

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE
LOK SABHA
UNSTARRED QUESTION NO: 4045
TO BE ANSWERED ON FRIDAY, THE 9TH DECEMBER, 2016
18, AGRAHAYANA, 1938 (SAKA)

EQUALIZATION LEVY

4045: DR. KAMBHAMPATI HARIBABU:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has introduced equalization levy of 6 per cent on online advertisers and if so, the details thereof and objectives thereon; and
- (b) the estimated revenue for the exchequer through the equalization levy?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI SANTOSH KUMAR GANGWAR)

- (a) Yes. The Finance Act, 2016 had inserted a separate Chapter VIII titled 'Equalization Levy' in order to tap tax on income accruing to foreign e-commerce companies from India. It was provided that a person making payment exceeding in aggregate 1 lakh rupees in a year, to a non resident, who does not have a permanent establishment in India, as consideration for online advertisement, will withhold tax at 6% of gross amount paid, as Equalization levy with effect from 1st June, 2016. Further the levy will only apply to Business to Business transactions. This is levied in line with the Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting project to tax e-commerce transactions.
- (b) The revenue accrued for the Government exchequer through the equalization levy amounts to 146.5 Crore rupees from 1st June 2016 to 3rd December 2016.
