

**THE AUTHORITY FOR ADVANCE RULINGS  
IN KARNATAKA  
GOODS AND SERVICES TAX  
VANIJYA THERIGE KARYALAYA, KALIDASA ROAD  
GANDHINAGAR, BENGALURU – 560 009**

**Advance Ruling No. KAR ADRG 08/2024  
Date : 28-02-2024**

Present:

**1. Dr. M.P. Ravi Prasad**

Additional Commissioner of Commercial Taxes . . . . Member (State)

**2. Sri. Kiran Reddy T**

Additional Commissioner of Customs & Indirect Taxes . . . .Member (Central)

1.	Name and address of the applicant	M/S. CHANGEJAR TECHNOLOGIES PVT. LTD., 752, 18 <sup>th</sup> Main Road, Bengaluru - 560095
2.	GSTIN or User ID	29AAJCC2513L1ZI
3.	Date of filing of Form GST ARA-01	12-10-2023
4.	Represented by	Sri.Sandesh Kumar, VP-Corporate Development & Finance along with Sri Ravi Kiran R, C A & Authorised Representative
5.	Jurisdictional Authority – Centre	The Principal Commissioner of Central Tax, Bengaluru South Commissionerate, Bengaluru. (Range-ASD5)
6.	<b>Jurisdictional Authority – State</b>	ACCT, LGSTO-90, Bengaluru.
7.	Whether the payment of fees discharged and if yes, the amount and CIN	Yes, discharged fee of Rs.5,000/- under CGST Act & Rs.5,000/- under KGST Act through debit from Electronic Cash Ledger vide reference No. DC2906230304328 dated 22.06.2023.

**ORDER UNDER SECTION 98(4) OF THE CGST ACT, 2017  
& UNDER SECTION 98(4) OF THE KGST ACT, 2017**

M/s. Changejar Technologies Pvt. Ltd., (herein after referred to as 'Applicant'), # 752, 18<sup>th</sup> Main Road, Bengaluru - 560095, having GSTIN 29AAJCC2513L1ZI, have filed an application for Advance Ruling under Section 97 of CGST Act, 2017 read with Rule 104 of CGST Rules, 2017 and Section 97 of KGST





Act, 2017 read with Rule 104 of KGST Rules, 2017, in form GST ARA-01 discharging the fee of Rs.5,000/- each under the CGST Act, KGST Act.

2. The applicant stated that theirs is a company engaged in the business of providing an online micro-saving and investment platform by way of an application named "Jar"; they entered into a distribution agreement (hereinafter referred to as "Agreement") with **Digital Gold India Private Limited** (hereinafter referred to as "DGIPL" or "seller") for offering sale of DGIPL's gold on its platform. DGIPL is a company which offers Digital Gold products and distributes through a wide range of channel partners such as Tanishq, Axis Bank, Tata Neu, Bajaj Finserv, Airtel Payments bank, Fino payments bank, Amazon, Flipkart, Phone pe and such other large players; the users of applicant's platform can save and invest money in digital gold offered by DGIPL; Digital gold is a non-custodial form of owning gold which is vaulted by the seller. The applicant, at present, has been offering only Digital Gold offered by Digital Gold India Private Limited on their platform from the launch of their platform and have not been offering any other product offered by any other player.

3. In view of the above, the applicant has sought advance ruling in respect of the following questions:

- a. *Whether applicant, who only collects a commission as a percentage of the value of digital gold sold through its platform and the entire sale proceeds are paid directly to seller of Digital gold through an Escrow account would qualify him as an 'Agent' for the purpose of GST law and is therefore not covered by applicability of Notification No. 52/2018 – Central Tax, read with Section 52 of Central Goods and Services Tax, 2017 and corresponding state Notification 20/2018 (Karnataka) read with Section 52 of Karnataka Goods and Services Tax, 2017?*
- b. *Whether applicant is required to obtain registration as an E-commerce operator as per provisions of Rule 12 of Central Goods and Services Tax Rules, 2017?*

4. **Admissibility of the Application:** The applicant claimed that the questions on which advance rulings have been sought are with regard to "Applicability of a notification issued under the provisions of the CGST/KGST Act 2017" and "Whether applicant is required to be registered under the CGST/KGST Act 2017" which are covered under Sections 97(2) (b) and (f) respectively of the CGST Act 2017 and hence the instant application is admissible.

