



Pune ICAI – August 8, 2020

Equalisation Levy and E-commerce



Content

Digital Economy

Equalisation Levy 1.0

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- Relevant Considerations on EQ Levy 2.0
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TDS on E-commerce – Section 194-O

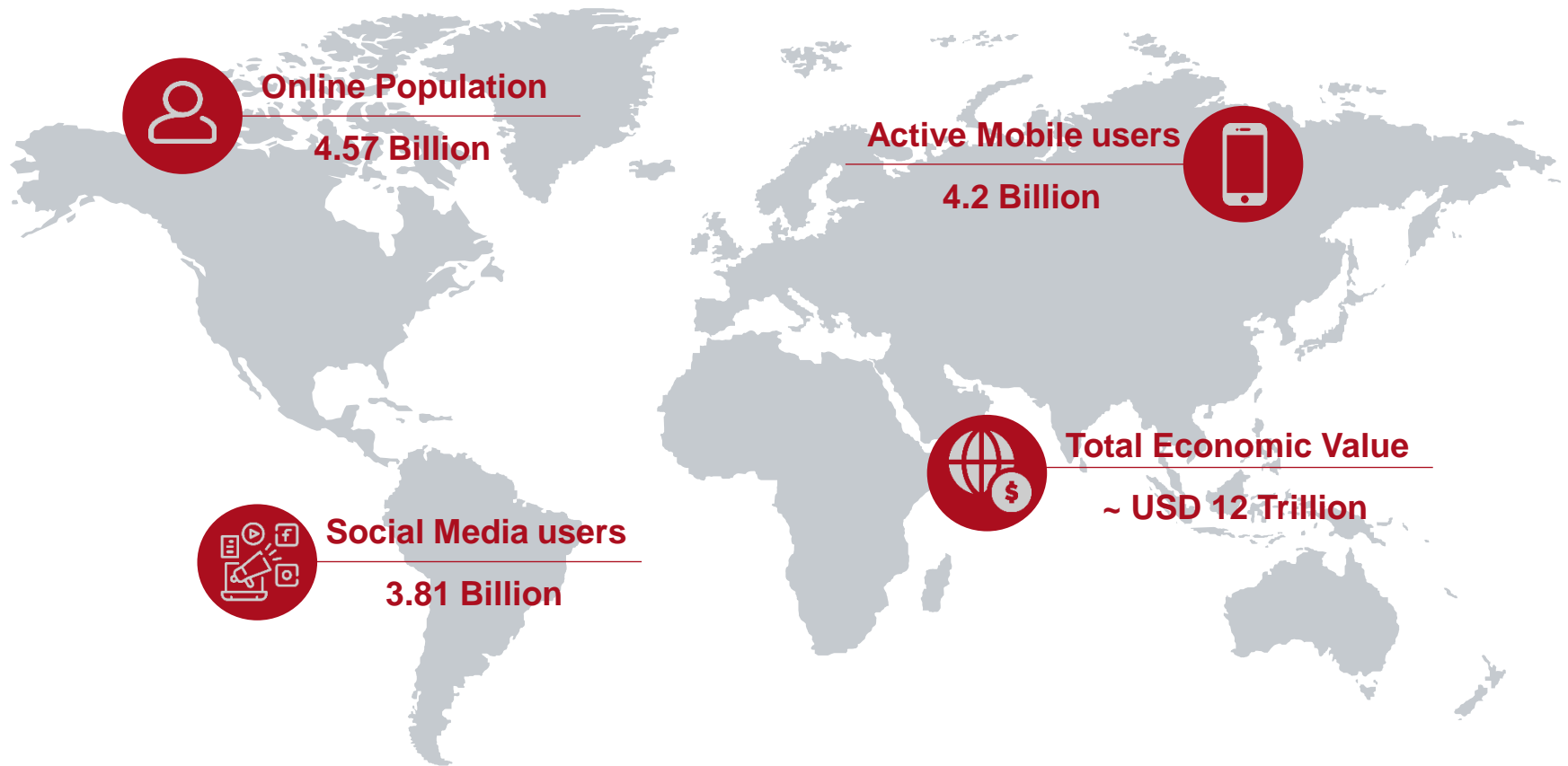
- Interplay between EQ Levy & Section 194-O



Digital Economy

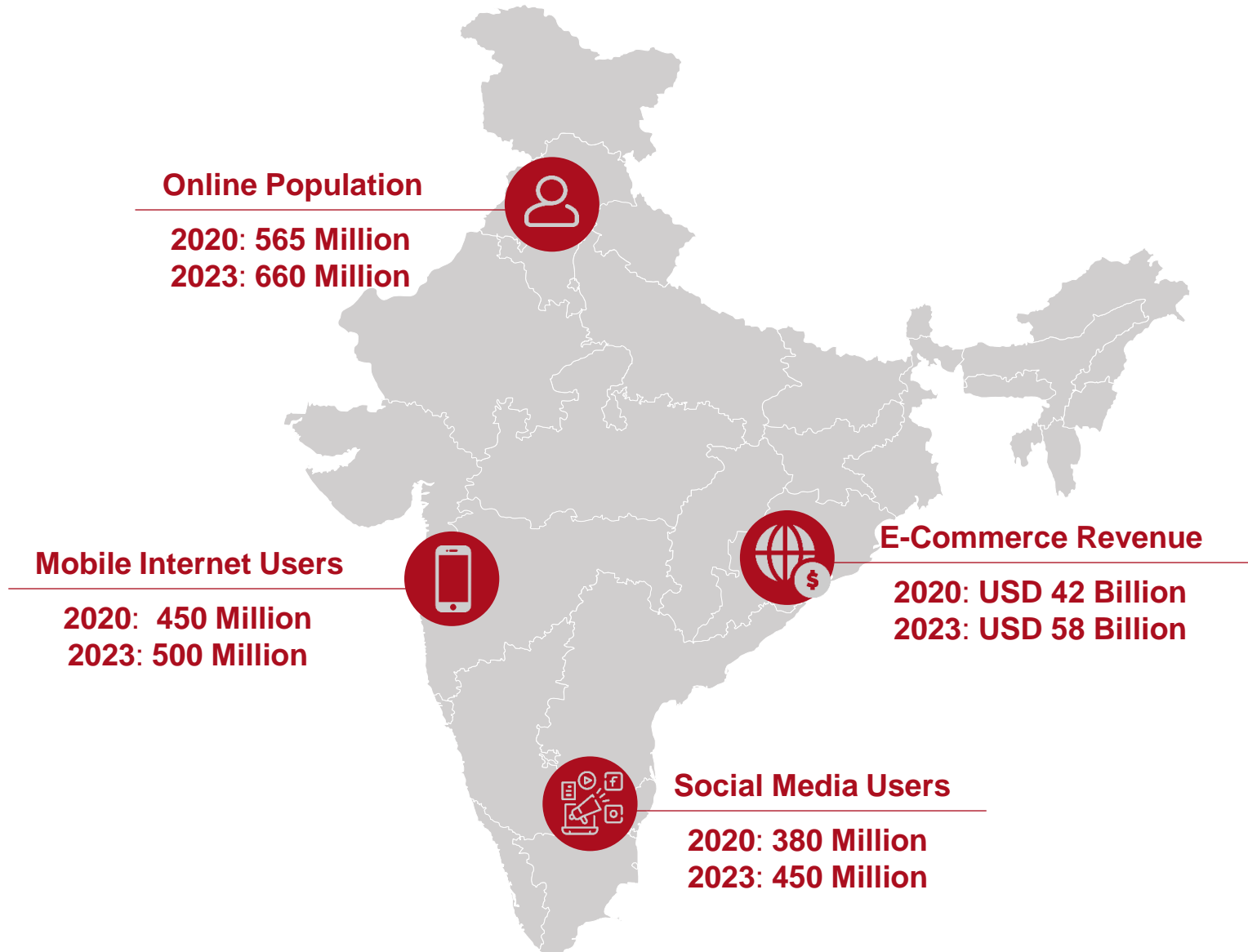
Digital Economy and its whereabouts

Economic activity resulting from billions of everyday online connections among people, businesses, devices, data, and processes. Hyper-connectivity between people, organisations and machines is the backbone of digital economy



* Source: Estimates as per data available on public domain

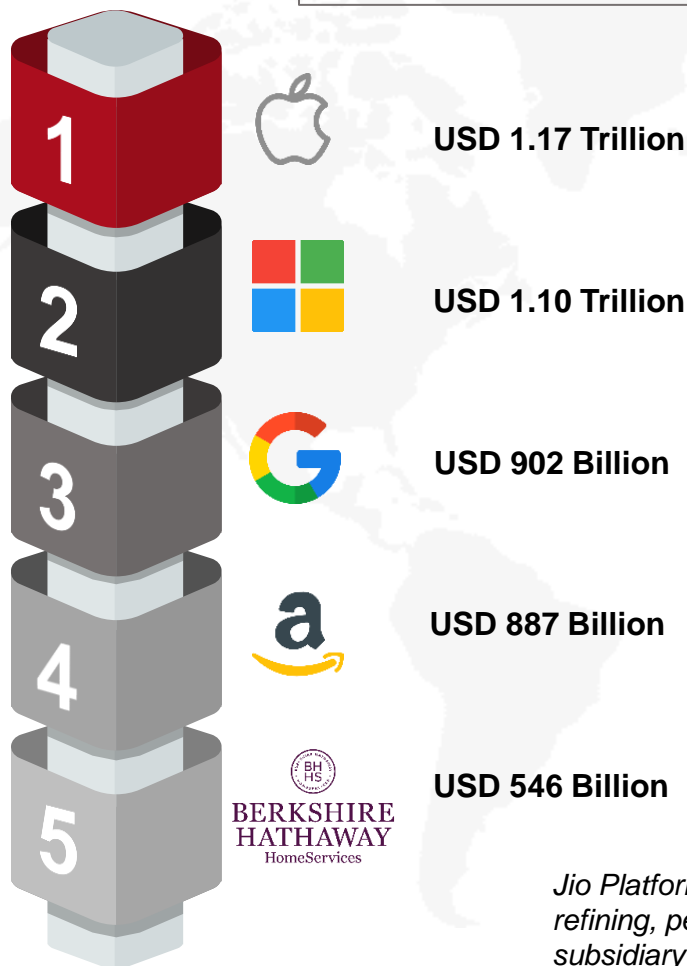
Digital Economy and its whereabouts



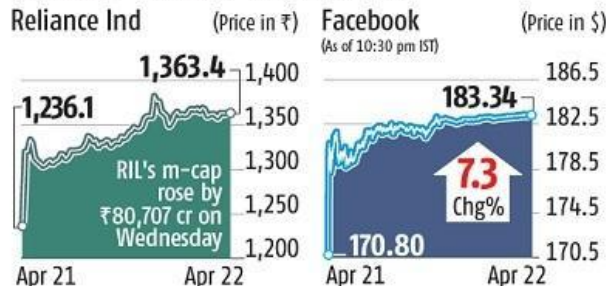
* Source: Estimates as per data available on public domain

Digital Economy and its whereabouts (Cont.)

