



Effective since 1 July 2017.

As per the IGST Act, online information and database access or retrieval services provided to B2C or to non-taxable entities by foreign companies are subject to Indian GST if the location of the customer is India. For business-to-business (B2B) service supplies, the recipient registered for GST is responsible for paying the tax, following the reverse-charge mechanism.

## **VAT Standard rate**

The standard VAT rate in India in 2024 is 18%.

## **VAT Reduced rate**

There is no reduced rate.

## **VAT calculation peculiarity**

VAT= Total revenue \* 18/118.

## **Threshold**

The revenue threshold is €0 for digital services.

## **Pieces of evidence**

**The person receiving DIGITAL Service would be deemed to be located in India if any 2 of the following non-contradictory conditions are satisfied:**

The location of the address provided by the service received via the Internet is India;

The Credit/Debit/any other card by which the service recipient settles the payment has been issued in India;

The service recipient's billing address is in India;

The service recipient's bank in which the account is used for payment is maintained in India;

The country code of the subscriber identity module (SIM) card used by the service recipient is in India;

The location of the service recipient's fixed landline, through which the service is received by the person, is in India.

**E-services (OIDAR) list**

Website supply, web-hosting, distance maintenance of programs and equipment;

Supply of software and updating thereof;

Supply of images, text, and information and making available databases;

Supply of music, films, and games, including games of chance and gambling games, and of political, cultural, artistic, sporting, scientific, and entertainment broadcasts and events;

Distance education.

**Registration procedure**

Companies need to fill a single registration in Form GST REG-10.

The average time taken to obtain a GST Certificate is about 5 – 10 working days.

E-merchants can instead appoint a tax agent which will bear all GST obligations instead of the merchant.

**VAT returns filing date**

Digital service providers will have to file return and pay tax monthly by the 20th of the month succeeding the month for which the return is filed.

The return is to be filed even if there is no business activity for any period under tax (Nil return in such cases).

No Input Tax Credit is available.

The return can be filed only after payment of due taxes and any other amounts due.

Returns for the current period can't be filed before filing a return for the previous tax period.

## **Penalties**

Failure to acquire registration may result in a penalty of INR 20,000 (appr. 240 USD).

Failure to pay taxes, incomplete tax payments, inaccurate refunds, or improper utilization of input tax credit may result in a penalty of INR 20,000 (appr. 240 USD) or 10% of the tax due, whichever is greater. Additionally, late submission of periodic returns incurs a penalty calculated on a daily basis, capped at a maximum of INR 10,000.



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