

Are you marketing digitally ?

Are you compliant with regulations?

Digital marketing has become an integral part of all businesses in recent years. Regulatory compliances are crucial since not only does it have an impact on the profit but would also attract additional levies in the form of interest and penalty. Let's have a look at the regulatory compliances that would be applicable.

EQUALISATION LEVY

What Services are covered ?

- Online advertisement
- Any provision for digital advertising space
- Any other facility or service for the purpose of online advertisement.

What rate of tax ?

- Rate of Tax would be **6% of consideration** paid to Non -Resident by the Resident carrying on business in India.

When does it not apply?

- Where the aggregate consideration received by the non-resident is less than Rs.1 Lakh per Financial Year
- If the said non-resident has a PE in India and the specified service is effectively connected to such PE in India.

What is the regulatory compliance ?

- Equalisation levy to be remitted by the 7th of the next month
- Annual statement in Form 1 to be filed by 30th June

Effect of non compliance

- Payments disallowed under section 40(a)(ib)
- Interest @ 1%
- Penalty equal to the levy

FILING OF FORM 15CA

What Services are covered ?

Applicable for all payments made to non-resident irrespective of whether chargeable to tax or not, and it includes Equalisation levy transactions

How to comply ?

- Filing on the e-filing portal of income tax

Effect of non-compliance

- Penalty of Rs. 1,00,000 for non-compliance or inaccurate information

GOODS AND SERVICES TAX

When is it applicable?

- Taxable service provided by person located in a non resident taxable territory and received by person in taxable territory

What is the rate of tax ?

- 18% of the value of the service provided.

What is the regulatory compliance ?

- Import of services from unregistered supplier to registered supplier, reverse charge mechanism is applicable and input tax credit for the same can be claimed.

Effect of non compliance

- Interest @ 18% p.a and applicable penalty

LET'S DISCUSS

We at ANNESHAN can offer you a holistic solution by reviewing the transaction in entirety and offering compliance assistance across legislations at one place.

For further assistance , please feel free to contact Rajesh on +91 98453 48828 / +91 9632988828 or mail:- r.joseph@annveshan.com