Largest Companies with Market Cap



STREET 'LIKES' THE DEAL



Facebook plays Jio card in battle against Amazon, Google

Facebook's \$5.7-billion investment in Reliance Jio Platforms is being viewed as a powerful alliance to take on bigwigs Amazon, Flipkart, and Google in the e-commerce and payments space.

MOST VALUABLE COMPANIES

Rank	Name	M-cap (₹ trn)
1	Reliance Ind	8.64
2	TCS	6.65
3	HUL	5.17
4	HDFC Bank	5.09
5	Jio Platforms*	4.36
6	HDFC	2.88
7	Bharti Airtel	2.73
8	Infosys	2.73
9	ITC	2.24
10	Kotak Bank	2.20

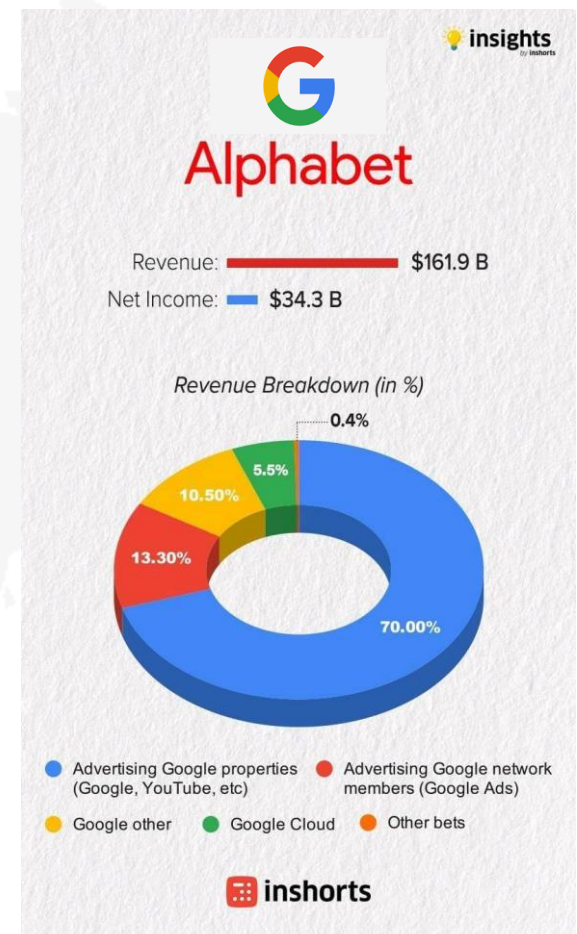
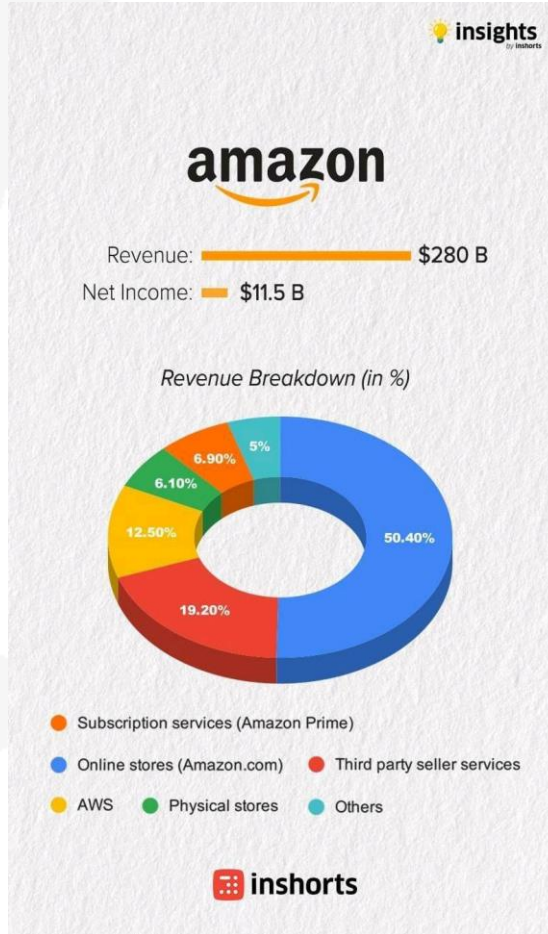
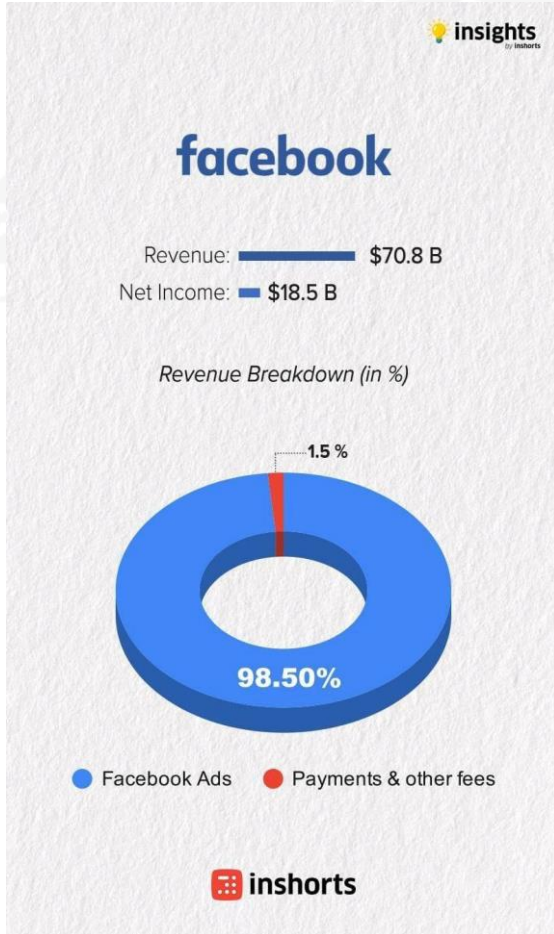
Note: * Equity value of Jio Platforms had it been listed

Source : Exchange/Bloomberg
Compiled by BS Research Bureau

Jio Platforms is now more valuable than all other businesses of RIL put together, including refining, petrochemicals and retail. Facebook is buying 9.99% in Jio Platforms, a 100% subsidiary of RIL, for INR 43,574 crores. This translates into a market/ equity value of INR 4.36 trillion for Jio Platforms. Deal kick-started the monetisation of digital assets of RIL

* Source: Public domain

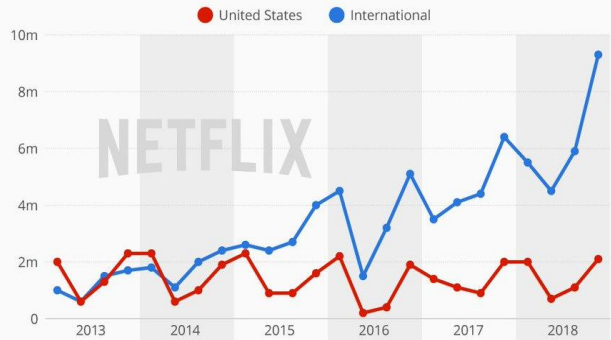
Business Models in Digital Economy



Business Models in Digital Economy

NETFLIX

Netflix's Subscriber Growth Has Shifted Away From Home
Netflix's net subscriber additions per quarter*

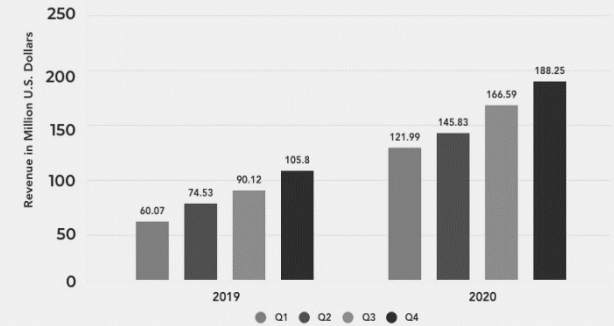


* including free trials
Source: Netflix

statista

zoom

Zoom's Quarterly Revenue Worldwide in 2019 and 2020 Fiscal Year



Other business models

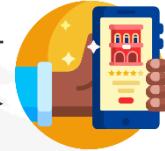
MNE grp having dedicated website (B2B)



