

E-commerce in new
tech-driven India
Embracing the new normal

Contents

Foreword	5
Executive summary	6
Introduction	7
Impact of COVID-19	8
Macroeconomic impact – GDP and overall industries	8
Impact on consumer markets	10
Alterations in e-commerce amidst the COVID-19 outbreak	11
Changes in the e-commerce business model and consumer behaviour	11
Government and regulatory interventions	12
FDI, regulatory, and tax landscape	13
Evolution of e-commerce models post COVID-19	19
Successful operating models – Case studies	21
Emerging operational models	25
Way forward	28

Foreword

Consumers are shifting from in-store shopping to online shopping. This changing trend is expected to have a positive impact on e-commerce companies, thereby spurring growth of the e-commerce sector.

Initially, due to a nation-wide lockdown, e-commerce companies were affected the most. They faced supply chain disruptions that resulted in supply shortage. However, as the government eased the lockdown in a staggered manner, e-commerce companies have innovated and implemented ways to minimise the impact on supply of goods and services.

With an aim to revive the economy, the government has announced the 'Unlock 3.0' phase in which business activities are allowed in a staggered manner across the country. The government allowed online sale of essential and non-essential goods to draw consumers back online, and increase online shopping and spending.

The Department for Promotion of Industry and Internal Trade (DPIIT) has drafted a national e-commerce policy to

promote online shopping, integrate offline channels with online channels, and provide a platform and level playing field for local stores.

This document discusses opportunities and strategies that e-commerce companies can adopt to meet evolving consumer expectations in the current crisis.

The Government of India (GoI) has always acknowledged e-commerce and internet penetration as key enablers for economic growth. The GoI has also been steadily laying down robust administrative, regulatory, and legal mechanisms to support growth initiatives. Building upon the dynamic scope of FDI regulations and the evolving tax landscape, this report aims to elucidate various structures and business models (powered by innovation and digitisation) that can provide the necessary impetus to businesses in the post COVID-19 scenario. It also touches upon the tax aspects affecting key business activities and avenues that emerging e-commerce models need to consider.



Executive summary

The 'new normal' has set the stage to drastically transform the livelihood of consumers, affecting their spending pattern and shopping preference. Consumers are preferring online shopping to observe physical distancing, and prevent and control the spread of the virus.

Social distancing will stay longer than we anticipate. After the easing of restrictions, the business will not be as usual. Organisations are revising their policies and innovating ways, including a gradual shift from traditional to digital supply chain and shopping models, to develop contact-less sourcing, delivery, and payment methods.

E-commerce companies focus on their employee and customer well-being, shifting to a digital and electronic network, and collaborating with local stores to revolutionise the entire e-commerce sector.

The report explores the emerging e-commerce activity in India under the 'new normal' (driven by social distancing measures) from a consumption standpoint. For consumer markets, only essentials expect to see an increase in sales, whereas non-essentials and the luxury segment expect a drop for FY21. Due to the mandate of observing physical distancing, first-time internet users and shoppers have increased significantly. This led to a shortage of

goods and services in local stores and e-commerce companies. However, e-commerce companies plan to adopt the hyperlocal strategy to offer the last mile delivery service; they partnered with online delivery aggregators to provide goods and services.

As the definition of "e-commerce" is fluid, this paper seeks to decode various business models qualifying as e-commerce for the regulatory purpose under FDI norms. It also elaborates on various tax implications arising in such scenarios to help assess business feasibility and drive success. In the age of digitisation, new technologies have paved the way for digital media, targeted advertisements, data strategies, and a robust digital economy. The report also covers the underlying tax impact and key considerations that businesses foraying into the post COVID-19 digital-first ecosystem need to consider.

The emerging business models will see a lot of data, technology, and innovation in the forefront, propelled by radical changes in consumer behaviour. To support evolving demands from consumers and building meaningful customer relationships (while functioning in a digital ecosystem), understanding the nuances of e-commerce business models is imperative. This information is also important for delivering value through the business chain.



Introduction

COVID-19 has significantly affected the global and Indian economies. The pandemic's actual impact is still unknown as it continues to unfold globally. In India, a high population density has increased risks on people's health and economy. However, continuous efforts by the GoI and the respective state governments may mitigate risks and pull India back from the crisis.

With the government announcing measures for social distancing and restrictive movement of people and goods, the general public needs to take more precautions. The government has opened up economic activities in non-containment zones, and started unlocking other public places (such as restaurants, educational institutions, and shopping

malls) in a phased manner. As a result, markets may witness an increase in demand again. However, a nearly two-month-long lockdown in the entire nation has led to increased awareness amongst consumers regarding the serious threat posed by the virus. People will continue taking health and hygiene related measures.

The report throws light on the impact of COVID-19 on markets in general and the e-commerce sector specifically. It discusses the impact of the virus on e-commerce from a business aspect, along with changing consumer behaviour and buying patterns. The report also talks about the impact from a tax perspective.



Impact of COVID-19

The initial period of the complete lockdown across states had brought economic activity to a near halt, affecting both consumption and investments. The resulting supply chain disruptions added to the stress across various industries and sectors. However, stringent measures at that time were essential to contain the spread of the virus. COVID-19's actual impact cannot be estimated accurately as of now, as the pandemic continues to affect the economy.

In India, recovery from this pandemic depends on the extent of the spread within the country and government interventions (would define recovery rate). As people are encouraged to work remotely to maintain social distance, some recovery in the economic activity is expected as people ease into the new normal. However, with the rising pressure of job losses (particularly for temporary workers, daily-wage

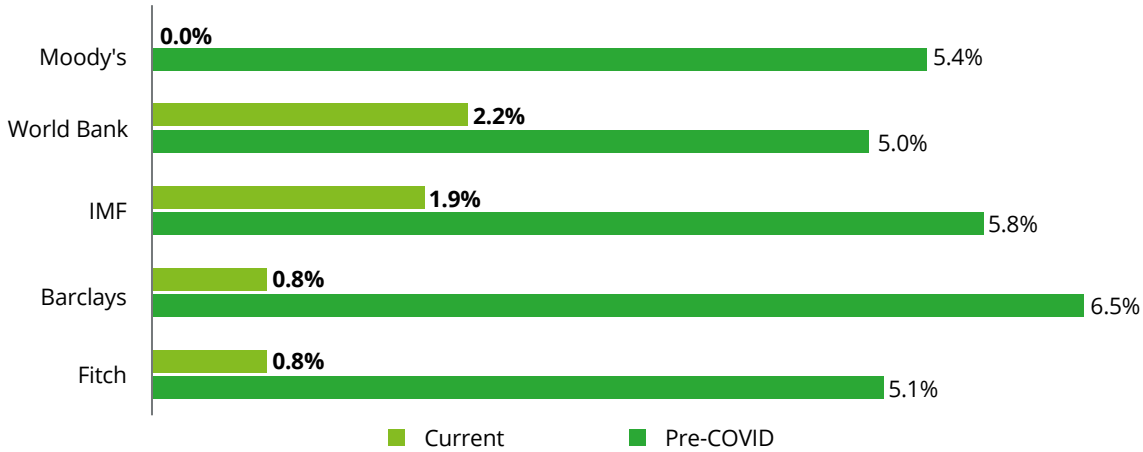
earners, and small enterprises), the battle against COVID-19 is expected to be a long one. Lower income in the hands of consumers is expected to lead to a lower demand and consumption of consumer goods. Supply-side disruptions, along with weak demand, could have a prolonged effect on the economy.

