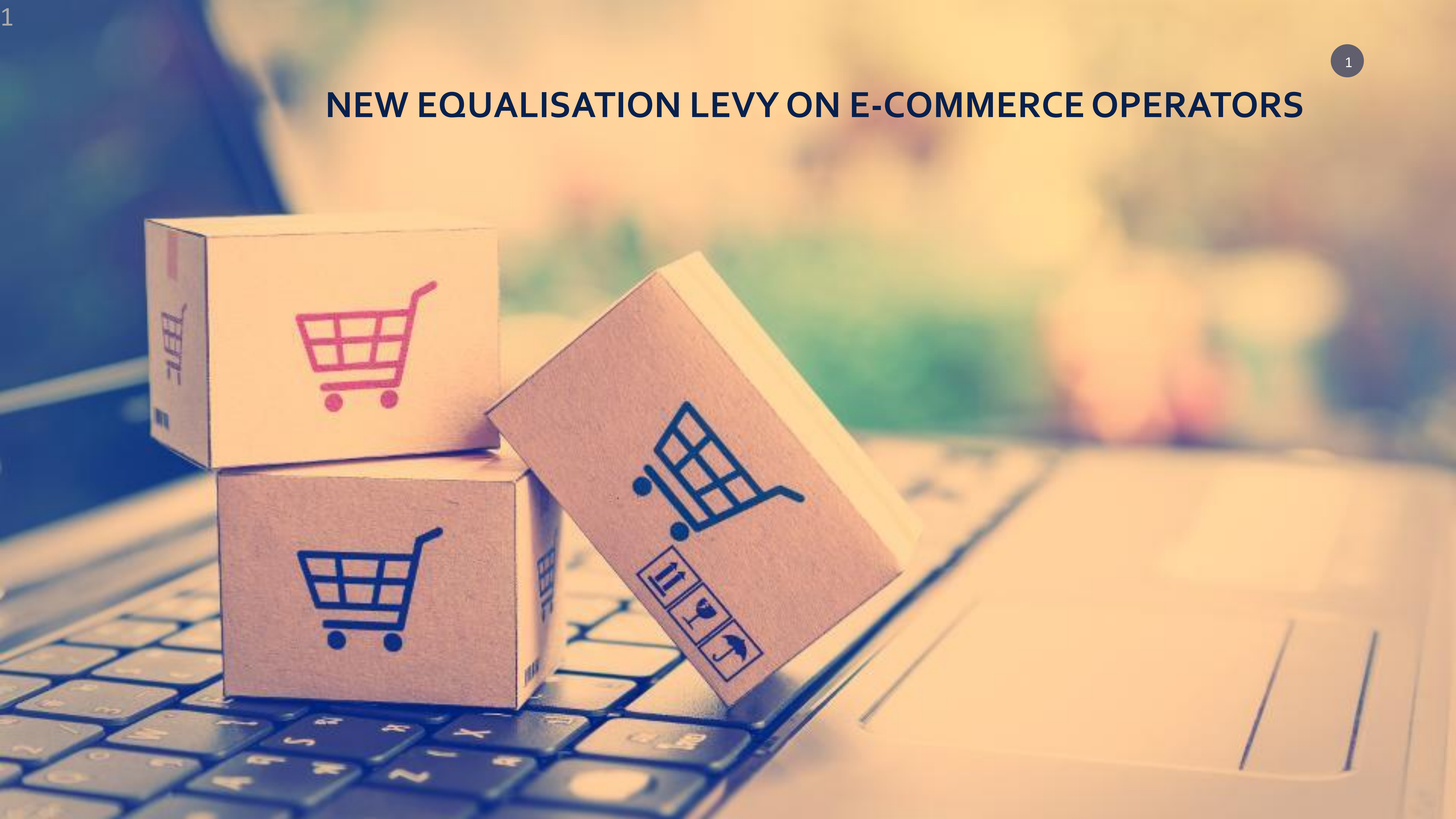


# NEW EQUALISATION LEVY ON E-COMMERCE OPERATORS





# EQUALISATION LEVY

OVERVIEW OF NEW CHANGES FROM APRIL 01, 2020



## OVERVIEW

Taking a cue from the G20 / OECD Base Erosion and Profit Shifting (BEPS) Action 1 dealing with digital economy, India introduced an Equalisation Levy ('EL') in 2016 at the rate of 6 percent on non-resident companies engaged in online advertisement and related activities.

## APPLICABILITY OF NEW PROVISIONS

The scope of the said provision has now been expanded to include EL of 2 percent on consideration received or receivable by an 'e-commerce operator' from 'e-commerce supply or services'. These new provisions shall apply on the non-resident e-commerce operator unlike the existing provisions which applied to the Indian recipient of services.



## EFFECTIVE DATE

The new provisions shall be effective from April 01, 2020

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OVERVIEW OF NEW CHANGES FROM APRIL 01, 2020

BASIS	APPROACHES
<b>APPLICABILITY</b>	Non-resident e-commerce operators who own, operate, or manage digital or electronic facility or platform for online sale of goods or online provision of services or both and derive revenues from e-commerce supply or services made or provided or facilitated by it. This will be applicable w.e.f April 01, 2020
<b>SCOPE OF E-COMMERCE SUPPLY OR SERVICES</b>	Online sale of goods owned by the e-commerce operator <ul style="list-style-type: none"><li>•Online provision of services by e-commerce operators</li><li>•Facilitation of online sale of goods or provision of services or both by e-commerce operator</li><li>•Any combination of the above</li></ul>
<b>E-COMMERCE SUPPLY OF SERVICES RENDERED TO THE FOLLOWING</b>	A person resident in India <ul style="list-style-type: none"><li>•A non-resident in specified circumstances</li><li>•A person who buys goods or services using an IP address located in India</li></ul>
<b>EXCLUSIONS</b>	<ul style="list-style-type: none"><li>• Non-resident e-commerce operators who have permanent establishments in India and e-commerce supply or services are effectively connected to those establishments</li><li>•Cases where EL is leviable on online advertisement and related activities (as these are covered by different provisions)</li><li>•Sales, turnover, or gross receipts are less than INR 20 million during the financial year</li></ul>

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