Non-resident

Purchase of goods, sale via local entity

Provide catalogue and price list



Indian Resident customer

1

MNE performing remote operations using AI / IOT



Foreign Co

Sale of goods having inbuilt software

Fault detection or repairing services remotely using software



Indian Resident customer

2

Purchase via call center



Foreign Co

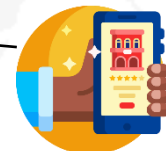


Website hosted for catalogue display

View products on website and access call center number

Order placement

Delivery offline



Indian Resident customer

3

Categories of Digital Transactions



Online Marketplace



Online food delivery platforms



Vehicle Aggregators



Online Advertisers



Online content



Online payments/wallets



Cloud Computing Services



Online travel



Online entertainment



Search Engines & Research Platforms



Matrimony & Dating Services

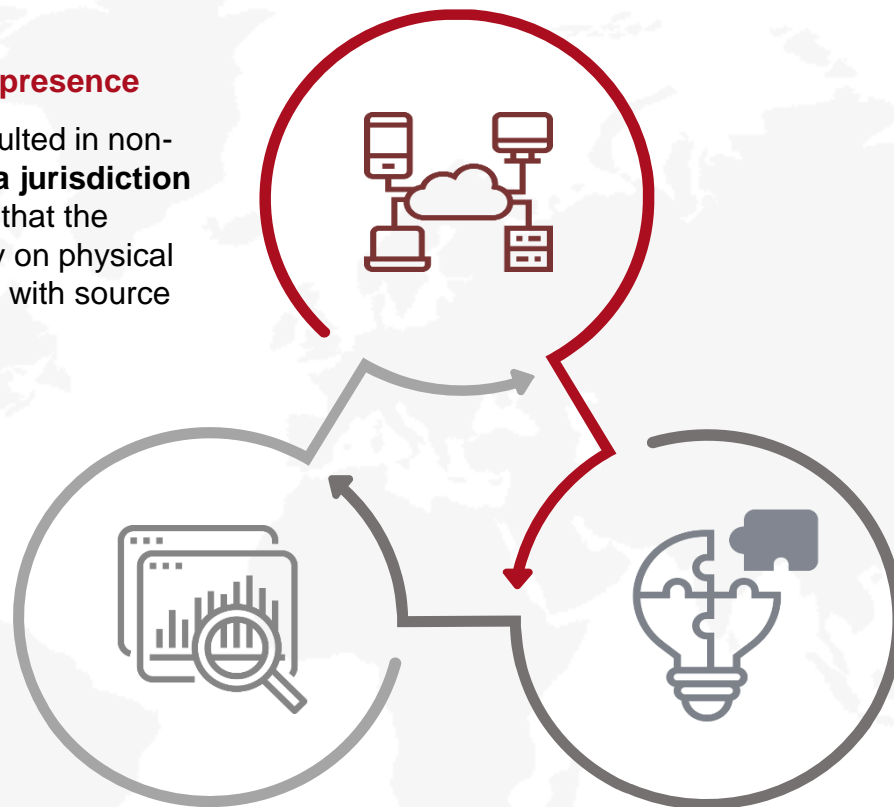
Challenges in taxing Digital Economy

Nexus without physical presence

Growth of digital economy has resulted in non-resident companies **operating in a jurisdiction without local presence**. The fact that the existing thresholds for taxation rely on physical presence is to ensure taxing rights with source jurisdictions

Data & attribution of value

Sophistication of information technology provided the way to gather & use information across borders resulting in issues of attribution of value created from generation, use and sale of data. **Difficulty lies in identifying, for tax purposes, the source of data**







Characterisation of income

Dilemma in relation to the proper **characterisation of payments made in the context of new digital products or means of delivering services** (for instance, payments in relation to Cloud Computing)

Although distinct in nature, these challenges may overlap with each other

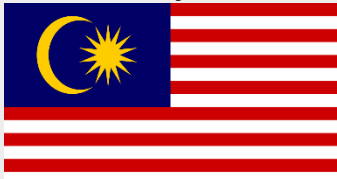



- Payment Characterisation may trigger taxation in the jurisdiction of residence
- Collection of data from users may trigger nexus with source jurisdictions

Digital Tax in other countries – Income Tax

Country	Effective date	Type	Rate	Applicable on
Austria 	January 1, 2020	DST	5%	<ul style="list-style-type: none"> – Online advertisements – Threshold limits: Global turnover- Euro 750M+ & Turnover in Austria- Euro 25M+
France 	January 1, 2019 Collection delayed till end of 2020	DST	3%	Apply “French digital presence” ratios on: <ul style="list-style-type: none"> – Digital intermediary services – Digital advertising services based on users’ data
United Kingdom 	April 1, 2020	DST	2%	Revenue in excess of 25 million pounds derived from UK users from <ul style="list-style-type: none"> – social media platforms – internet search engine – online market place
Italy 	January 1, 2020	DST	3%	<ul style="list-style-type: none"> – Digital advertisements – Digital intermediary services – Transmission of user data

Countries such as Belgium, Indonesia, Israel, Nigeria have introduced Digital PE (ie SEP) based taxes in respect

Digital Tax in other countries – Income Tax

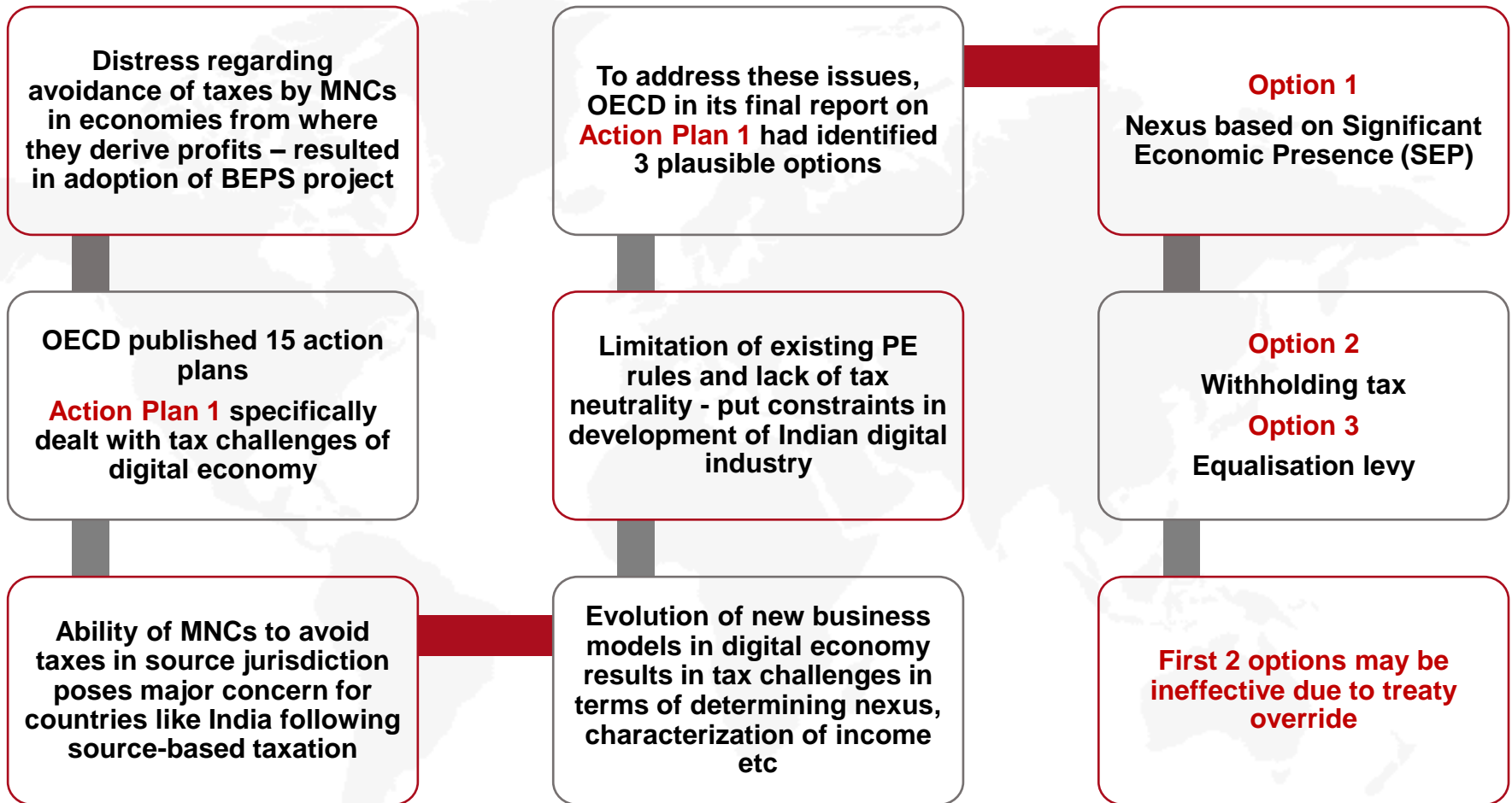
Country	Effective date	Type	Rate	Applicable on
Malaysia 	May 13, 2019	WHT	Variable	e-commerce transactions
Mexico 	June 1, 2020	WHT	Variable	<ul style="list-style-type: none"> – Online entertainment services/contents – Online clubs – Dating websites – e-learning
Turkey 	January 1, 2019 March 1, 2020	WHT DST	15% 7.5%	<ul style="list-style-type: none"> – Digital advertisement service provider or intermediaries – Online content/entertainment – Revenue not exceeding TRY 20,000,000 in Turkey and Euro 750M worldwide is exempt
Vietnam 	July 1, 2020	WHT	Variable	NR digital & e-commerce operations in Vietnam

In addition, most countries including USA, Australia, Brazil, China etc additionally levy VAT/ GST on digital transactions

Equalisation Levy - Background



Rationale for introduction



India was the first country to introduce an equalisation levy under its domestic tax legislation based on the recommendations of the committee formed by CBDT. The Indian approach, was, however, different as Equalisation Levy on specified services (introduced in 2016) was in the nature of final withholding tax without assuming the character of an income tax



India Actions

Equalisation Levy 1.0 – Finance Act 2016

Specified Service

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

Online

Facility or service or right or benefit or access that is obtained through the internet or any other form of digital or telecommunication network

5

Online

4

Specified Service

3

Non-applicability

2

Applicability

1

EQ Levy

Applicability - Sec 165(1)

6% on consideration received/receivable by NR for specified services provided to

- Indian resident carrying on business or profession or
- NR having PE in India

Non-applicability – Sec 165(2)

- NR having PE providing specified services which are effectively connected with that PE; or
- Aggregate consideration for specified services in a FY is up to INR 100,000 (payer wise); or
- Payment by Indian resident or PE of NR – not for purpose of carrying out business or profession (covered only B2B, not B2C)

Equalization levy

Tax leviable on consideration received or receivable for any specified service under the provisions of this Chapter

Equalisation Levy 1.0 – Finance Act 2016 (Cont.)