Macroeconomic impact – GDP and overall industries

The Indian economy has been witnessing sluggishness in the recent past. It will experience a lower growth in 2020 due to COVID-19 related challenges that business and people are facing. Major global financial institutions have lowered growth estimates for India by a huge 3–6 percent for the financial year of 2021 (FY21).

India's GDP growth projections (FY21)

FY21 growth projections for India

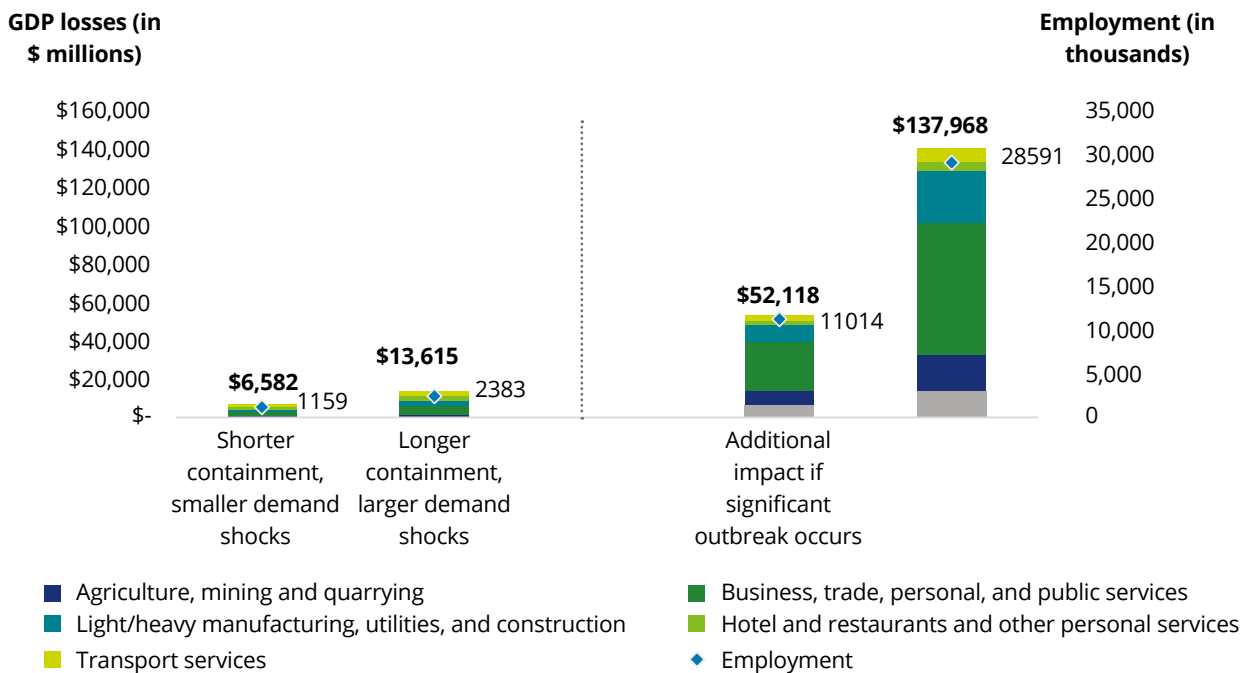


Source: Moody's slashes India's GDP growth to 'zero' in FY21, The Hindu Business Line, 8 May 2020

Similarly, the Asian Development Bank (ADB) also provides GDP and employment loss estimates for India and various sectors along the following three scenarios:

- **Shorter containment:** Overall GDP loss estimated at US\$6.6 billion and an employment loss of 11.6 lakh
- **Larger containment:** GDP loss estimated at US\$13.6 billion, along with an employment loss of 23.8 lakh
- **Significant outbreak:** In case of a significant outbreak, additional GDP loss to vary between US\$52.1 billion and US\$138 billion, along with an incremental job loss of 110.1–285.9 lakh

ADB's estimates for GDP and employment loss for India



Source: ADB

Sectoral impact of COVID-19 on India (ADB estimates)

Sector	Shorter containment, smaller demand shocks		Longer containment, larger demand shocks		Additional impact if significant outbreak occurs	
	as % of sector GDP	as % of sector employment	as % of sector GDP	as % of sector employment	as % of sector GDP	as % of sector employment
Agriculture, mining, and quarrying	-0.18	-0.11	-0.36	-0.22	-1.71 to -4.36	-1.79 to -4.55
Business, trade, personal, and public services	-0.14	-0.15	-0.30	-0.33	-1.72 to -4.7	-1.69 to -4.58
Light/heavy manufacturing, utilities, and construction	-0.24	-0.19	-0.52	-0.43	-1.55 to -4.52	-1.62 to -4.68
Hotel and restaurants, and other personal services	-1.28	-1.19	-2.36	-2.19	-1.62 to -4.25	-1.64 to -4.29
Transport services	-0.66	-0.44	-1.35	-0.91	-1.66 to -4.44	-1.68 to -4.5
Total (across the economy)	-0.24	-0.20	-0.50	-0.42	-1.67 to -4.57	-1.72 to -4.57

Source: ADB, Deloitte analysis

Impact on consumer markets

The COVID-19 outbreak and the resultant complete lockdown have had a major impact on sales of various industry segments, including consumer products. However, the lockdown's immediate effect was a substantial increase in demand for and consumption of essential food and household products, driven by panic buying. Products such as packaged food, groceries, staples, and health and hygiene items (including soaps, detergents, hand washes, and sanitisers) witnessed a steep increase in sales.

As the lockdown continued for some time, consumers have moved away from panic buying to regular top-ups of essentials from their neighbourhood kirana stores/supermarkets. This,

along with severe movement restrictions, has led to flattening of sales even for essentials. On the other hand, discretionary spending by consumers on non-essential product categories, such as apparel, shoes, accessories, and personal care, is severely affected due to their non-availability, both online and offline. Amidst the uncertainty, the retail sector is significantly affected and it will take more than a year to recover or return to normalcy.

The pandemic has also affected the e-commerce sector in India. Overall, the impact of COVID-19 on the e-commerce sector has been positive in terms of sales value. This was driven by the emergence of new business and operational models, and increased penetration of players in the online space.



Alterations in e-commerce amidst the COVID-19 outbreak

Changes in the e-commerce business model and consumer behaviour

The nation-wide lockdown has severely affected numerous industries and sectors in India. However, e-commerce seems to have weathered the storm partially. Initially, due to strict government regulations, traders were finding it difficult to manage the production and distribution of essential goods. As the government relaxed the restrictions and allowed the movement of goods eventually, business continuity (as far as supplies of goods are concerned), stands reinstated.

Measures such as social distancing and lockdown (undertaken by authorities to contain the spread of

the virus and address supply shortage at local shops) have pushed consumers towards online shopping. Consumers are flooding e-commerce sites to purchase essentials and non-essential items, which constitute about 70 percent of the total e-commerce business (valued at US\$30 billion in 2019). With the Indian government opening up operations across the country in a staggered manner, companies should monitor the gradual shift in consumers' demand and their sentiments. Companies also need to ensure business continuity in the short-term, and develop innovative solutions to safeguard long-term sustainability.

