

ENTITIES SUCH AS GOOGLE, AMAZON, FACEBOOK, NETFLIX OUT OF THE TAX NET

SC Seeks Govt Response on Plea to Plug Loopholes in GST System

A petition alleges asymmetry in GST collection from online services offered by foreign cos causing losses to the exchequer

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New Delhi: The Supreme Court on Wednesday issued notices to the central government on a plea seeking to plug existing loopholes in the GST system, which leave out entities such as Google, Amazon, Facebook, Netflix from the tax net, causing huge losses to the exchequer.

The petition filed by a chartered accountant (CA) Pradeep Goyal argued that there was asymmetry in information collection from overseas online service providers. While there was a detailed procedure for information to be submitted regarding a B2C transaction, there is none for a B2B transaction, the petition, filed by Charu Mathur, said.

This has resulted in a huge revenue loss for the nation, it said.

The petition was argued by senior

Fixing Taxability

SC ISSUES NOTICES TO THE FINANCE MINISTRY SEEKING ITS EXPLANATION

Notices were also sent to **CBDT, the GST Council** and the principal commissioner of direct tax seeking their views on this



This is the second such petition seeking to have these tech giants such as Google, Amazon, Facebook, Netflix taxed in India

advocate Sonia Mathur in the top court on Wednesday. A three-judge bench led by CJI SA Bobde dubbed it a "good case" while issuing notices to the finance ministry seeking its explanation on this legal point.

Notices were also sent to the Central Board of Direct Taxes (CBDT), the GST Council and the principal commissioner of direct tax, seeking their views on this. This is the

second such petition seeking to have these tech giants taxed in India. Another such petition is already pending in the top court.

The PIL has pointed out that there are glaring loopholes in the GST scheme which must be plugged. Especially tax to be collected from foreign companies in B2B transactions by way of IGST for Online Information and Database Access

and Retrieval (OIDAR) services.

It says that the government has no mechanism to track GST paid on OIDAR services used by non-taxable online recipients under reverse charge basis.

Such figures are not reported in GST returns, it said, since most of these entities such as Facebook, Amazon and Netflix have no permanent establishments in India and maintain their accounts in foreign jurisdictions and are audited in those jurisdictions.

The government of India has no control or access to their accounting records to verify compliance under GST law, it said. GST authorities have no data on the number of such persons in a non-taxable territory providing OIDAR services in India.

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