5. **BRIEF FACTS OF THE CASE:** The applicant furnishes the following facts relevant to the issue:

5.1 As per Clause 2.2.1 of the Agreement, the applicant provides an icon or link on the platform allowing its Customers pursuant to the terms of the agreement, to transact in Gold owned by DGIPL and other products as may be offered by DGIPL. When a customer makes payment for the purchase of gold, the applicant confirms





the transaction on the platform after receiving the money from the customer. The money received from the customer is credited to an escrow account maintained with a scheduled bank, in accordance with the Escrow agreement; the money is transferred directly from Escrow account to the account of DGIPL at the end of each day without any deductions whatsoever. The applicant does not have any discretion over use of funds received from customers in the Escrow account.

5.2 As per the Clause 2.2.7, DGIPL and not the Applicant, shall be responsible for the authenticity and quality of gold being provided to customers on the platform; As per Clause 2.2.7, the Applicant merely provides the platform to customers for selling DGIPL's gold, thus any dispute pertaining to such transaction is to be between the customer & DGIPL. The Applicant is not responsible for any such transaction in any respect. Further as per the Clause 2.2.8.1, the applicant shall receive a commission from DGIPL at the end of each month; applicant issues a Tax invoice on DGIPL for receipt of commission. The said commission is calculated based on a percentage of the monthly transactions undertaken on the platform instead of a flat fee. The applicant collects and pays GST in respect of their commission income.

## 6. Applicant's Interpretation of Law:

### Question 1:

6.1 In the given case, the applicant is only providing a platform facilitating transaction of sale of digital gold. Gold and other products transacted on the platform are owned and offered for sale by DGIPL and not by applicant. As per clause 1.1.10 of the agreement, platform means and includes the application by the name and style of "ChangeJar" or "Jar" App, that the Customer accesses for the transactions, i.e. for the purchase and sale of gold, including all other contents, services and technology offered through the Platform. It is relevant to analyse the following sections to conclude on the applicability of the provision of collection of tax at source.

6.2 From the plain reading of Section 52, we note that it specifically refers to e-commerce operators, the compliance to be met by them i.e., collection of tax at source, and that, an "Agent" is excluded from the purview of the said compliance.

6.3 An Electronic Commerce Operator is defined under sub-section (45) of Section 2 of the CGST Act which reads as:

*"electronic commerce operator" means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;*

According to Article 2.2.1 of the agreement, the Applicant's obligation is to only provide a platform for transactions between DGIPL and the Customers.





6.4 The difference between an E-Commerce operator and an agent can be co-related with **tour operator** and **travel agent**. A tour operator assumes complete responsibility for the package that they offer to sell. They do not sell anybody else's packages, they sell only the package, they themselves have created or put together. And a tour operator is what in law is referred to as a "principal", meaning they take responsibility for the package that they create and cover that liability with (usually) an ATOL licence and/or some form of bonding to ensure that the consumer gets their money back if the tour operator fails, or is flown home if they are abroad when a tour operator fails. **A Travel Agent** offers the consumer a range of holiday packages that have been put together by a tour operator. They do not, in theory, put together any of their own packages; they sell lots of different holidays put together by lots of different tour operators. They do not usually design or create the holidays they sell, and they do not act as a Principal; the tour operator whose product they sell takes the responsibility for the holiday; the travel agent does not.

