An Analysis on the Role of IoT on GST Implementation

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ABSTRACT: GST on E-Commerce-

E-Commerce Business is growing very rapidly in India. It now occupies third position in the world. Earlier indirect tax laws created much confusion and acted as a hindrance in the growth of E-Commerce Business in India. Government as well has lost a lot of revenue due to improper linkages of various indirect taxes and tax evasion. Now GST is supposed to curb the loopholes existed in earlier indirect tax laws, simplify the tax structure, lower overall tax rate. However impact of GST will be different for E-Commerce sector from the other sectors of the Economy. GST is likely to be rolled out on 1st July, 2017. Whole country will be treated as one seam less market under GST. E-Commerce has grown tremendously in India as more users are buying and selling items online. There was no clear structure of online sales. GST has proper rules in place for e-commerce portals like Amazon and its sellers. The objective of this paper is what type of GST you should charge on your online sales.

KEYWORDS: GST, E-Commerce, Online Sales.

1. INTRODUCTION

Indian E-Commerce industry is the third largest industry in the world after China and US. It is growing at an average growth rate of 40%–50% annually.

- The Indian e-commerce industry has been on an upward growth route and is expected to surpass the US to become the second largest e-commerce market in the world by 2034.
- The growth of internet users is estimated to increase from 480 million as of December 2017 to 830 million by 2021.
- Expanding internet access is expected to lead to growth in ecommerce.
- E-commerce majorly backed from US $ 125 billion by April 2017 to US $ 250 billion by 2020, India’s internet economy.
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II. RELATED WORK

In this paper [1], focused on overall GST model and added that GST model even though effective for our economy but State Governments will face a lot of issues and challenges in initial days.

This paper [2], stated that GST is a logical step of Government to divide the overall tax burden and lower the tax rates. GST model will bring improvements in different sectors of our Economy, by simplifying the tax structures and removing the cascading effect [3].

This survey on GST should be clear to avoid any confusion and further added that Government should device effective mechanism for settlements of litigations by the institute of Cost Accountants of India [4].
Monika Sehrawat and Upasana Dhanda (2015), came to a conclusion that effective implementation of GST will be a great challenge [5]. This paper [6], suggested that all sectors of Indian economy will be benefitted by GST but its implementation needs concentrated efforts of all stake holders. Jaspreet Kaur (2016) regarded GST as a positive change but added that it will have different impacts on prices of different commodities [7]. The final conclusion of that paper [8], GST will provide relief to both producers and consumers and at the same time will result in revenue gain to the Government.

III. BENEFITS OF IoT IN E-COMMERCE

A. A. PLACE OF SUPPLY
The goods/services will be taxed at the place where they are consumed /used and not at the origin, because GST is a destination based tax. So, that the state where they are consumed will have the right to collect GST. That makes the concept of the place of supply crucial under GST as all the provisions of GST revolve around it. Intra-state or inter-state transaction will be counted in place of supply under GST; and accordingly levy of SGST, CGST & IGST will be determined. The wrong determination of place of supply will result in tax collection by the wrong state. The inter-state supply is wrongly treated as intra-state supply and CGST & SGST filled instead of IGST. To pay IGST separately and claim a refund of CGST & SGST for only option.

The provisions of place of supply for goods:

<table>
<thead>
<tr>
<th>Supply</th>
<th>Place of supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>Seller sells goods to the buyer (Shipping address is same as billing address)</td>
<td>Place where the goods are delivered to buyer</td>
</tr>
<tr>
<td>Seller sends goods to someone else (Shipping address is different from billing address)</td>
<td>Billing address (It is assumed that the buyer has received the goods and the place of supply of such goods will be the location of the buyer)</td>
</tr>
</tbody>
</table>

INTRA-STATE SALES
Mr. Raj of Mumbai, Maharashtra orders a mobile from Amazon. The seller Happy Mobiles is registered in Nagpur, Maharashtra. The place of supply is Mumbai in Maharashtra for location of the buyer. CGST & SGST will be charged for the seller as the same state.

INTER-STATE SALES
Mr. Ram of Mumbai, Maharashtra orders a mobile from Amazon. The seller Mobile Junction is registered in Bangalore, Karnataka. The location of the buyer place of supply is Bangalore in Karnataka. Since it is being sent to a different state IGST will be charged.