¹ <https://www.newindianexpress.com/business/2020/may/06/orders-for-non-essential-goods-flood-e-commerce-firms-amid-lockdown-2139791.html>



According to a recent 30-days consumer survey* by Deloitte, the current Indian consumer is ‘conscious, tech-savvy, and self-reliant’ in the COVID-19 times.

The online survey, conducted with nearly 1,000 consumers aged over 18 in India, indicated consumers’ intent to use digital services. The third wave of the consumer survey has seen a rise in the digital trend. About 44 percent respondents are likely to use digital services for groceries, 27 percent for virtual doctor appointments, 36 percent for exercise programmes, 52 percent for video conferencing, 47 percent for streaming entertainment, and 53 percent for payment apps/services. ²

In terms of purchase intentions, the majority of the consumers intended to purchase products through the online or Buy Online Pickup In Store (BOPIS) modes. Nearly half of the consumers intended to purchase apparel, books and stationery, electronic products, etc., through the online/delivery mode. Similarly, more than one-third of the consumers were willing to purchase groceries, alcoholic beverages, household goods, medicines, etc., online. Nearly 51 percent respondents feel the trend of BOPIS is a safer option, while 37 percent respondents feel that it is faster than shopping in a store. ⁴

Government and regulatory interventions⁴

E-commerce policy⁵

The draft National E-Commerce Policy (NECP) has been put in place and the Indian government has been deliberating on it with inputs for various industry players. The NECP is expected to address six business issues of the e-commerce ecosystem:

- Data
- Infrastructure development
- E-commerce marketplaces
- Regulatory issues
- Stimulating domestic digital economy

- Export promotion through e-commerce

The government considers a comprehensive definition of e-commerce encompassing a wide range of platforms, applications, and content services. It proposes to bring consumer-facing, B2B and B2C, apps-based commerce, consumer-based content platforms, and IoT device-based services under the policy. The draft policy will empower the e-commerce regulator to legally summon information and data from companies. It also proposes to levy a data tax on companies. Equalisation levy has been introduced in the FY2019 budget and discussed in the next section.

Note*: The Deloitte Global State of the Consumer Tracker is an interactive dashboard that highlights the survey results in bi-weekly consumer survey waves, allowing readers to explore new consumer insights and emergent trends, and filter the data by country, age, and other factors.

² Deloitte Global State of the Consumer Tracker

³ Deloitte Global State of the Consumer Tracker

⁴ MHA, GoI

⁵ DIPP, GoI

FDI, regulatory, and tax landscape

E-commerce encompasses almost everything that involves digital technologies, ranging from marketplaces facilitating supply of goods and services, online travel agents, streaming services, and payment apps.

In India, the FDI and tax landscape for e-commerce is still evolving and undergoing frequent changes. This has resulted in varied e-commerce structures. The definition of e-commerce is also not uniform across laws.

FDI regulations

For the **FDI** purpose, **e-commerce** means 'buying and selling of goods and services, including digital products over a digital and electronic network'. An e-commerce entity refers to "a company

incorporated under the Companies Act 1956 or the Companies Act 2013 or a foreign company covered under section 2 (42) of the Companies Act, 2013 or an office, branch, or agency in India as provided in section 2 (v) (iii) of FEMA 1999, owned or controlled by a person resident outside India and conducting the e-commerce business".

Further, per the Foreign Exchange Management (non-debt instruments) Rules, 2019, an 'e-commerce entity' means a company incorporated under the Companies Act (1956 or 2013) and conducting the e-commerce business.

The following are some of the key FDI regulations governing classified by different e-commerce business models:

Marketplace model: In this model, an e-commerce entity provides an information technology platform on a digital and electronic network to act as a facilitator between a buyer and a seller. The marketplace e-commerce model is treated differently from other online business models followed by manufacturers, wholesale traders, and single-brand retailers. The key conditions for a marketplace-based e-commerce entity with FDI are mentioned below:

- **FDI cap:** 100 percent FDI is allowed under the automatic route.
- **Inventory:** Owning inventory is prohibited under the marketplace model.
- **B2B transactions:** A marketplace e-commerce entity will be permitted to enter into transactions with sellers registered on its platform only on a B2B basis.
- **Inventory ownership:** An e-commerce entity cannot exercise ownership over the products sold on its website as this will make it an inventory-based model (which is prohibited under FDI regulations). A vendor's inventory will be controlled by an e-commerce marketplace entity if more than 25 percent purchases of such a vendor are from the marketplace entity or its group companies.
- **Sale of products of associated enterprises:** An entity with equity participation by an e-commerce marketplace entity or its group companies, or control on its inventory by e-commerce marketplace entity or its group companies, will not be permitted to sell its products on the platform run by such a marketplace entity. The applicability of this restriction needs to be analysed in cases where the e-commerce group entity has equity participation (less than 26 percent, rendering it an unrelated party per FDI regulations), investment through preference shares/debentures, etc.
- **Trade practices:** E-commerce entities providing a marketplace will not directly or indirectly influence the sale prices of goods or services. They shall maintain a level-playing field. Further, these entities will not mandate any seller to sell any product exclusively on their platforms.

Single-Brand Product Retail Trading (SBRT): It means selling different products under one brand name. An SBRT entity should satisfy the following key conditions:

- **FDI cap:** 100 percent FDI is allowed under the automatic route.
- **Inventory:** Inventory can be owned by the entity.
- **Single brand:** Products to be sold should be only of 'single brand'; such products should be sold under the same brand internationally.
- **Branded during manufacturing:** SBRT would cover only those products that are branded during manufacturing.
- **Sourcing requirements:** A SBRT entity with FDI beyond 51 percent will be required to source 30 percent value of the goods procured, from India.
- **Online selling:** An SBRT entity operating through physical stores can also undertake retail trading through e-commerce. However, an entity can start retail trading through e-commerce (before opening a physical store) provided that it opens the physical store within two years from the date of starting online retail.

Multi-Brand Product Retail Trading (MBRT): It implies selling products of different brands under one roof. An MBRT entity should meet the following key conditions:

- **FDI cap:** 51 percent FDI is allowed under the approval route.
- **Inventory:** Inventory can be owned by the entity.
- **Sourcing requirements:** At least 30 percent products have to be sourced from Indian micro, small, and medium enterprises (MSMEs, not having a total investment of US\$2 million in plant and machinery).
- **Online selling:** MBRTs with FDI are not allowed to trade by means of e-commerce.

Other financial services: The services, regulated by the Reserve Bank of India (RBI), Securities and Exchange Board of India (SEBI), Insurance Regulatory and Development Authority (IRDA), etc. (not specifically covered under any other category), are covered under 'other financial services'. Payment apps, such as e-wallets, will fall under the 'other financial services' category per the FDI guidelines. An entity providing other financial services should satisfy the following key conditions:

- **FDI cap:** 100 percent FDI is allowed under the automatic route.
- **Inventory:** FDI in other financial service activities shall be subject to conditions, including minimum capitalisation norms, as specified by the concerned regulator/ government agency (RBI in case of e-wallets).