- Deducted EQ levy to be deposited by **7th day** of the following month
- Delay in payment – **Interest @ 1%/** month or part month
- **Penalty** for:
 - **Failure to deduct** EQ levy – **equal to EQ Levy**
 - **Failure to deposit** after deducting – **INR 1,000/ day** until the failure continues (max EQ Levy)

Deduction & Deposit of EQ levy

- **Statement of 'specified services'** in Form No 1 to be furnished by payer **annually on or before 30th June** of the following FY
- Belated/ Revised statement can be furnished within 2 years from the end of FY in which specified services are provided
- **Failure to furnish statement- Penalty @ INR 100/day**
- **Punishment for false statement** – Imprisonment upto 3 years + Fine

Statement of specified services

- Appeal before CIT(A) only against penalty order passed by tax officer
- No right of appeal against intimation or rectification order – Writ could be the only remedy in such cases
- Powers vested on the CIT under Sec 263 or 264 of the Act cannot be exercised in respect of EQ Levy
- Prosecution proceedings not be instituted – without the previous sanction of Chief CIT

Appeals

- **Section 10(50) - Exemption** for income on which EQ Levy is chargeable
- **Section 40(a)(ib)- disallowance** of expenditure, if payer fails to deduct and deposit EQ Levy on or before the due dates for filing ITR
- EQ levy deducted in subsequent year or deducted during the PY but paid after due dates for filing ITR, allowed as deduction in the year of payment
- Words not defined in Chapter VIII will take their meaning from the Act

Income Tax Act

Significant Economic Presence (SEP)

- Expands the scope of income of a non-resident which accrues or arises in India that results in a "business connection" in India for that non-resident
- Resulting income, attributable to SEP, taxable in India
- Transactions/ activities to constitute SEP in India, whether or not the non-resident has a residence or place of business in India, or renders services in India, or the agreement for such transactions or activities is entered in India

Transaction in respect of **any goods, services or property** carried out by a foreign enterprise in India, **including provision of download of data or software in India**, if payment exceeds beyond a prescribed limit

or

Systematic and continuous soliciting of its business activities or engaging in interaction with such number of users as may be prescribed, in India **through digital means**

Threshold of "Revenue" and "Users" not prescribed yet

Interplay with current 6 percent Equalization Levy (EL)

Cross border business profits to continue to be taxed as per existing treaty rules till modified

Non-treaty jurisdictions to be most impacted

Significant tax impact for overseas players in digital business space

Terms such as Goods, Digital means etc needs clarity and Profit attribution rules to be notified

Interplay of SEP and Equalisation Levy

SEP is a concept under the IT Act and Equalisation Levy is a separate chapter outside IT Act

Is there a possibility of overlapping of the services covered under both the regime?

Purpose of both regimes is to tax digital economy. While the scope of SEP is very wide covering every type of digital services, the ambit of equalisation levy is limited and services can certainly be unearthed to be taxed under both the regime. SEP was earlier proposed to be effective from Assessment year 2021-22, but has been deferred to Assessment Year 2022-23

Trepidation of double taxation where tax is levied under both the regime on the same services

In spite of the fact that the service might be covered under both the regime, there should not be a levy of double taxation:

- Concept of SEP does not form part of any of India's tax treaties or MLI
- Services on which Equalisation Levy is chargeable is specifically exempt from income tax under Sec 10(50) of the IT Act and therefore SEP should not be applicable on such services



Equalisation Levy 2.0 - E-commerce



Equalisation Levy 2.0 – Finance Act 2020

Broadening the scope, provisions introduced by the Finance Act 2020 are in addition to the existing Equalisation Levy on specified services and are applicable from April 1, 2020

e-commerce supply of goods or services means –

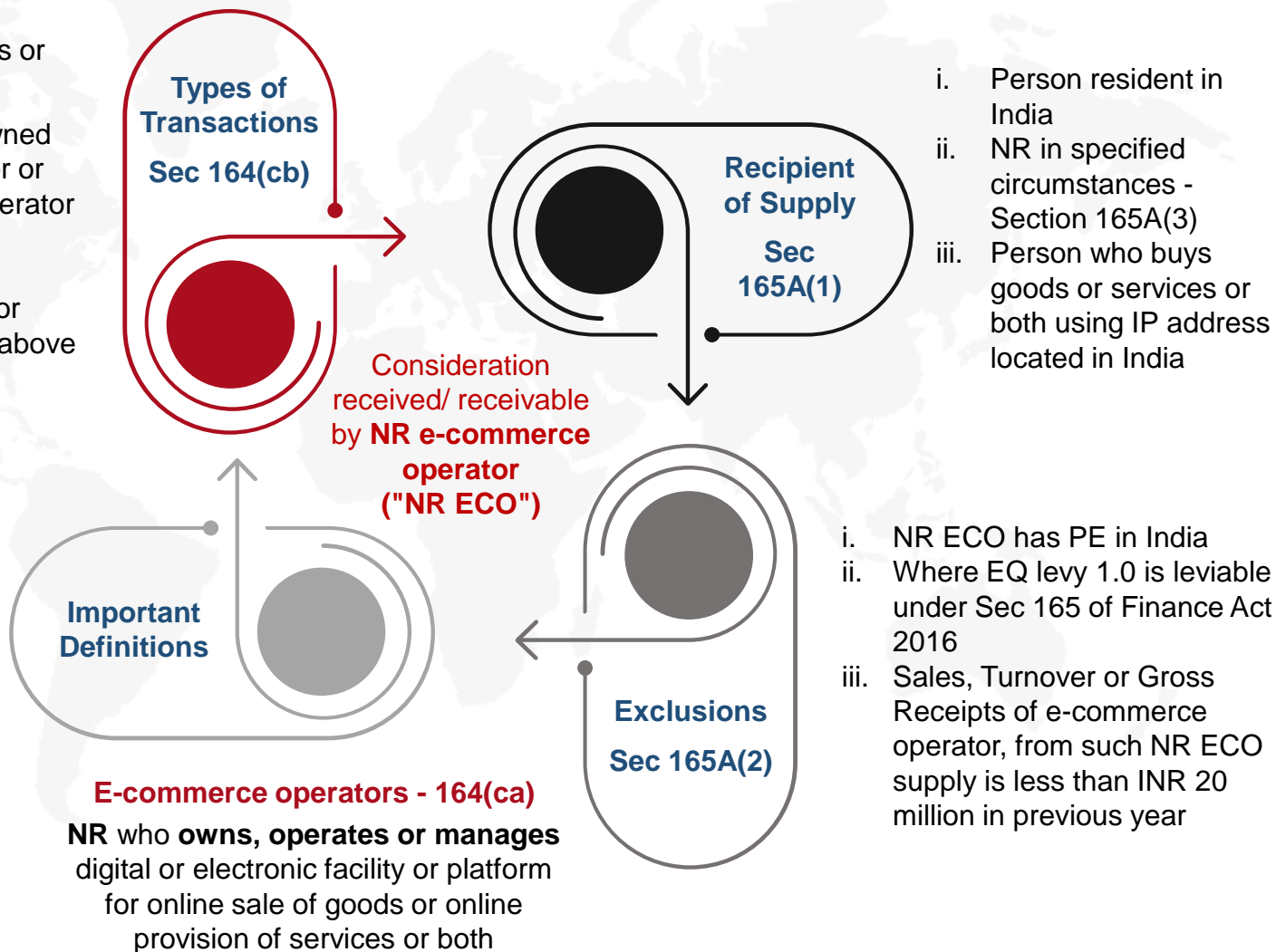
- i. Online sale of goods owned by e-commerce operator or services provided by operator
- ii. Online sale of goods or provision of services facilitated by the operator
- iii. Any combination of the above

Specified circumstances

Sale of advertisement, which targets customers, resident in India or customers who accesses the advertisement through IP address located in India

OR

Sale of data, collected from a person who is resident in India or from person who uses IP address located in India



Equalisation Levy 2.0 – Finance Act 2020 (Cont.)



