

## Equalization Levy

### WHAT IS EQUALIZATION LEVY AND APPLICABILITY OF EQUALIZATION LEVY

Instead of Straight Tax – The Government has come up with tax called Equalization Levy on the fees that advertisers pay . A stage set to tax cross-border digital transactions.

Equalisation Levy extends to the whole India except Jammu and Kashmir. It shall come into force w.e.f 01<sup>st</sup> June, 2016.

### FEATURES OF EQUALIZATION LEVY

To tax the E-Commerce transaction/digital business which is conducted without regard to national boundaries.

### CHARGE AND COLLECTION

Equalization levy shall be charged at the rate of 6 % of the amount of consideration received by a non-resident not having Permanent Establishment(PE) in India for **SPECIFIED SERVICES** provided to

- A resident who carries out business or profession in India or
- A non- resident having a permanent establishment (PE) in India

### SPECIFIED SERVICES COVERED ARE



Online Advertisement



Any provision for digital advertisement space or any other facility or service for the purpose of online advertisement



Any other service which may be notified later by the Central Government

### NON APPLICABILITY

The consideration shall not be chargeable where

- The non-resident providing the specified service has a permanent establishment in India.
- Aggregate of consideration for specified services received or receivable in a previous year doesn't exceed Rs.1,00,000.
- The payment for the specified service is not for the purpose of the business.

### **DUE DATE FOR DEPOSIT OF AMOUNT DEDUCTED**

7<sup>th</sup> of the month immediately following the calendar month in which the amount is deducted.

### **FURNISHING OF STATEMENT**

Every assessee shall be required to furnish an annual return in respect of specified service within the prescribed time after the end of the financial year. Form and due date of return shall be prescribed by Central Government (Yet to notify).

### **INTEREST AND PENALTY**

Every assessee, who fails to deposit the equalisation levy to Central Government, shall pay simple interest at the rate of **one per cent** per month of such levy.

In case of failure to deduct the whole or part of equalization levy, a penalty of equal to the amount of equalisation levy that he failed to deduct

AND

In case the assessee having deducted the equalisation levy, fails to pay such levy to the credit to the government, a penalty of a RS 1,000 per day during which the failure continues.

Assessee fail to furnish the prescribed statement within the time prescribed, he shall be liable to pay a penalty of Rs.100 for each day during which the failures continues.

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