SEND TO A THIRD PARTY
Mr. Raja of Mumbai, Maharashtra orders a mobile from Amazon to be delivered to his mother in Lucknow (UP) as a gift. Online seller registered in Gujarat, all Mobiles processes the order and sends the mobile accordingly and Mr. Raja is billed by Amazon. It will be assumed that the buyer Mr. Raja in Maharashtra has received the mobile even though it was actually delivered to his mother.

Place of supply: Mumbai, Maharashtra
GST: IGST (as seller is registered in Gujarat)
B. **DIGITAL GOODS SUCH AS EBOOKS**

**SELL EBOOK TO A BUSINESS**

Mr. Sharan Chartered Accountants of Mumbai, Maharashtra orders a Book on finance from Amazon. All books process the order and send the book too accordingly.

Place of supply: Mumbai, Maharashtra (Location of buyer)

GST: IGST (as seller is registered in Gujarat)

Selling digital goods like eBooks will be treated as services.

<table>
<thead>
<tr>
<th>Transaction type</th>
<th>Place of supply</th>
</tr>
</thead>
<tbody>
<tr>
<td>B2B or B2C</td>
<td>Location of the buyer</td>
</tr>
</tbody>
</table>

**SELL EBOOK TO END CONSUMER**

Mr. Rajesh of Bangalore, Karnataka orders a best seller book from Amazon. All books process the order and send the book too accordingly.

Place of supply: Bangalore, Karnataka (Location of buyer)

GST: IGST (as seller is registered in Gujarat)

C. **INVOICING**

Invoice-wise details have to maintain by every supplier of their supplies. The aggregate value of supplies is registered by taxable persons to unregistered persons made through the e-commerce platform must be provided. Since it is very important to raise GST compliant Invoices.

- Name, address, and GSTIN of the supplier
- Invoice number
- Date of issue
- Name, address and GSTIN of the recipient (if registered)
- HSN code
- Description of the goods/services
- Quantity of goods
- Value (after discount)
- Rate and amount of GST

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D. HOW CAN CLEARTAX HELP YOU?

The Clear Tax Bill Book makes things very quick and easy. It is based on the buyers GSTIN, the software will automatically calculate the place of supply according to the provisions and inform you whether you need to charge CGST/SGST or IGST. This is how the invoice would look with all the details in it. Those who use Clear Tax have the added advantage of seamless integration when they sell on Amazon.in.

After generation of invoice monthly returns have to be filed. The GST rules require every dealer to file 3 monthly return plus 1 annual return. So in total, we need to file 37 returns.

E. E-COMMERCE BENEFITS BOTH CUSTOMERS AND SELLERS

Compared to the local markets customers have more option for using e-commerce. Often, items are cheaper online as establishment costs, advertising costs are avoided by the sellers.

- Reach a bigger market
- Increase their sales volume
- In branch setting must avoid problems and costs
- Interact only with Amazon for payment reducing debt management costs

F. HOW DOES AN E-COMMERCE SALE WORK?

- Seller must registers on e-commerce platform such as Amazon, Flip kart, etc.
- Seller takes pictures and uploads them to the website along with descriptions and prices
- Buyer orders the product
- Items are shipped by seller directly or through Amazon’s logistics center
- Amazon charges a subscription fees/commission on sale
- Amazon assists sellers details from photography of goods to delivery and payment

IV. CONCLUSION

The Indian e-commerce industry to become second largest e-commerce market in the world by 2014. The Indian e-commerce industry has been an upward growth and is expected to surpass the US. The e-commerce industry directly
provide financing, technology and training. E-commerce impacting the micro, small & medium enterprises (MSME) in India. The increase in the number of electronic payment gateways and mobile wallets, it is expected that by the year 2020, cashless transaction will constitute 55 per cent of the online sales. The growth of e-commerce to provide better products and services to customer in the long-term such as to improve employment, increase revenues from export, increase tax collection by ex-chequers. Digital payments, hyper-local logistics, analytics driven customer engagement and digital advertisements this advanced techniques will likely support the growth in the sector.

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