Digital media: These can be classified into **news streaming applications** (entities uploading/providing streaming facility for news and current affairs through digital media) and **non-news streaming applications**. **News streaming applications** can raise up to 26 percent foreign investment under the approval route. **Non-news streaming applications can raise up to 100 percent FDI under the automatic route in the sector/activity not specifically mentioned under the prohibited and permitted activity list. This is subject to applicable laws, security regulations, and other conditions.**

⁶ INR 15.21 crore approximately

Tax related laws and regulations

Payments and Settlements Systems Act 2007 ('PSS Act')

Per the PSS Act, a 'payment system' enables payment to be effected between a payer and a beneficiary. The payment involves clearing, payment or settlement service or all of them, but does not include a stock exchange. According to RBI regulations, the 'payment system' includes the systems enabling credit, debit, and smart card operations, money transfer operations, or similar operations, etc.

RBI's approval is mandatory for commencing and operating payment systems. E-wallet systems are covered in the definition of the 'payment system'. Entities that wish to start an e-wallet business are required to seek RBI's approval before commencing such a 'payment system' and adhere to the provisions of the PSS Act.

Key provisions per Income-tax Act, 1961 ["the Act"]

Tax Deducted at Source ('TDS') by e-commerce operators

According to the section 194-O of the Act, e-commerce operators will be required to withhold taxes at the rate of 1 percent on payments made to sellers using the platform for selling goods/services.

As a relaxation measure (in view of the COVID-19 situation), the government has reduced this rate to 0.75 percent until 31 March 2021.

E-commerce operators will need to withhold taxes at the time of crediting the amount to e-commerce participants' accounts or payment (by any mode), whichever is earlier. Any payment made by a buyer (i.e., purchaser of goods or recipient of services) directly to an e-commerce participant will be deemed as payment by e-commerce operators to the e-commerce participant for the purpose of withholding taxes. Section 194O of the Act will be applicable from 1 October 2020.

Tax Collected at Source ('TCS')

Per section 206C(1H) of the Act, a seller whose turnover from business exceeds INR 10 crore during the immediately preceding FY, shall be liable to collect TCS at the rate of 0.1 percent, on consideration received from a buyer in excess of INR 50 lakh. As a relaxation measure (in view of the COVID-19 crisis), the government has reduced this rate to 0.075 percent until 31 March 2021. The amendment does not categorically exclude/include sales made through an online platform. It will also be applicable to sales made using online platforms/e-commerce transactions. Section 206C(1H) of the Act will be applicable from 1 October 2020.

Some common challenges of this provision are discussed below:

Ambiguity about the components on which taxes have to be withheld (for example, net sales, GST, commission, and discount): Although the Central Board of Direct Taxation (CBDT) has not clarified the matter, a better view would be to exclude GST from the consideration on which TDS applies provided it is separately shown in the invoice. This treatment would be similar to the one prescribed by CBDT circulars in the context of sections 194-I and 194-J. Further, treatment of other components, such as discount and commission, depends on the facts of each case. Commission is usually an expense, separately charged to the profit and loss account and not reduced from sales. Therefore, one may not exclude commission while applying TDS, given that TDS will be effected on "gross amount".

Blocking funds by way of withholding taxes for e-commerce participants making either losses/low profits:
– E-commerce participants can address this issue by obtaining a lower/nil tax withholding certificate. Further, if the participant is an individual/Hindu Undivided Family, TDS is not required if gross amount of sale or services or both, does not exceed INR 5 lakh in the previous year (provided PAN/Aadhaar number has been furnished to the e-commerce operator).

According to the FAQs issued by the Income Tax Department in the context of section 206C(1) of the Act, a seller is required to collect tax from a buyer at the time of debiting the amount payable by the buyer or receipt, whichever is earlier. Such amount debited to the account of the buyer or payment received by the seller would be inclusive of VAT/excise/GST. Thus, TCS needs to be collected inclusive of GST. Considering this, excluding GST components while collecting taxes under section 206(1H) of the Act would be a risky approach.

Transfer pricing

A transfer pricing analysis of e-commerce companies is complex due to presence of new business models emerged after digitalisation, enhanced integration of transactions amongst associated enterprises, greater specialisation of functions, etc. To conduct this analysis, get in-depth understanding of the virtual supply chain and then identify which stage of the value chain corresponds to creation of value for the e-commerce business. Thereafter, recognise a strategy to align transfer pricing outcomes with the location and source of value creation in the supply chain.

New business models and the possible transfer pricing solutions pose the following challenges:

- Identifying related party transactions: The fundamental nature of business activities with regard to a supply chain in the digital economy is unchanged. Transactions are usually inter-linked and difficult to segregate.
- Changing the entity's functional profiles: Due to the continuously evolving business models and regulatory changes, the traditional function, assets, and risk analysis may not be sufficient to meet the complex demands of the e-commerce business.
- Characterising payments made for digital products or related services: Qualifying the respective payments as royalties and fees for technical services or business profits is a challenge (mostly observed in cloud computing, service-oriented business models in the area of hardware and software goods).
- Finding appropriate comparable data for benchmarking analysis: Digital businesses use unique business model and structures that provide little scope for external comparable data.

Advertisement, Marketing, and Promotion ('AMP') expenses

- Companies incur huge expenses on advertisement and marketing campaigns to promote their businesses/products/brands.
- AMP expenditure constitutes one of the substantial expenses for the e-commerce business.
- AMP expense incurred currently is being treated as brand building expenditure/capital in nature by the tax authorities, even though the benefits from such expenses are temporary and short-lived. This has led to significant tax litigation in India and the matter is yet to be settled. Given the purpose and nature of this expense, it is unlikely to categorise this expense as capital in nature. However, an expense is revenue or capital ultimately depends on specific facts in each case.

Digital taxation

OECD work on the digital economy

In 2019, OECD published a public consultation document proposing a new unified approach that introduced a new nexus and new profit allocation rules that go beyond the arm's length principle. These rules include granting taxation rights to market jurisdictions, i.e., states where consumers are located. India has joined countries such as France, Italy, Spain, Austria, and the United Kingdom, to impose tax on digital services revenue. India has taken the following unilateral measures:

- Equalisation levy on supply of services by e-commerce companies: These companies will charge a levy of 2 percent on consideration received or receivable from 'e-commerce supply or services' made or provided or facilitated, to a person resident in India; a non-resident in 'specified circumstances'; or a combination of these two.
- Equalisation levy on advertisement services: A levy of 6 percent is imposed on amount paid or payable to non-residents for 'specified services', viz., online advertisement, provision of digital advertising space, or any other facility for the purpose of online advertisement, if the payment made to one service provider exceeds INR 1 lakh in an FY.

Goods and Services Tax (GST)

For GST purposes, e-commerce has been defined to mean "the supply of goods or services or both,

including digital products over digital or electronic network". Further, an **e-commerce operator (ECO)** "means any person who owns, operates, or manages digital or electronic facility or platform for electronic commerce." The interplay between FDI regulations, GST, income tax, equalisation levy, and transfer pricing, where applicable, makes this sector extremely interesting and challenging to structure business models.

Hence, most ECOs start with analysing the optimal structure for their operations in India, especially when an ECO receives FDI investment; or where an overseas parent/group company holds the IP; or where multiple companies (such as logistics company and NBFC company) are involved in providing different services to sellers and customers undertaking transactions through their platforms.