6.5 The terms and conditions for sale of digital gold by Digital Gold India Private Limited through 'Jar' platform is governed by terms and conditions which are listed on the Jar website at link: <https://www.myjar.app/terms-and-conditions>

Below is an extract of the relevant terms for ready reference:

- a. The Platform is an online portal that facilitates the Users to purchase/sale/transfer gold in digital form from a brand named 'Safe Gold' ("Gold") operated and managed by Digital Gold India Private Limited ("Safe Gold"), a company incorporated under the laws of India with corporate identification number U74999MH2017PTC293205, and Safe Gold provides for purchase and sale of Gold, and providing services of safe keeping, vaulting, delivery and fulfilment of gold and related services ("Services").
- b. YOU EXPRESSLY UNDERSTAND AND AGREE THAT COMPANY IS ONLY A DISTRIBUTOR THAT FACILITATES USERS TO BUY GOLD FROM SAFE GOLD. YOU UNDERSTAND THAT BY REGISTERING TO THE PLATFORM AND / OR ACCESSING SERVICES DIRECTLY OR INDIRECTLY FROM THE PLATFORM, YOU ONLY RECEIVE THE ABILITY TO USE THE PLATFORM FOR PURCHASE OF GOLD FROM SAFE GOLD OR SUCH OTHER PRODUCTS OFFERED BY US FROM TIME TO TIME. WE SHALL NOT INCUR ANY LIABILITY IN RELATION TO ANY DISPUTE RELATING THAT ARISES IN RELATION TO PURCHASE OF GOLD OR SERVICES OFFERED BY SAFE GOLD. YOU EXPRESSLY AGREE THAT WE ARE NOT RESPONSIBLE FOR CUSTODY, QUANTITY AND QUALITY OF PHYSICAL GOLD THAT YOU PURCHASE THROUGH THE PLATFORM AND HENCE WE SHALL NOT BE LIABLE IN CASE OF ANY DISPUTE THAT ARISES IN RELATION TO CUSTODY OF PHYSICAL GOLD WITH THE CUSTODIAN AND TRUSTEESHIP WITH THE TRUSTEE ADMINISTRATOR.

6.6 E-commerce operators such as Amazon and Flipkart take the responsibility for delivering the product to ultimate consumers and they also will instantly grant





refunds to the customers, if the customers are not satisfied with the quality of product delivered to them. It is up to the E-commerce operators to recover the loss, if any, from the seller of goods in respect of customer returns; E-commerce operators also have made provision for compensating losses of sellers through seller protection fund, if there is any damage to the products due to the acts or omissions of E-commerce operators. Also E-commerce operators list products sold by multiple sellers on their platform. These E-commerce operators also charge fixed fee / platform fee from sellers for providing E-commerce services to sellers of goods. Your applicant on the other hand, does not assume any responsibility for quality or delivery of digital gold offered to be sold by Digital Gold India Private Limited on its platform; your applicant does not collect any fixed fee /platform fee from DGIPL; it only charges a commission as a percentage of value of digital gold sold. Your applicant offers only the digital gold sold by DGIPL on its platform and is not offering digital gold sold by any other player. In view of the above facts, your applicant could be clearly distinguished from other E-commerce operators, in terms of scope of services rendered and qualify to be a "Selling Agent", intended to be excluded from the purview of Sec. 52 of CGST Act, 2017.

6.7 In respect to determining the applicability of Section 52, to the transaction, the following clauses of the agreement establish that the applicant is merely acting as an agent for DGIPL, and the operation carried out by the applicant is beyond the scope of Section 52.

6.8 The following clauses in the agreement show that the applicant is merely acting as an agent for DGIPL, and the operation carried out by the applicant is beyond the scope of Section 52.

- Clause 2.2.8.1-, the service commission of the applicant is calculated as a percentage of the Monthly Transaction Value of all gold purchase transactions by a Customer on the Platform.
- Clause 2.2.4, DGIPL ensures that the Gold purchased by the users of the Platform is stored with a reputed custodian appointed for this purpose ("Custodian") under the charge of an independent trustee who is responsible for protecting the Customer interests ("Security Trustee").
- Clause 2.2.5, DGIPL provides the price of Gold (both the buy price and sell price) on a 24/7 basis.
- Clause 2.2.7, DGIPL is responsible for the authenticity and quality of gold being provided to customers on the Platform. The applicant is only providing a platform to DGIPL to sell its gold to the customers, thus any dispute pertaining to such transaction shall be between the customer and DGIPL. The applicant is not responsible for any such transaction in any respect.

