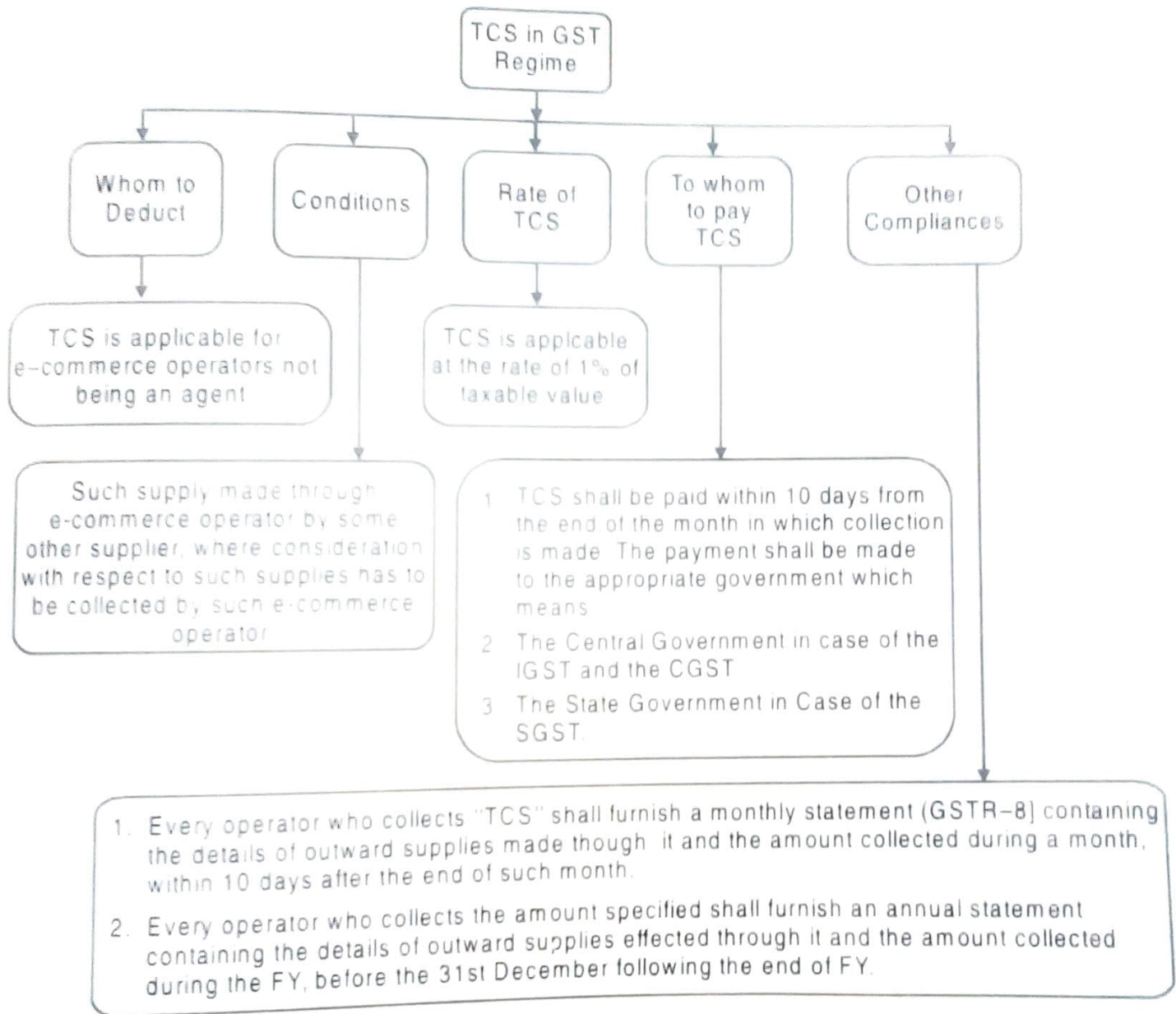


TAX COLLECTED AT SOURCE (TCS) (SECTION 52) FC02 CTPM

This provision is applicable to an Electronic Commerce Operator Only section 2(45). CGST Act defines:

"Electronic Commerce Operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce"

Where "Electronic Commerce U/s 2(44) means the supply of goods or services or both including digital products over digital or electronic network."