GST laws have some specific provisions governing e-commerce transactions, apart from other provisions, which anyways apply. Based on such specific provisions, various business models can be categorised into the following:

- **Provisions covering typical marketplaces facilitating supply of goods and services by listed sellers to B2B and B2C customers**

FDI is allowed in the marketplace model only in case of B2B. Further, an online marketplace entity with FDI is not allowed to own inventory or exercise ownership over the inventory of products sold through its online marketplace platform.

The applicable rules from the FDI and tax perspectives have been discussed separately in the document.

Key GST implications

These marketplaces are required to collect tax at source under the GST law at the rate of 1 percent. The tax collected is credited into sellers' GST cash ledger that can be used for discharging their output GST liability. As a result, marketplaces have to register for TCS purposes in states where on-boarded sellers are registered, to fulfil related compliance and reporting requirements.

C2C marketplaces should not be covered in the considerations for the B2B marketplace mentioned earlier. However, they will have to deal with the risk of business entities trading on their platforms. This may result in the GST TCS exposure.

If a marketplace also offers warehousing and logistics services, they must register their warehouses in each state, and adhere to movement-related documentation and compliances (such as the e-way bill for transportation of goods "for anywhere delivery, anywhere return").

These marketplaces also get drawn into seller-related tax issues, such as anti-profiteering and seller non-compliances, though legally revenue does not have any recourse to such marketplaces in such cases.

- **Provisions for ECOs such as cab aggregators, lodging marketplaces, and services marketplaces**

The applicable rules from the FDI and tax perspectives have been discussed separately in the document. In line with these rules, the following may have to be considered:

- Issuing discount coupons/cashbacks to customers, providing incentives to drivers, and charging penalties from platform participants (such as cab drivers and hotels), are additional factors considered while determining the components on which taxes have to be withheld (for example, net sales, GST, commission, discount, and penalty). These factors require a detailed evaluation.

In case of customers making payment directly to e-commerce participants (such as a cab driver or hotel), TDS obligation on e-commerce operators affects cash flow position. To address this issue, a mutual agreement may have to be reached between e-commerce operators and participants to make necessary arrangements to ensure flow of funds. One such example could be adjustment of other payables to e-commerce participants with TDS payments and remittance of only balance portion to them.

Key GST implications

These ECOs are made responsible and liable to pay GST on transactions taking place through their platforms, and supplies are made by different sellers/service providers (albeit from the unorganised sector). However, this results in a break in credit chain. These ECOs will have to comply with GST obligations on their own services and income (i.e., platform services).

- **Provisions for ECOs include online streaming platforms, platform-making digital (OIDAR*) supplies, and online ad platforms.**

The applicable rules from the FDI and tax perspectives have been discussed separately in the document. Additionally, the following may have to be considered:

- Online streaming platform entities are required to withhold taxes on the payments (treated as royalty) made to the person from whom they buy digital content hosted on their platforms.
- In case of non-resident entities providing online ad platforms, the person resident in India availing advertisement services from such non-resident entities will be required to deduct 6 percent as equalisation levy from the gross consideration payable for such services. In this case, newly introduced equalisation levy of 2 percent shall not apply.

Key GST implications

- These implications are similar to ones faced by overseas electronic service suppliers who are responsible for remitting GST on supplies made to B2C recipients in India. They can appoint an agent for registration and following compliances in India. On the other hand, the authorities litigate the export status of content acquisition from India, resulting in unfavourable tax issues.
- **Payment apps**
The applicable rules from the FDI and tax perspectives have been discussed separately in the

document with the following modification:

- **TDS:** TDS under section 194O would not be applicable on e-wallet transactions as payment apps do not transact or facilitate e-commerce transactions. Hence, their applicability needs to be analysed in case of purchase of gold, insurance policies, other products, etc., through the platform provided by such payment apps.
- **TCS:** The applicability of TCS will also have to be analysed in case of purchase of gold or other goods through the payment app.

Payment apps (e-wallets) are governed by the PSS Act. Thus, an entity willing to launch payment apps are first required to obtain RBI's approval. Further, such entities operating payment apps are required to adhere to the provisions of PSS Act, and the Master Directions on Issuance and Operation on Prepaid Payment Instruments.

Key GST implications

Payment apps providing payment services and acting as conduits for customers to make purchases through app-in-app models have their own GST challenges. These challenges are core to the business model. For instance, whether they are liable to deduct and deposit TCS as an e-commerce operator on transactions that originate from these apps. Although the CBIC has issued clarifications on some of these matters as the business models evolve (more goods and services getting listed on these apps), the line between the applicability or otherwise of GST TCS starts blurring. This results in increased risks of high-stake litigations.

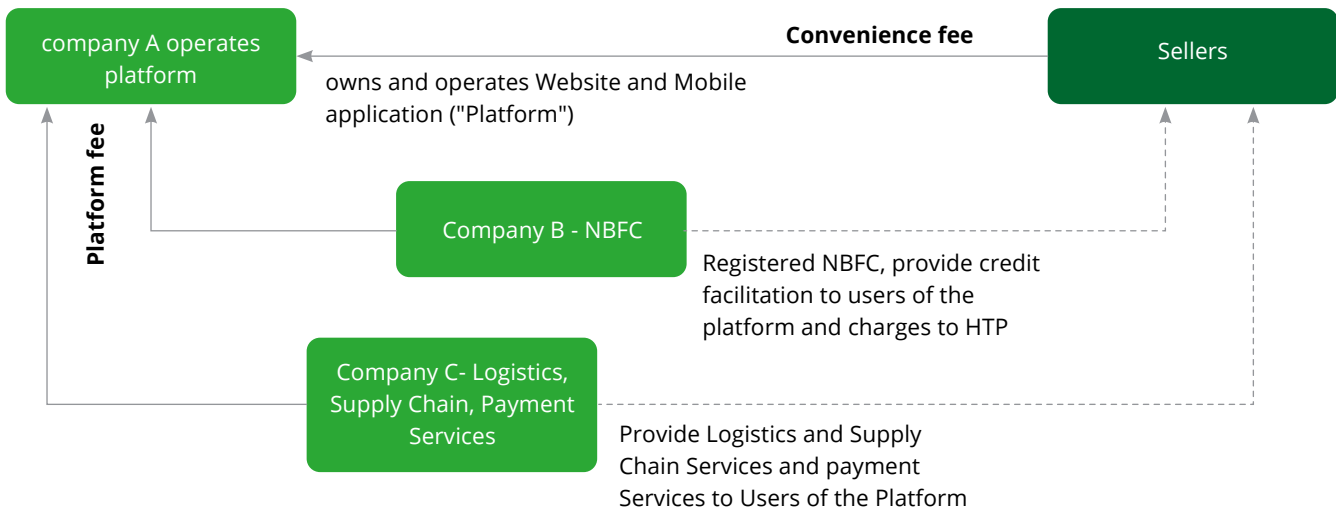
*Online Information Database Access and Retrieval services



