**GST HEADLINES**

**November 29, 2016**

**Downloading Videos, Books from Foreign Websites will Attract Tax in GST Regime**

***[Source: Business Line]***

**GST to Spur Double Digit Growth in Hiring Across Sectors: Reports**

***[Source: The Economic Times]***

**Downloading Videos, Books from Foreign Websites will Attract Tax in GST Regime**



Aggregators may also be included once rules are notified

Online and digital transactions, including those such as hailing cabs through an online aggregators are likely to fall under goods and services tax (GST). Though the draft model GST law is silent on aggregators, tax experts say the relief may be short-lived.

Aggregators, who are already liable to pay service tax, may subsequently be included in the ambit once the GST rules are notified, they say.

The draft model GST law has proposed that e-commerce players would have to deduct one per cent tax at source each for Centre and State tax, but has remained silent on the treatment for aggregators such as those which provide cab hailing services, food or room booking facilities or even those that help find professionals for home requirements. “The concept of aggregator was done away with in the draft model law but it is likely to be governed under e-commerce operator provisions,” said BMR Advisors in a note.

**e-comm definition**

The draft GST law has defined ‘electronic commerce’ as supply of goods and services including digital products over digital or electronic network.

“An electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce,” it further said.

Pratik Jain, partner and leader, Indirect Tax PwC India, also noted that the concept of aggregators has been removed from the draft law.

“There was a seeming overlap between aggregator and e-commerce operator. The removal of the term aggregator will provide move clarity but it remains to be seen whether a concept like this is brought in later and for which categories.”

Budget 2015-16 had defined aggregators as “a person, who owns and manages a web-based software application… enables a potential customer to connect with persons providing service of a particular kind under the brand name or trade name of the aggregator” and had made them liable to pay service tax.

Downloading of movies, books and music from websites located out of India, which will attract a service tax from December 1, will attract GST.

Recently the Central Board of Excise and Customs had decided to levy 15 per cent service tax on downloads made from foreign websites from December 1.

The draft model GST law has also called for registration of “every person supplying online information and database access or retrieval services from a place outside India to a person in India”.

“Recently introduced amendments on Online Information and Database Access or Retrieval services under service tax laws are proposed to be incorporated in the Integrated GST law,” said BMR Advisors. A senior executive at a media streaming site said that the industry is still trying to understand the impact of this on the digital media sites.

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