6.9 The consideration for provision of supply to Jar is in the form of a "Commission" paid by DGIPL; DGIPL also deducts Income Tax TDS under Section 194H of the Indian Income Tax Act, 1961, which applies to payment of commission





to an agent [a person acting on behalf of another person for services rendered, not being professional services].

6.10 Further, it is evident from the invoice that, it is DGIPL and not the applicant issuing invoice upon the customer. It is clear from the interpretation of the observations made in Para 6 & 7 that DGIPL, not the company, bears the risk and reaps the gain of the sale of gold. The applicant is under no obligation to participate in the sale or quality control. The applicant's responsibility is restricted to platform management. This clearly demonstrates that, the applicant's platform is merely a conduit for conducting the transaction without having any ownership of the asset i.e., gold.

6.11 With an escrow arrangement in place and daily money transfers to DGIPL directly from Escrow account without intervention or instruction from Jar to banker, it is abundantly clear that the applicant has no influence or control over the exchange of money between customers and DGIPL and the applicant is acting as an Agent for and behalf of DGIPL. Hence, applicant is of the view that, it is operating as an Agent for DGIPL and, as a result, is not required to comply with the provisions of Section 52 of CGST Act.

6.12 To further substantiate our stand, applicant place reliance on the following advance ruling,

*Humble Mobile Solutions Private Limited [TS-834-AAR-2019-NT]*

*Section 52 of the CGST Act provides for the conditions on the fulfillment of which an electronic commerce operator will be required to collect tax at source. The provisions of TCS would be triggered in the event of the following:*

- *Supply of goods or services or both must be effected by a third-party supplier through an electronic commerce operator*
- ***The electronic commerce operator is not an agent of such third-party supplier.***
- *The third-party supplier is a registered person.*
- ...

6.13 As per the aforesaid ruling, TCS provisions would apply when the electronic commerce operator is not an agent of such a third-party supplier. In light of the above provisions, facts at hand and the above advance ruling, the applicant regardless of qualifying as an e-commerce operator, is to be seen as a commission agent of DGIPL. Hence, will not be liable to comply with the provisions of Section 52 of the CGST Act, titled, "Collection of Tax at source".

6.14 Clause 9.4 of the agreement between your applicant and DGIPL, which is a miscellaneous clause has described the contractual relationship of the parties to be on a principal to principal basis and not the relationship of an agent and principal.





In our view, this clause only intends to restrict the liabilities of DGIPL in respect of third party claims in respect of the independent acts or operations of your applicant towards third parties such as employees of your applicant. DGIPL does not want to be held accountable to settle the claims of vendors and employees of your applicant, so a miscellaneous clause has been inserted to state that the contract is on a principal to principal basis. This clause does not absolve the responsibilities of DGIPL in respect of customers who have bought digital gold through Jar platform, this fact has been very clearly brought out in the terms and conditions of sale mentioned on the Jar website, as mentioned in point 5 of our interpretation of the facts of the case. Your applicant qualifies as a “selling agent” of DGIPL within the meaning of Section 2(5) of CGST Act, 2017, going by the terms of engagement and “Commission” being the nature of consideration received by your applicant, irrespective of the miscellaneous clause 9.4 of the agreement, which intends to clarify the contractual obligation of the parties.

#### 6.15 Question 2:

Every electronic commerce operator irrespective of his turnover, has to compulsorily register as per provisions of section 24(x) of CGST Act, 2017. This registration is in addition to and separate from GST registration obtained as normal supplier. Electronic Commerce Operator is required to obtain GST Registration in each State if he has suppliers in different States. However, he can indicate his head office as place of business and file all the returns through HO, if he does not have place of business in that State. (Sr Nos 5 to 7 of FAQ released by Law Committee of GST Council on 28-9-2018.)