Rate: 2 percent for e-commerce supply



Section 10(50) amended to exempt income arising from e-commerce supply chargeable to EQ levy. **Exemption available from April 1, 2021**



EQ Levy is payable by NR ECO
Levy not in form of withholding tax

Payment due dates



Quarter ending	Due Date
30 th June	7 th July
30 th September	7 th October
31 st December	7 th January
31 st March	31 st March

This will have practical challenges as the transactions would be undertaken till end of March 31 and ascertaining liability on same day and making remittance may not be feasible (could lead to a refund situation given sales return events as well)

Importance of Sec 10(50) of the IT Act

Section 10(50) of the IT Act is the only link between the Income-tax Act, 1961 and EQ Levy 2.0 and holds utmost importance

Avoidance of double taxation



Possibility of overlapping of both the IT Act and EQ Levy

- Services may be doubly taxed as FTS/ FIS/ Royalty along with EQ Levy 2.0
- Section 10(50) provides solace from such double levy
- **Is there a choice between EQ Levy and withholding?**
- **Existence of anomaly as Sec 10(50) for EQ Levy 2.0 is in force from April 1, 2021 leaving a room for one year of double taxation**



Section 195 & 197 of IT Act

Sec 195 and Sec 197 available for determining taxability under IT Act and not capable of determining chargeability of EQ Levy

Mutual Agreement Procedure (MAP)

MAP is contingent on a prior administrative measure having been taken. Not clear if Competent Authorities would entertain applications under MAP, as Equalisation Levy is not an income tax. May be covered in US/ UK treaties as "identical or substantially similar taxes"

Seeking Advance Ruling (AAR)



Dilemma on characterisation of transaction as Royalty/ FTS / FIS or qualifies for EQ Levy 2.0

- AAR application cannot be moved as EQ Levy is a separate chapter outside IT Act
- **AAR could be sought on availability of exemption under Sec 10(50) ie whether transaction is taxable under Sec 9 or exempt under Sec 10(50) of the IT Act, if EQ Levy is discharged by NR ECO**



Relevant Considerations

Relevant Considerations on EQ Levy 2.0

Taxable amount – Gross amount vs commission income

- Ambit of new EQ levy covers ‘online sale of goods or provision of services **facilitated by the operator**’
- Ambiguity exists on taxable value of transaction (such as discounts, cash backs etc) + whether on full consideration or net commission income only

Sale / Digital Platform – not defined

- Digital Facility, Electronic facility or platform not defined under the chapter for EQ Levy
- What actually constitutes online sale? Does sale concluded on e-mail correspondences covered under EQ Levy?
- Common meaning is facilitation of commercial interactions between the buyer & seller

Exemption limit of INR 20m

- EQ levy not applicable on sale or service turnover (as defined in sec 165A (1)) exceeding INR 20 m
- Limit per person or aggregate of all transactions overall?

What if transaction assessed as Royalty / FTS

- Transactions may be assessed as Royalty / FTS by the tax officer in tax audit at a later point in time, during tax assessments (ie much after payment of EQ levy)
- Appropriate guidance concerning the matter is needed to clear the clouds whether the NR ECO will be refunded for EQ levy paid

Relevant Considerations on EQ Levy 2.0

Enforcement Mechanism

Representative assessee/ Agent route under Sec 163 of IT Act - though it will have limitations to apply only in select cases covering B2B transactions and where a business connection could be established with NR ECO or where NR has an Indian business presence

Equalisation Levy and GST

- EQ Levy and GST in India are two separate and independent levies
- No availability of credit under another regime when taxes paid under one

Appeal only against penalty order

- Appeal provisions exist only for penalty order
- No appeal mechanism for contesting EL and interest
- Filing of Writ Petition seems to be the only recourse

Person responsible for paying

- Finance Act 2020 consequentially amends Sec 204 to include NR ECO as "Person responsible for paying tax" -PAN required to be obtained
- Placement in the section unclear and could technically mean that NR may have to withhold tax on payments on service/ technical fees made to an Indian entity

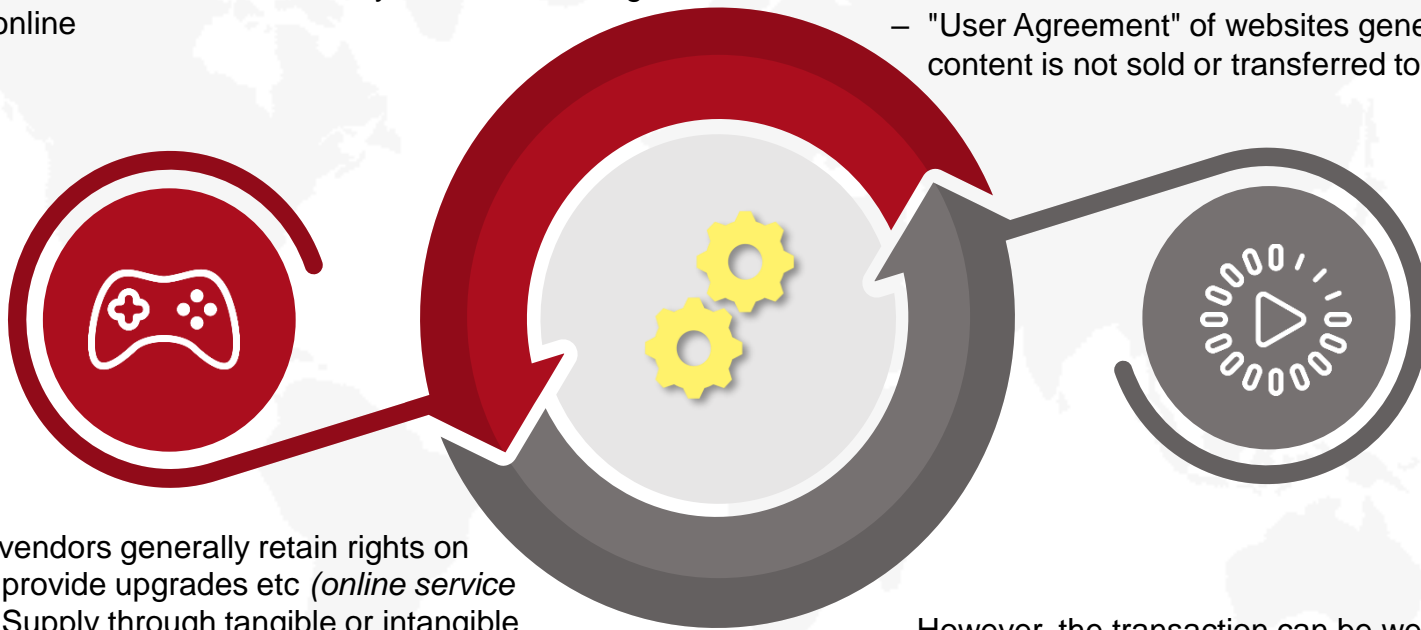
Relevant Considerations on EQ Levy 2.0

Software subscriptions through online mode - EQ Levy 2.0 applicable?

- Software sale as a product/ service both should be covered under the ambit of EQ Levy 2.0, if contracting is done online

Right to view content (and not download) such as video/ movie streaming websites

- Cannot be considered as a sale of product
- "User Agreement" of websites generally states that content is not sold or transferred to user



- Software vendors generally retain rights on software, provide upgrades etc (*online service position*). Supply through tangible or intangible medium should be considered as online sale of goods (*online sale of goods position*)
- **In absence of exemption under Sec 10(50) of the IT Act, exposure of double taxation under Royalty/ FTS income tax and EQ levy exists for payments made during FY 2020-21 (unless clarified by CBDT)**

- However, the transaction can be well considered as online provision of service
- EQ Levy at the rate of 2 percent should apply on the subscription charges received by such service provider from the Indian customers

Relevant Considerations on EQ Levy 2.0



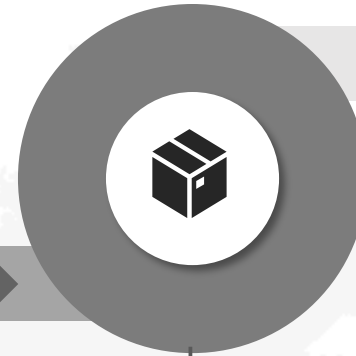
Can NR e-commerce operator claim any foreign tax credit for EQ levy 2.0 paid in India?

- Para 2 of Article 2 of tax treaties with countries such as USA, UK, Australia etc include "*Identical or substantially similar taxes*"
- EQ Levy is not a tax on income but on gross consideration
- Clarity is needed
- Claiming FTC also depends on the taxability on similar lines in the jurisdiction of residence



Order = Online Delivery = Offline Covered under EQ Levy?

- Targeting **Technology driven/centric business** or **Technology enabled business**?
- Does sale concluded online, transfers risks and rewards?
- Reference to Sales of Goods Act, Transfer of Property Act, ICDS-IV (Revenue Recognition)
- Possible view emanating:
 - **Online (Order + Delivery): EQ Levy applicable**
 - **Online Order + Offline delivery: EQ Levy applicable**
 - **Offline Order + Online delivery: No EQ Levy**



Adjustments/ refunds of EQ levy for transactions subsequently reversed (sales returns, defective supplies)

- E-commerce operators generally provide a window of 2-3 weeks for returns. In certain categories, say, fashion merchandise, returns could be as high as 25% of sales
- EQ Levy 2.0 is paid quarterly rather than transaction wise and such subsequent returns are capable of being adjusted within a quarter
- Return to be filed is annual, ie by June of following year and hence all sales returns before year end could be adjusted

Unresolved Issues – EQ Levy 2.0

If applicable on entire consideration, can NR ECO make differential payment in next quarter?

EQ Levy above threshold?

On crossing threshold limit of INR 20 million turnover, EQ Levy chargeable on **entire consideration or on excess of threshold limit?**

International Visits

Whether services availed/ goods purchased online by an Indian resident during his/ her visit to a foreign country subject to EQ levy?

As the transaction is with an Indian resident, EQ levy should apply, irrespective of the fact that IP address used may not be Indian. If an Indian expat concludes sale during visit abroad exposure exists too!

Is the threshold limit applicable on aggregate turnover of NR ECO or gross receipts from each independent customer (qua buyer or seller)?

Threshold limit pertinent to aggregate turnover of NR ECO should apply in respect of aggregate of supply to recipients referred in Sec 165A(1)

The background of the slide is a dark blue grid with a faint pattern of binary code (0s and 1s). Overlaid on this is a complex financial chart. It features a candlestick chart with green and red bars, a solid red line, a solid blue line, and a dashed white line. The chart appears to be a technical analysis of stock prices. A prominent red rectangular box is positioned on the right side of the chart, containing the text 'Relevant Case Studies' in white.