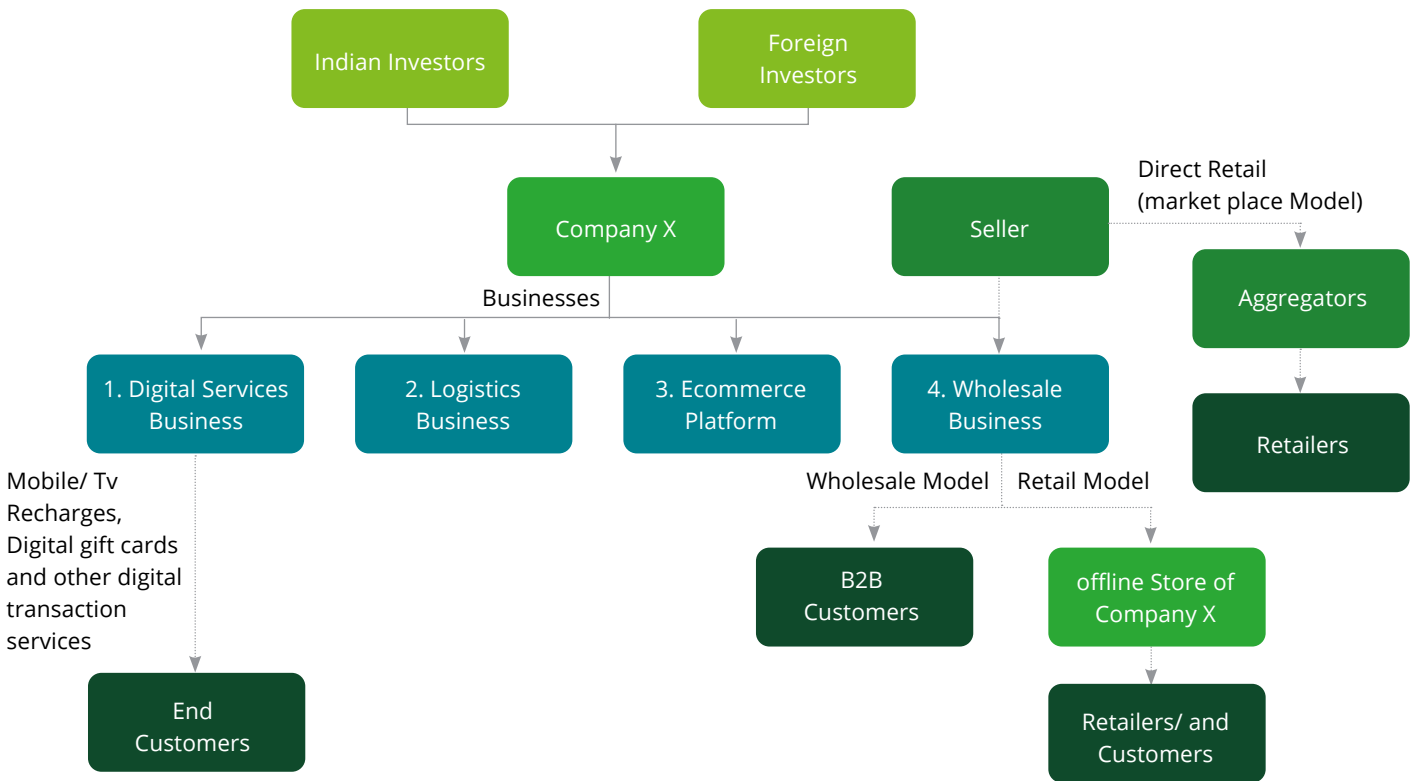
Evolution of e-commerce models post COVID-19

B2B e-commerce models currently in use

Only marketplace operations



Marketplace + other business operations



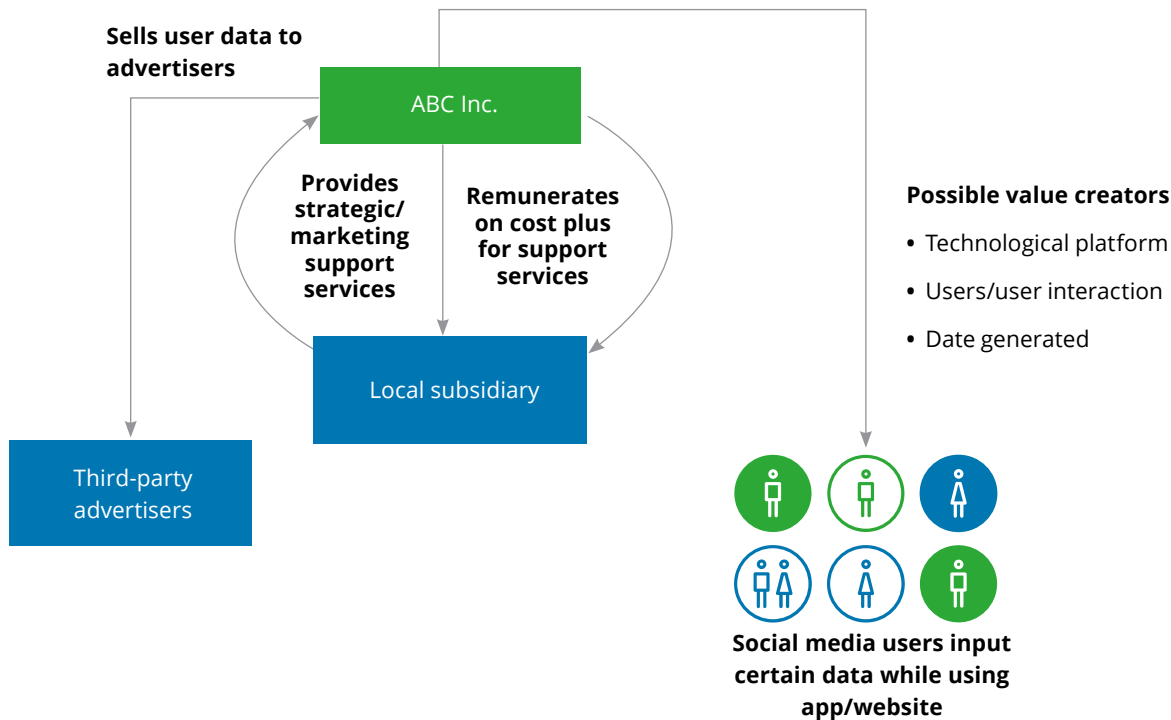
Key tax and regulatory considerations

- The key conditions under the FDI regulations governing the marketplace model have been discussed separately in the document. However, the key FDI conditions are summarised below:
 - Prohibition on owning inventory or exercising control over the inventory of vendor
 - Restriction on sale of products of associated enterprises in which the e-commerce entity has equity participation
 - E-commerce companies with FDI should not influence sale price of products or mandate any seller to sell their products exclusively on their platforms
- **The key tax impact areas are summarised below:**
 - Existing tax controversy regarding the treatment of AMP expenses will continue unless judicial authorities or the Indian government provide clarity on the matter.
 - In case of an e-commerce marketplace entity (being part of an MNC where an Indian party avails advertising services from the foreign group company of MNC for hosting the advertisement on the platform), the applicability of equalisation levy on advertisement will have to be analysed on such payments.
 - As discussed separately in the document, TDS and TCS will be applicable on e-commerce transactions. However, the applicability of TDS and TCS on various components of payments (such as gross consideration, GST, and discounts) will have to be analysed.
 - Given the wide scope of definition of equalisation levy on e-commerce supply or services, the ambiguity regarding the applicability of the levy to infrastructure sharing services between the Indian entity and overseas group entities prevails.



