods or services or both, for that operator, during financial year, does not exceeds INR 5 Lacs.
- Where TDS has been deducted under this sec 194-O or not deducted due to exemption as above, no TDS required to be deducted under any other sections.
- Further, TDS to be deducted for amount received or receivable by operator in respect of advertisement or other service not in relation to sale of goods or services or both.
- Participant may apply to Lower rate of TDS u/s 197.

Direct Payment:

- If customer being purchaser of goods or services or both make payment directly to vendor being participant, then such amount deemed to credited or paid by operator and resultantly, operator has to consider same amount for the purpose of TDS by him/it.
- Further, Deeming fiction is for amount on which TDS to be applicable and not deemed operator to be responsible for such direct payment.



- **E-commerce Operator:**
  - (I) Person who **"owns, operates or manages"** digital or electronic facility or platform **for electronic commerce** and,
  - (II) Is **responsible for paying** to E-commerce participant.
- Hence, only use of, without owning, operating or managing, electronic or digital platform could not be consider as Operator.
- Operator could be resident or non-resident.
- Further, one who owns, operates or manages without having responsibility of payment to participant could not be operator.
- **Electronic commerce:** supply of goods or service or both, including digital product, over digital or electronic network.
- **E-commerce Participant:** person resident in India selling goods or services or both, including digital product, through digital or electronic platform.
- Further, as clarified by CBDT, no TDS to be deducted on GST component on service if same is separately shown on invoice. However, similar clarification require for this Sec 194-O as it dealt with sale of goods or services or both, while circular in force dealt with service only.