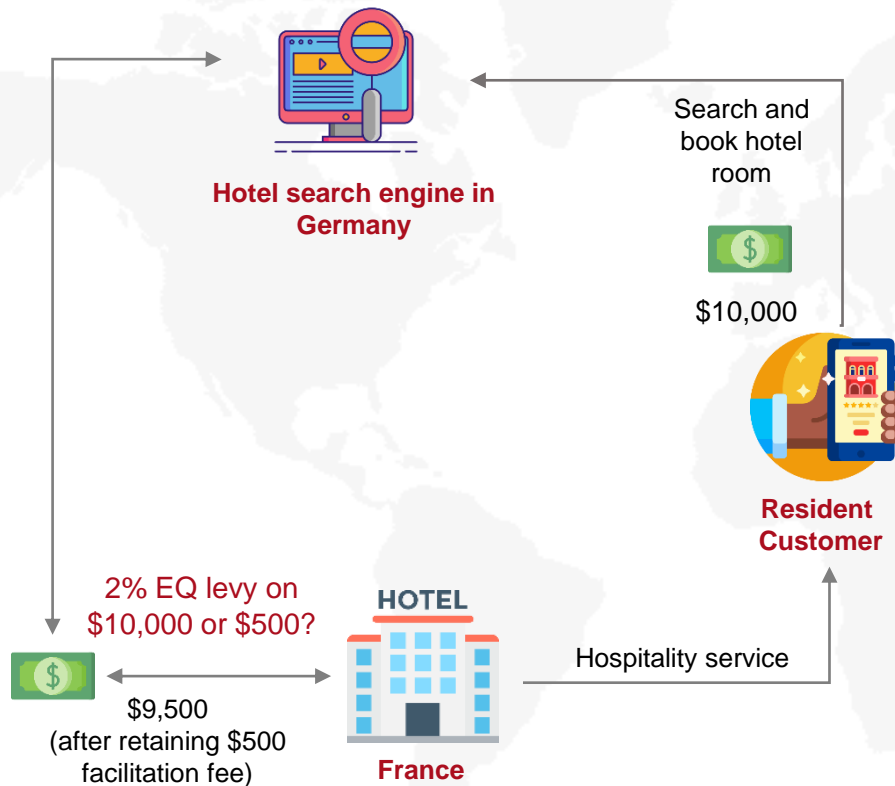
Relevant Case Studies

Case Study – Hospitality Services



- Booking is done by an Indian Resident (from India) on the website owned and operated by the US Hotel Chain
- Payments made by the Indian user using the hotel website itself
- US hotel should be able to identify such payments chargeable to EQ Levy subject to turnover limits of INR 20 million
- **Even if the property is situated outside India and all hospitality services are rendered outside India, this transaction would get covered under the new Equalisation Levy provisions**
- It is also not clear if the term 'online' refers only to the contract of sales/ service being concluded through an online facility, or includes delivery/ provision of sale/ service through online means
- **Action Plan 1 and Committee Report – Provision of Service**

Case Study – Facilitation



- Indian Resident customer searches for a hotel on a travel search engine
- Customer books a room online on such platform and payment is also done via such platform

Leg 1- Transaction between customer & booking platform - EQ to apply on gross consideration, including hotel charges or only on listing fee?

- EQ is charged at a percentage lower than TDS rates as per IT Act. Drawing parallel from international tax levies such as DST of France and also from the recommendations of e-commerce committee, a fair view would be to apply 2 percent on full value (subject to turnover test of INR 20 million)#

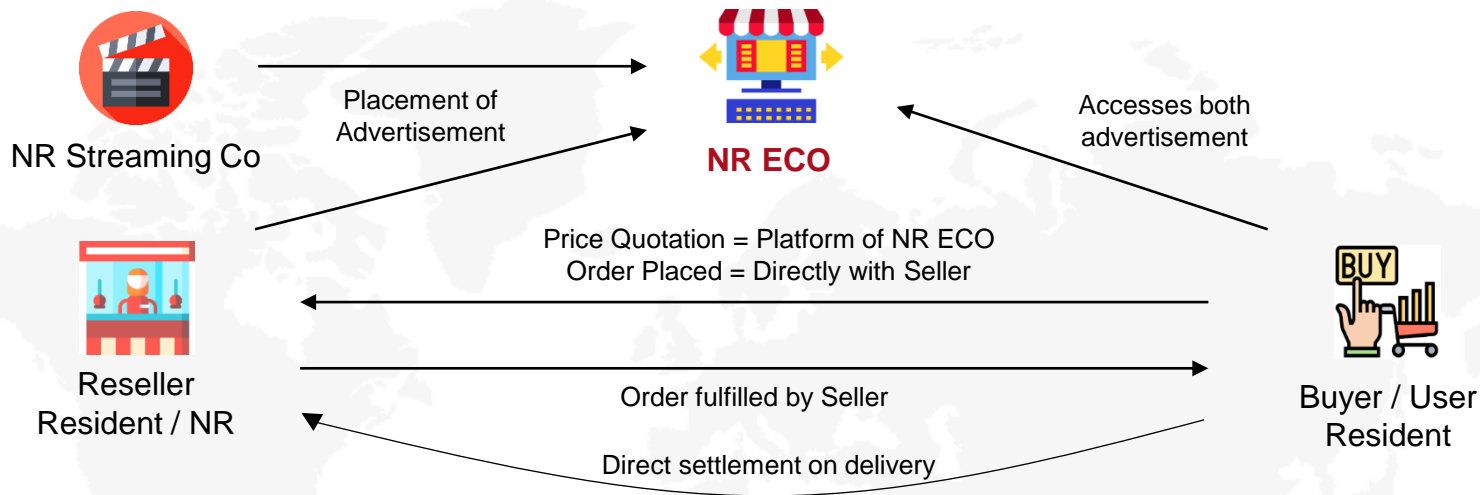
Leg 2- Transaction between booking platform & hotel

- Transaction between non-resident with another non-resident, not forming part of specified services

If payment made at hotel?

Under GST laws, Hon'ble Maharashtra Authority of Advance Rulings has taken a view in case of Sadashiv Anajee Shete [Advance Ruling dated October 23, 2018] that GST in case of an e-commerce operator would be applicable only on amount of net commission

Case Study – Facilitation and Advertisement



- NR ECO, primarily is a marketplace for resellers but also hosts "advertisement only" for others
- NR ECO provides Platform where reseller & buyer meet, ie first point of contact
- Primary price quotation for product is placed on platform of NR ECO
- Neither order is placed nor payment is settled via NR ECO

Reseller ↔ NR ECO

- NR ECO Provides **Facilitation**
- **No Consideration received by NR ECO from customer for facilitation**
- Clarity on EQ Levy on such facilitation to be levied is needed
- EQ Levy on NR ECO as it earns advertisement revenue targeting Indian Customer
 - 6% - Reseller is resident
 - 2% - Reseller is NR

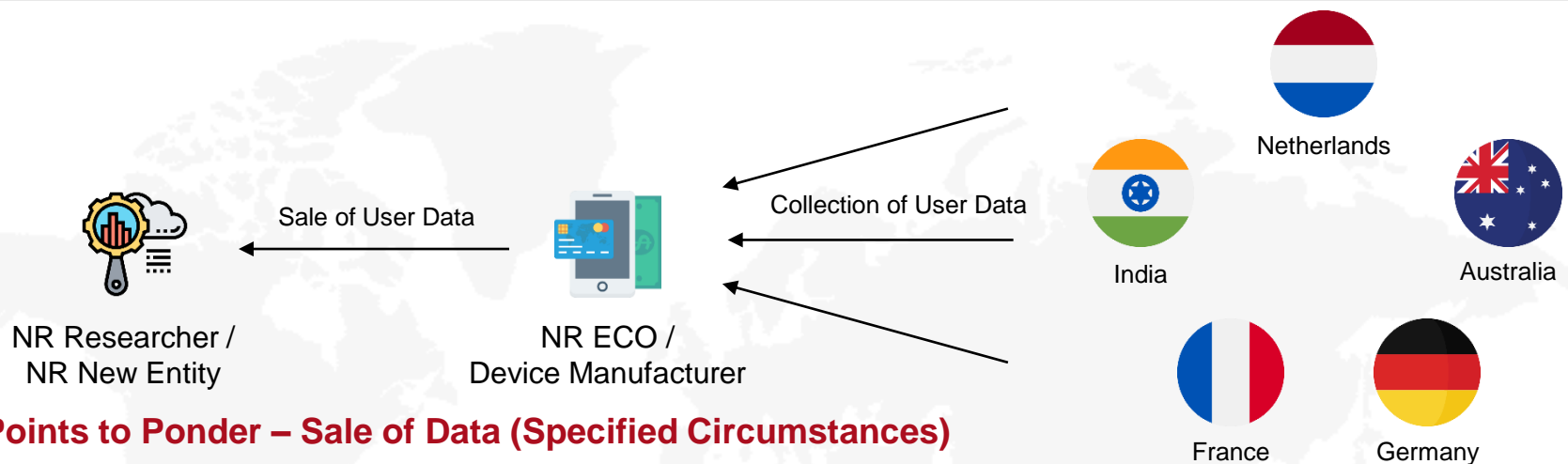
Reseller ↔ Buyer

- Supply of goods / services by NR
- Is it an online supply?
- Is Digital Platform involved?
- Is Turnover INR 20 million crossed?