Successful operating models – Case studies

Social networking entities



Key characteristics of social networking entities are given below:

- A social networking site facilitates user interaction over an online platform.
- User interaction provides marketing opportunities to other online businesses and corresponding advertising revenue to social networking entities.
- User engagement is critical in this model and the market reach is achieved with no significant tangible presence in a jurisdiction.
- Based on user interaction, an algorithm developed/ owned by the IP owner analyses user data to reveal patterns and trends relating to human behaviour and interactions (using data processing software, such as big data).
- Entities usually set up a local subsidiary in a particular market jurisdiction with an aim to perform strategic or local marketing support services, such as website management and local advertising functions. Local entities receive an arm's length remuneration for the local marketing support services rendered.

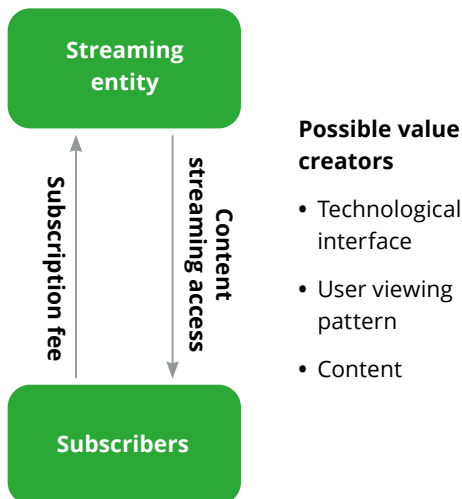
Key tax and regulatory considerations

- According to the FDI policy, up to 100 percent FDI will be permitted under the automatic route in the sector/activity that is not specifically mentioned under the prohibited and permitted activity list. This is subject to applicable laws and security regulations, and other conditions. Thus, 100 percent FDI will be allowed under the automatic route in social networking entities.
- **The key tax impact areas are summarised below.**
 - The major stream of income for the overseas entity will be income from hosting advertisements on the social media platform. In case an Indian party avails advertising services from the foreign group company (ABC Inc.) for hosting advertisements on the platform, equalisation levy's applicability on advertisement will have to be analysed on such payments.
 - Additionally, the applicability of equalisation levy on 'e-commerce supply or services' (pertaining to specified services) would need to be analysed on the payment received by ABC Inc. on sale of user data.

- The local Indian subsidiary will provide Marketing and Sales Support ('MSS') services to the overseas entity. In recent times, there has been an increasing trend of selecting and scrutinising Indian companies providing MSS services to their foreign group entities. Further, the tax authorities have also held that such services constitute PE for foreign companies in India, especially when people travel to India. Hence, the PE exposure (if any) arising out of provision of MSS needs to be analysed on a case-by-case basis.
- Equalisation levy on infrastructure sharing services is same as discussed under the marketplace model.

- Research suggests that customers in various jurisdictions are not billed by their local entities (however, the name of the local entity appears on bills). They instead pay to the parent/particular group company.
- A distribution entity exists locally that functions primarily as a limited risk distributor. This entity is responsible for entering into subscription contracts for streaming content online with end-user subscribers or certain strategic partners.
- Another entity is responsible for purchasing the licence with respect to particular content (i.e., video/ audio content that has already been produced) or newly produced content. After the licence is purchased, it is immediately transferred to its parent entity overseas. The licence rights do not vest with the local entity at any point of time.
- The entity receives an assured arm's length return for undertaking such functions.

Digital media streaming entities



Key characteristics of digital media streaming entities are given below:

- Global streaming content providers allow subscribers to watch TV shows, movies, documentaries, and more on a wide range of internet-connected devices.
- These on-demand video streaming companies operate on a subscription-based model, which is also their primary source of revenue.
- Subscribers pay for a monthly plan to get access to shows, movies, documentaries, and other content available on apps in the quality (SD, HD, and ultra HD) they pay for.
- These entities give subscribers legal access to a lot of movies and TV shows without ad as well as the best-personalised suggestion algorithm.
- The streaming service is supported on a widest range of devices, including PCs, TVs, mobiles, and gaming consoles.

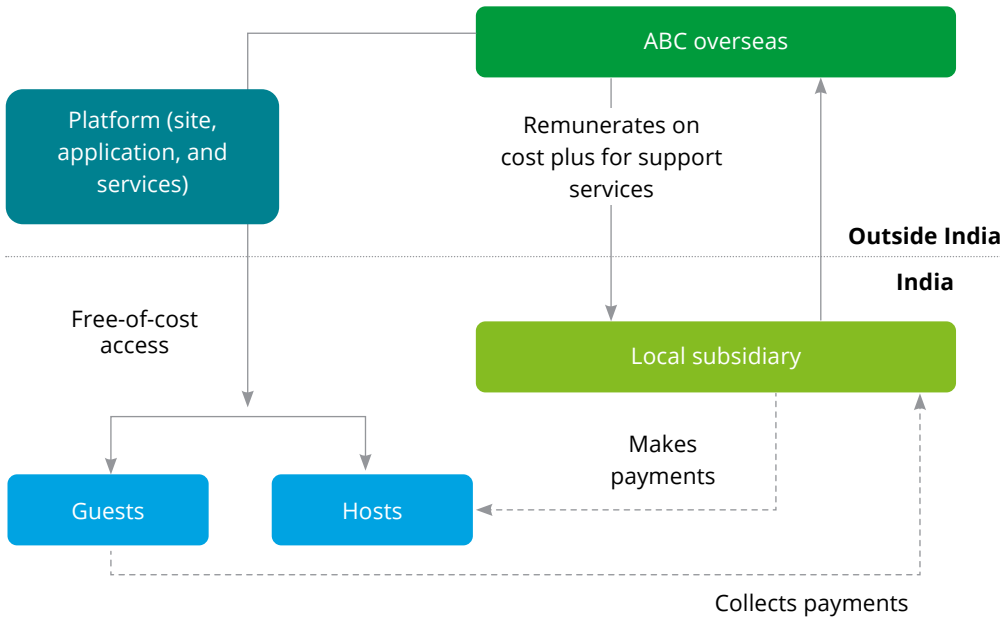
Key tax and regulatory considerations

- The key conditions under the FDI regulations governing the digital media streaming entities have been discussed separately in the document. However, we have summarised the key FDI conditions below:
 - News streaming applications – FDI restricted to 26 percent
 - Non-news streaming platform – 100 percent FDI allowed under the automatic route
- **The key tax impact areas are summarised below:**
 - In case of a streaming platform (owned by an overseas entity), considering that the definition of equalisation levy on 'e-commerce supply or services' is quite wide, its applicability will have to be analysed on the subscription fees received.
 - Once the SEP provisions come into effect, their applicability will have to be examined if the total subscription fees received by the overseas entity breaches the SEP threshold (yet to be announced). In such a scenario, the interplay between equalisation levy and SEP will have to be analysed.

Equalisation levy on fees received from an Indian party for hosting advertisements on the platform: Impact is same as discussed under the marketplace model. Equalisation levy is applicable at the rate of 6 percent on services availed from such a non-resident for online advertisement.