- Section 24 : Compulsory registration in certain cases.—

Notwithstanding anything contained in sub-section (1) of section 22, the following categories of persons shall be required to be registered under this Act,—

....

**(x) Every electronic commerce operator [who is required to collect tax at source under section 52;]**

Thus, an e-commerce operator would require registration only when he is required to collect tax at source under section 52 of the CGST Act.

In the case of applicant, provisions of Section 52 of the CGST Act, titled, “Collection of Tax at source” will not be applicable. Hence, applicant is also not required to obtain registration as an E-commerce operator as the provisions of section 24(x) of the CGST Act, 2017 is not applicable in this case.

#### PERSONAL HEARING PROCEEDINGS HELD ON 03.11.2023

7. Sri. Sandesh Kumar, VP-Corporate Development & Finance along with Sri Ravi Kiran R, C A & Authorised Representative of the applicant appeared for





personal hearing proceedings and reiterated the facts narrated in their application.

### FINDINGS & DISCUSSION

8. At the outset we would like to make it clear that the provisions of CGST Act, 2017 and the KGST Act, 2017 are in pari-materia and have the same provisions in like matters and differ from each other only on a few specific provisions. Therefore, unless a mention is particularly made to such dissimilar provisions, a reference to the CGST Act would also mean reference to the corresponding similar provisions in the KGST Act.

9. We have considered the submissions made by the applicant in their application for advance ruling. We also considered the issues involved on which advance ruling is sought by the applicant and relevant facts along with the arguments made by the applicant & the submissions made by their learned representative during the time of hearing.

10. The applicant provides an online platform ("Jar") for offering sale of DGIPL's gold ('Digital Gold'), under the distribution agreement (hereinafter referred to as "Agreement") with **Digital Gold India Private Limited** (hereinafter referred to as "DGIPL" or "seller") and thus they are one of the channel partners of DGIPL such as Tanishq, Amazon etc.,. Digital gold is a non-custodial form of owning gold which is vaulted by the seller. In view of the above, the applicant sought advance ruling in respect of the questions mentioned para 2 supra.

11. The applicant, with regard to the first question, stated that DGIPL (seller) shall be responsible for the authenticity and quality of gold being provided to customers on the platform; they merely provide the platform to customers, for selling DGIPL's gold, and thus any dispute pertaining to such transaction is to be between the customer & DGIPL; they are not responsible for any such transaction in any respect; they shall receive a commission from DGIPL at the end of each month; they issue a Tax invoice on DGIPL for receipt of commission, which is calculated based on a percentage of the monthly transactions undertaken on the platform instead of a flat fee. The applicant collects and pays GST in respect of their commission income.

12. The applicant, quoting Section 52 of the CGST Act 2017 that deals with collection of tax at source and Section 2(45) of the CGST Act 2017 which defines "electronic commerce operator" contends that Section 52 excludes the 'agent' from its purview; their obligation is only to provide platform between the customer and the seller DGIPL as per article 2.2.1 of the agreement; correlating e-commerce operator and an agent with that of the tour operator and travel agent respectively submits that e-commerce operator is comparable to tour operator and is referred to as "Principal" as they take responsibility of their service whereas the agent is comparable to the Travel agent and do not act as a "Principal" as they don't take responsibility of the service but mere provide intended / selected service and





thereby claims that they qualify to be a "Selling Agent"; quoting different clauses of the agreement, the applicant contends that they are merely acting as an agent for DGIPL, and the operation carried out by them is beyond the scope of Section 52.

13. The applicant, in comparison with e-commerce operators such as amazon etc., contends that they do not assume any responsibility; they do not collect any platform fee from the seller DGIPL; they charge only commission at a rate percent of the value of digital gold sold; they transact only single product at present through the app and thus they claim that they are a selling agent but not an e-commerce operator & therefore they are excluded from the purview of Section 52 of the CGST Act 2017. They further contend that the miscellaneous clause 9.4 of the agreement intends to clarify the contractual obligation of the parties.