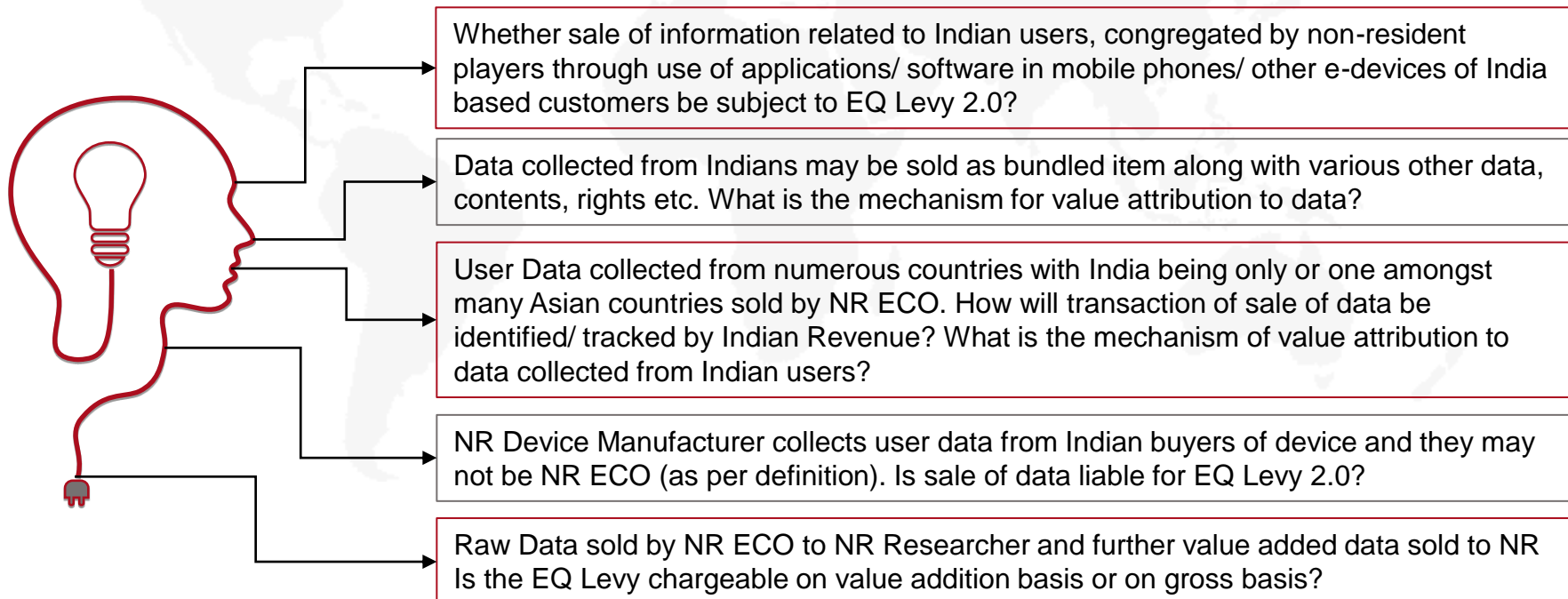
NR Streaming Co ↔ NR ECO

- NR ECO – Hosts numerous advertisements targeting Indians
- 6% - Reseller is resident
 - 2% - Reseller is NR

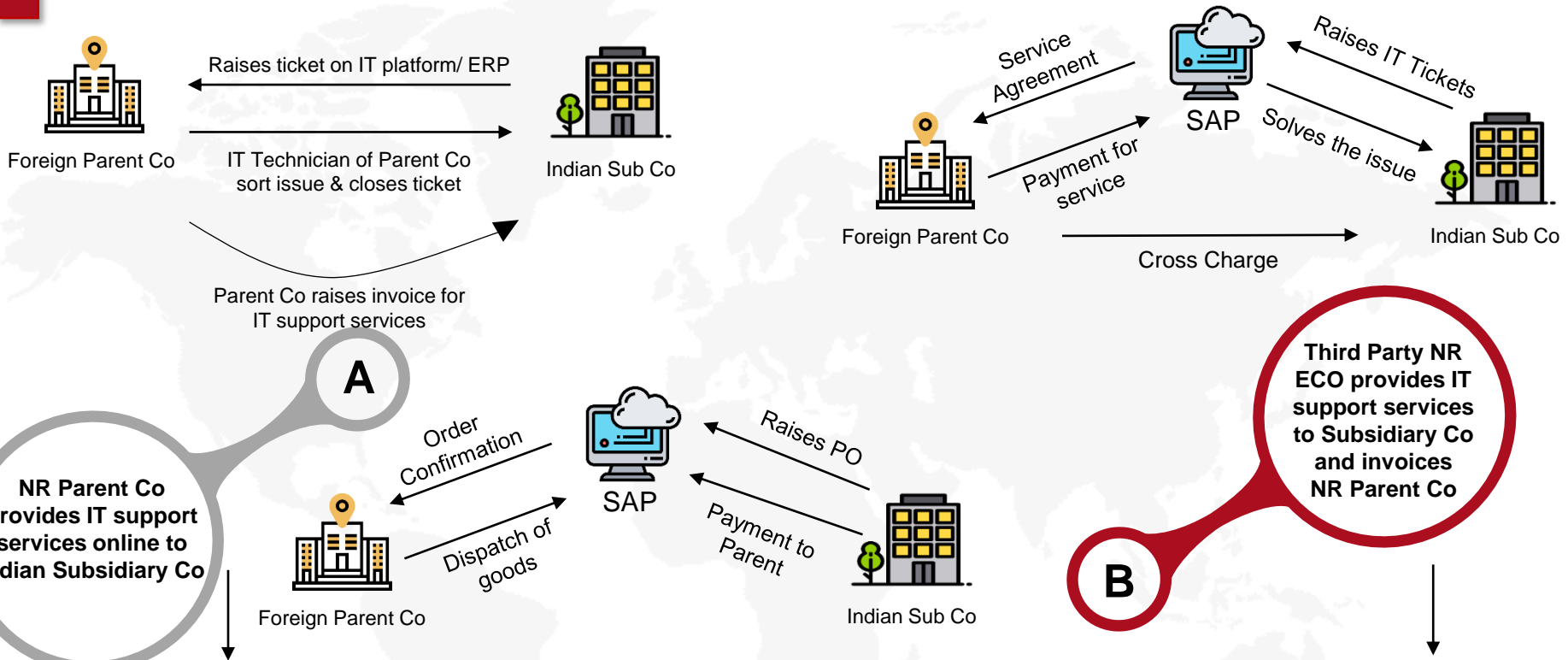
Case Study – Value attribution to data



Points to Ponder – Sale of Data (Specified Circumstances)



Case Study – Inter Co Support Services



- Services performed / sale of goods through electronic/ digital platform/ facility
- Online provision of services / sale of goods to Resident
- Consideration received from Indian Sub Co
- EQ Levy at 2 percent chargeable as parent Co could be considered satisfying the definition of NR ECO
- Same principles should apply for use of in-house ERP or document management/ storage systems

- Agreement of service is between NR ECO and NR Parent Co
- Appropriate amount is cross charged by Parent Co to Indian Sub Co
- Underlying infrastructure is under the control of the third-party NR ECO
- Reimbursements received by Parent Co should not be liable for EQ Levy as Parent Co may not be considered as NR ECO

TDS on E-commerce Section 194-O



TDS on e-commerce transactions (Sec 194-O)

Finance Act 2020 has widened the scope of TDS on e-commerce transactions by inserting new provision (Section 194-O) to levy TDS at the rate of 0.75 percent, effective from October 1, 2020



Applicability

- e-commerce operator (resident or non-resident of India) liable to deduct TDS @ 0.75 percent on gross amount of sales or services or both paid or payable to a resident e-commerce participant
- Tax to be deducted at the time of credit or payment (whichever is earlier)
- TDS rate – 5 percent for non-PAN/ non-Aadhaar cases



Non-Applicability

- e-commerce participant is a non-resident
- Individual/ HUF e-commerce participants, where gross amount of sales through e-commerce operator during the PY does not exceed INR 5 lakhs (PAN/ Aadhaar needed)
- On amounts received or receivable by an e-commerce operator for hosting advertisements

e-commerce operator **deemed to be person responsible for paying e-commerce participants**

Services includes fees for technical services and fees for professional services as defined in Expl to Sec 194J

Electronic commerce

supply of goods or services or both, including digital products, over digital or electronic network