PROVISIONS OF TCS

1. **Payment of Taxes** Normally payment of taxes are required to be made by supplier but in case of services supplied through Electronic Commerce Operator, the section 9(5) of GST Act and section 5(5) of RST Act empowers the Government to specify the services on which tax will be payable by Electronic Commerce Operator and not by supplier. In respect of services not specified but supplied through Electronic Commerce Operator, the tax will be payable by the supplier. In case of supply of goods through Electronic Commerce Operator, the tax will be payable by supplier.

As per section 52(1) every electronic commerce operator shall collect an amount **calculated at the rate of one percent (1%)** of the net value of taxable supplies. Thus, the electronic commerce operator is required to collect the amount of tax out of the amount payable or paid to the supplier.

2. **Returns to be deducted.** Section 52 of GST Act makes provisions regarding collection of tax at source. In case of goods supplied by electronic commerce operator, many persons returns the goods after receiving delivery or person does not accept the goods on receiving the delivery. There are huge sales return from the purchaser. The Section recognise this fact. Therefore, **requires the electronic commerce operator to collect the tax at source of net value of the taxable supply in the said month i.e. after reducing returns.**

As per sub-section 52(1) the electronic commerce operator shall collect at such **rate not exceeding one per cent (1%)** as may be notified on the net value of taxable supplies made through it where the consideration with respect to such supplies is to be collected by the operator.

Example. Say Amazon, the electronic commerce operator has supplied shoes from supplier Nike to various customers aggregating to ₹ 5 lakhs for the month of July 2017. Further assume that the customer have returned the goods sold in May, June and July 2017 to the value of ₹ 2 lakh during month of July 2017. Thus, net value of taxable supply of product shoes is only ₹ 3 lakh and electronic commerce operator is required to deduct one per cent of ₹ 3 lakh as tax for supplies made in July 2017.

3. Registration.

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1.1.5 Monthly and Annual Statement

also required to file and Annual statement in prescribed form by the 31st of December following the end of every financial year. The Operator can rectify errors in the statements filed, if any, latest by the return to be filed for the month of September following the end of every financial year.

The details furnished by the Operator in GSTR-8 shall be made available electronically to each of the suppliers in Part C of FORM GSTR-2A on the Common Portal after the due date of filing of FORM GSTR-8.

5. Time Limit. TCS shall be deposited within 10 days from end of the month in which collection is made.

[Refer chapter>Returns for detailed information on Form GSTR-8]

6. Claiming of Credit. As per section 52(7) the supplier of goods and services shall claim the credit of the amount collected and reflected in the statement filed by the electronic commerce operator. As mentioned above the electronic commerce operator shall file the return in form GSTR-8. The details of the tax collected will be mentioned in table 6 of GSTR-8. The information will be auto populated in Part C of GSTR-2A of the supplier.

Thus, the supplier shall claim ITC (for TCS paid to the Electronic Commerce Operator) out of his Total Output Tax Liability.

Difference between TDS and TCS

Sr. No.	Description	Provision of tax deducted at source	Provision of collection of tax at source
1.	Person liable to deduct tax	(a) a department or establishment of the Central or State Government, or (b) Local authority, or (c) Governmental agencies, or (d) Notified person	Electronic Commerce Operator
2.	Quantum of Tax	1% of payment made or credited to supplier of taxable goods and/or services	At the notified rate subject to maximum of 1% of the net value of taxable supplies
3.	Payment of Tax	By 10th of the following month	By 10th of the following month
4.	Issuance of Certificate	To be issued within 5 days	Not required
5.	Filing of Return	To be filled within 10 days from the end of the month	No return, but a statement as may be prescribed shall be furnished
6.	Credit to supplier	Amount will be credited in electronic cash ledger	Amount will be credited in electronic cash ledger