14. Now we proceed to examine the issue whether the applicant qualifies to be an e-commerce operator or an agent. In this regard we invite reference to the Section 2(44) and 2(45) of the CGST Act 2017, which are as under:

*2(44) —electronic commerce means the supply of goods or services or both, including digital products over digital or electronic network;*

*2(45) —electronic commerce operator means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce;*

15. It could be inferred from the definitions supra that Electronic Commerce Operator (ECO) means any person who owns, operates or manages digital or electronic facility or platform for electronic commerce i.e. for the supply of goods or services or both, including digital products over digital or electronic network.

16. In the instant case the applicant owns digital platform ('ChangeJar' APP), for offering sale of DGIPL's digital gold. Further, it is observed that the agreement entered by the applicant with M/s DGIPL is for distribution and thus it is termed as 'Distribution Agreement'. Further clause 9.4 of the said agreement that deals with the relationship between the applicant and M/s DGIPL specifies as under:

1. *"The parties shall act in all matters as independent contractors";*
2. *"Neither party shall have any authority hereunder, express or implied to contract on behalf of the other party with any person shall not hold itself out as having such powers or authority"*
3. *"The agreement is entered into on principal-to-principal basis and does not and shall not be deemed to make either party an agent, partner of joint venture, partner of the other or any analogous relationship".*

In view of the above clause, it is clearly evident that neither the applicant nor the DGIPL are agent to each other and thus the contention of the applicant that they qualify as agent to M/s DGIPL is not acceptable and not tenable under the law.





Since the sale of DGIPL products happen through the applicants online platform, the applicant squarely fits into the definition and qualifies to be an Electronic Commerce Operator.

17. Section 52 of the CGST Act, 2017 deals with "Collection of Tax at source" and reads as under:

*"(1) Notwithstanding anything to the contrary contained in this Act, every e-commerce operator (hereinafter in this section referred to as the "operator"), not being an agent, shall collect an amount calculated at such rate not exceeding one per cent., as may be notified by the Government on the recommendations of the Council, of the net value of taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the operator."*

And Notification No. 52/2018 – Central Tax dtd 20.9.2018 issued under Section 52(1) of CGST Act, notifies the rate of tax, as under:

*'In exercise of the powers conferred by sub-section (1) of section 52 of the Central Goods and Services Tax Act, 2017 (12 of 2017), the Central Government, on the recommendations of the Council, hereby notifies that every electronic commerce operator, not being an agent, shall collect an amount calculated at a rate of half per cent. of the net value of intra-State taxable supplies made through it by other suppliers where the consideration with respect to such supplies is to be collected by the said operator.'*

From the provisions of Section 52 of the CGST Act, 2017 and the Notification 52/2018-CT(R), it is seen that :

- (i) TCS is liable to be collected by every e-commerce operator, not being an agent;
- (ii) At a rate as notified (0.5% CGST and 0.5% SGST);
- (iii) On the net value of taxable supplies
- (iv) Taxable supplies should have been made through the e-commerce operator
- (v) Consideration to have been collected by the operator;

The following observations are made from the agreement and the applicant's submissions, in the instant case.

- (i) *The applicant in the instant case owns, operates or manages digital platform i.e. "ChangeJar" app for electronic commerce.*
- (ii) *The supply, being effected by third party i.e. M/s DGIPL, is digital gold i.e. the title of the physical gold purchased by the customer is passed on whereas the physical gold purchased by the customers is stored with the custodian ("Security Trustee") and thus the transaction amounts to supply of goods in terms of Section 7(i)(a) of the CGST Act 2017.*





- (iii) *The supply being affected by the seller is of goods i.e. Gold which is a taxable supply under GST.*
- (iv) *The applicant is an e-commerce operator and is not an agent of the seller (DGIPL) as discussed at para 16 and the seller is admittedly a registered person under GST;*
- (v) *Taxable supply i.e., the sale of goods is effected through the online platform of the applicant;*
- (vi) *The consideration towards supply of gold is collected, through the app, by the applicant into an escrow account, which is a joint account of applicant & the seller of gold (DGIPL) meant for specifically to deal with the supply of gold.*

In view of the above, since all conditions of Section 52 are satisfied, the applicant is liable to collect the tax u/s 52 of the CGST Act 2017 read with Notification 52/2018-CT(R) on the net value of the taxable supply.