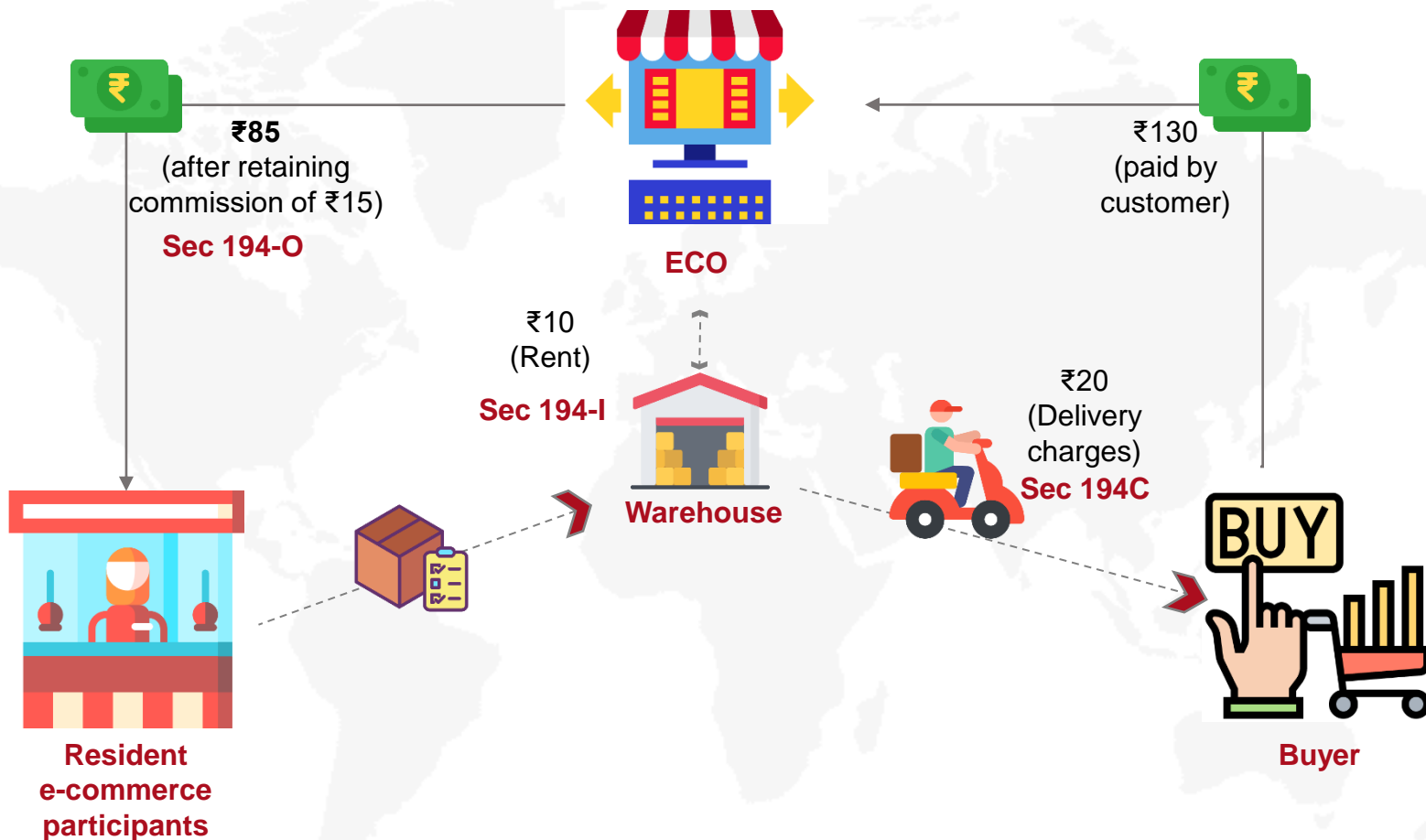
e-commerce participant

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 operators

Any person who **owns, operates or manages** digital or electronic facility or platform for electronic commerce

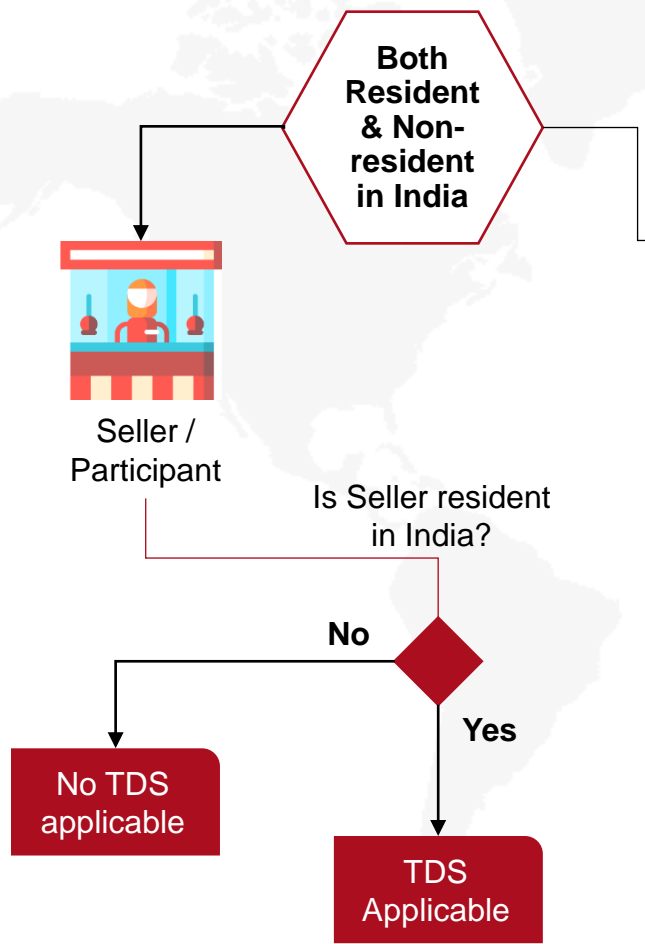
Illustration for streams of revenue



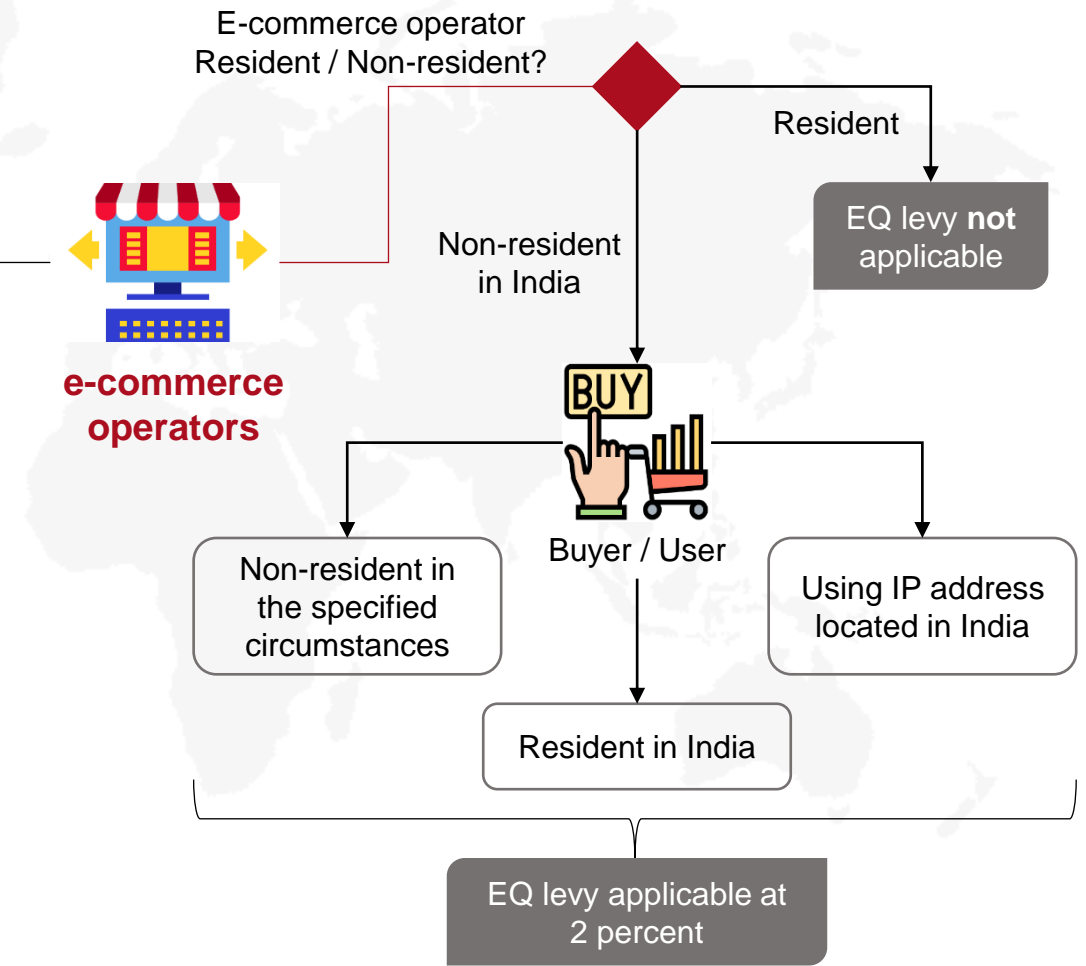
Equalisation Levy and Section 194-O are new boys in the town!

Interplay between EQ Levy 2.0 and Sec 194-O

Applicability of TDS u/s 194-O



Applicability of EQ Levy



Interplay between EQ Levy 2.0 and Sec 194-O

E-commerce Operator	Seller/ Participant	Withholding under Section 194-O	EQ Levy 2.0 applicable?
Resident	Non-resident	No	No
Resident	Resident	Yes	No
Non-resident	Resident	Yes	Yes
Non-resident	Non-resident	No	Yes

Specified circumstances

Sale of advertisement, which targets customers, resident in India or customers who accesses the advertisement through IP address located in India

Sale of data, collected from a person who is resident in India or from person who uses IP address located in India

It is not free from doubts whether transactions between two non-residents (pure offshore transactions) could create a nexus with India, merely because advertisements target Indian customers. Even under Goods and Services Tax when online services (Online Information Database Access and Retrieval) are provided to customers located in India, there are multiple criteria that needs to be satisfied for nexus to be established with India. Such criteria has not been mentioned for these new Equalisation levy provisions except for the mention of IP addresses or that the customer is a resident in India. Mere accessibility of a website or advertisement is internationally understood to be inadequate to create taxable nexus in a country and such a view is also supported by Indian jurisprudence as well. Also, even the sale of data, relating to a person resident in India, between non-residents should not be considered to having any nexus with India. To that extent, the constitutional validity of new Equalisation Levy provisions may need to be examined in detail.

Case Study



- Booking is done by an Indian Resident (from India) on a NR travel website for a hotel situated in India (Indian e-commerce participant)
- Payments made by the Indian user on website itself
- Would TDS under Section 194-O at the rate of 1% apply?
- **Yes, TDS under Section 194-O at the rate of 1% would apply on gross amount**
- EQ levy at the rate of 2 percent would separately apply on this consideration received by the NR travel website

Thank you

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