

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF REVENUE

LOK SABHA
UNSTARRED QUESTION NO. 2230

TO BE ANSWERED ON FRIDAY, THE 6th MAY, 2016
16 VAISAKHA, 1938 (SAKA)

Tax on Digital Services

2230. SHRI SUNIL KUMAR SINGH;

Will the Minister of FINANCE be pleased to state:

- a) whether a Committee of the Central Board of Direct Taxes (CBDT) has recommended for the levy of a 6-7 per cent tax on most digital services;
- b) if so, the details thereof and if not, the reasons thereof;
- c) whether the Government has assessed its impact on consumers; and
- d) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b): Yes, Madam. A Committee was constituted by the Central Board of Direct Taxes (CBDT) to examine taxation of E-Commerce, which has recommended that Equalization Levy may be imposed at a rate of six to eight percent, on any consideration of more than one lakh rupees received by a non resident from a resident in India or from a permanent establishment in India for certain specified digital services, including online advertising, any services for online advertising and digital advertising space.

(c) & (d): The Finance Bill, 2016 proposes equalization levy at the rate of 6% of the amount of consideration for specified services received or receivable by a non-resident, from a resident in India who carries out business or profession, or from a non-resident having a permanent establishment in India, where the aggregate amount of consideration received in a year exceeds one lakh rupees. The proposed levy will have no direct impact on consumers as it is applicable only to business to business transactions.