18. The applicant appears to heavily rely on the issue of assumption of responsibility of the supply of gold by M/s DGIPL; that in comparison with other e-commerce operators such as Amazon, they do not assume any responsibility with regard to supply of gold i.e. they do not compensate/pay for the damages that may arise during the delivery. Post sale conditions such as responsibility of delivery of digital gold, vaulting of gold, etc., does not alter the fact that the sale of product is done through the applicants platform and that the sale consideration is collected by the applicant. In fact in the instant case two supplies are involved i.e. (i) supply of gold by DGIPL to the customer through the app and (ii) supply of platform service to the DGIPL by the applicant. The applicant supplies the services of e-commerce platform through the app, for which they get the consideration equivalent to certain percentage on the value of the sale of the gold in the second supply, for which they are charging & collecting GST. The issue relevant in the instant case is the first supply i.e. supply of gold by DGIPL to the customer through the app which is considered and duly attended to.

19. The applicant intend to rely on the ruling of this authority in the case of M/s Humble Mobile Solutions Pvt. Ltd., (KAR ADRG 58/2019 dated 19.09.2019). The supply involved in the said case was supply of services by third party to the consumers through the app of the applicant, whereas in the instant case supply is of goods i.e. gold. Further the applicant quoting the submission made in the said case i.e. "The electronic commerce operator is not an agent of such third party supplier" contends that they are to be seen as a commission agent of DGIPL. The applicant in the instant case is not an agent of DGIPL, as per their own Distribution Agreement, which is already discussed at para 16 supra.





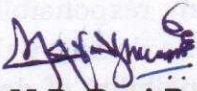
20. The second question is "Whether applicant is required to obtain registration as an E-commerce operator as per provisions of Rule 12 of Central Goods and Services Tax Rules, 2017?"

The applicant, being an electronic commerce operator, is required to collect tax at source under Section 52 of the CGST Act 2017 and thus is liable to be registered compulsorily under Section 24(x) of the CGST Act 2017 read with the provisions of the Rule 12 of CGST Rules 2017.

21. In view of the foregoing, we pass the following

**RULING**

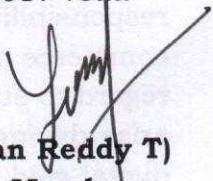
- a. The applicant qualifies as an electronic commerce operator and is not an agent of the third party supplier M/s DGIPL, and hence is covered under the Notification No. 52/2018 - Central Tax, read with Section 52 of CGST Act, 2017.
- b. The applicant, being an electronic commerce operator, is required to collect tax at source under Section 52 of the CGST Act 2017 and thus is liable to be registered compulsorily under Section 24(x) of the CGST Act 2017 read with the provisions of the Rule 12 of CGST Rules 2017.

  
(Dr. M.P. Ravi Prasad)

Member

MEMBER

Karnataka Advance Ruling Authority  
Place Bengaluru,  
Bengaluru - 560 009

  
(Kiran Reddy T)  
Member

MEMBER

Karnataka Advance Ruling Authority  
Bengaluru - 560 009

Date : 28-02-2024

To,

The Applicant

Copy to:

1. The Principal Chief Commissioner of Central Tax, Bangalore Zone, Karnataka.
2. The Commissioner of Commercial Taxes, Karnataka, Bengaluru.
3. The Commissioner of Central Tax, Bangalore South Commissionerate, Bengaluru.
4. The Assistant Commissioner of Commercial Taxes, LGSTO-90, Bengaluru.
5. Office Folder.