In case an Indian entity owning a digital platform buys content (from either a resident or non-resident party), or an overseas entity buying digital content for the platform from an Indian resident, the applicability of withholding tax provisions on royalty warrants an analysis.

Online platform for hospitality services



Possible value creators

- Service consuming users
- The platform
- Service rendering users

Key characteristics of an online platform providing hospitality services are given below:

- The platform operates through a website and a mobile app that connects guests and hosts for rendering host services, without owning any room itself.
- The platform enables hosts to list their available space and guests to book the available spaces based on their requirements.
- Guests key-in their personal data on their mobile app, followed by a request for specified services on the platform.
- The app matches guests' requests for specified services with hosts present on the platform to create value for each other.
- For completion of the service delivery (i.e., booking), the platform charges fee to the guest's debit/credit card.
- Local jurisdictional entities are responsible for providing access to the platform to hosts and guests, regional marketing and sales, host support, guest support, and billing management services.
- Entities earn revenue in the form of commission from hosts and a transaction fee from guests.

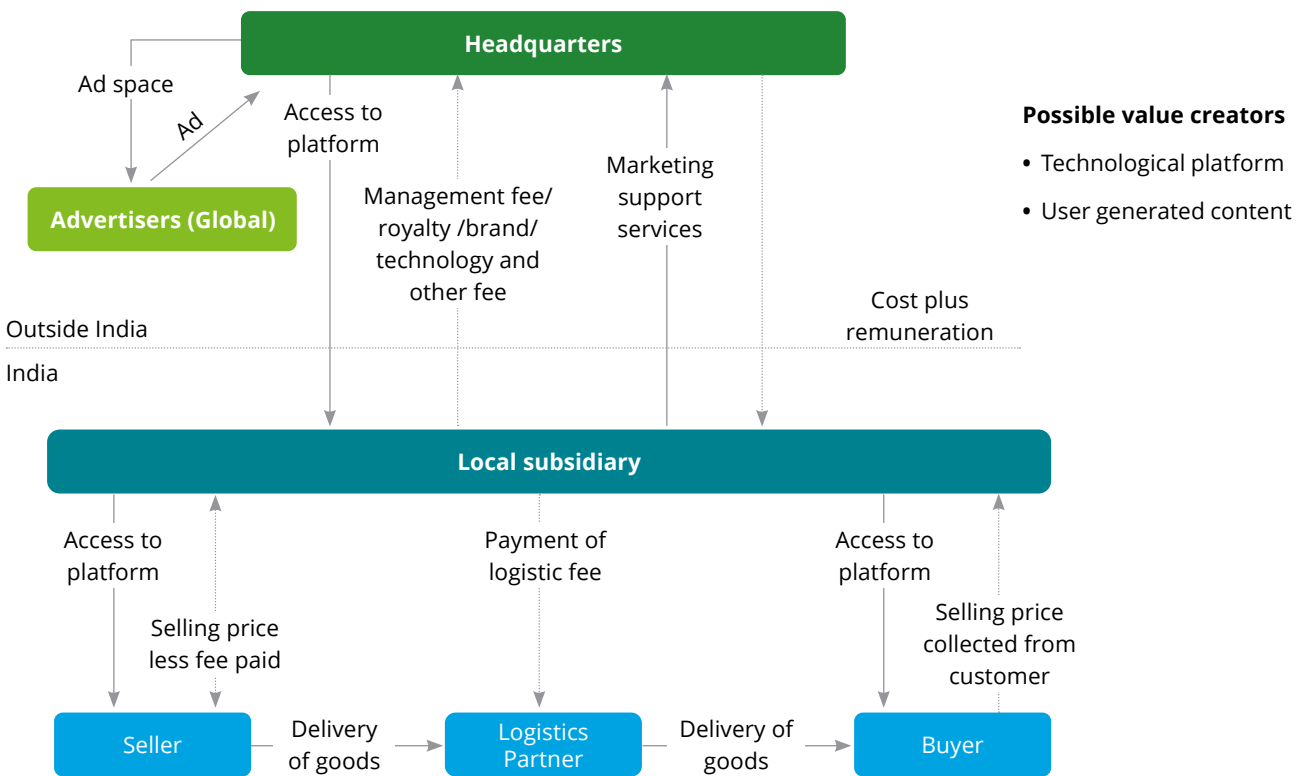
Key tax and regulatory considerations

- As discussed in the previous sections, up to 100 percent FDI is permitted under the automatic route in the sector/activity, which is not specifically mentioned under the prohibited and permitted activity list. This is subject to applicable laws, security regulations, and other conditions. Thus, 100 percent FDI will be allowed under the automatic route in an online platform offering hospitality services (in the local subsidiary).
- In case an Indian entity offers its own payment wallet as an option for making payments, the entity will need RBI's approval (under the PSS Act) before using the payment system.
- **The key tax impact areas are summarised below:**
 - Commission income (being part of payments received by the Indian subsidiary) will be the main revenue stream for the overseas entity. Such income is earned on bookings concluded as a result of providing access to the platform (which might be termed as online service). The applicability of equalisation levy on this income needs to be analysed.
 - Equalisation levy on fees received from an Indian party for hosting ads on the online platform for hospitality services – Impact is same as discussed under the marketplace model.

- Applicability of section 194O on payments made by the local subsidiary to the host will have to be analysed as the local subsidiary is not exactly an e-commerce operator (as it does not own or operate the platform). Further, the applicability of withholding tax provisions on various components of the payments made to the host will also have to be analysed.
- In case the local subsidiary provides any MSS

- to the overseas entity, the PE exposure arising out of such provision of services will have to be analysed based on the case's facts.
- Tax controversy regarding treatment of AMP expenses is same as discussed earlier in the AMP section.
- Equalisation levy on infrastructure sharing services is same as discussed under the marketplace model.

US-based e-commerce giant



- Possible value creators**
- Technological platform
 - User generated content

Key characteristics are mentioned below.

- E-commerce platforms allow exchange of various products/services through websites, mobile apps, etc.; platforms act as a connecting link between buyers and sellers.
- Headquarters usually license the right to use the platform to the local subsidiary, which then provides the platform access to buyers and sellers.
- A logistic partner, who is compensated by the local subsidiary for logistics and warehousing functions, delivers goods.
- The local subsidiary collects money from buyers and passes sellers' share after deducting related fees, such as platform, packaging, storage, and logistic fees.
- Headquarters entities are responsible for undertaking R&D, technology and IP, global marketing, branding, and sales strategies.
- The local subsidiary is responsible for configuration of local platform, limited software development and support, warehousing and logistic support, and local sales and marketing services. The subsidiary earns revenue by aforementioned marketplace services and sale of in-house products.

- The headquarters are further developed/analysed to reveal consumer trends and behavioural patterns. This is further used for third-party advertisements on the portal.
- The local subsidiary acts as a full-fledged distributor bearing entrepreneurial risks (i.e., returns are commensurate with its functions and risk). Marketing and sales support activities are in some cases remunerated on a cost plus mark-up basis.

Key tax and regulatory considerations

- FDI regulations: Same of these are discussed under the marketplace model.
- The key tax impact areas are summarised below:
 - Equalisation levy is applicable at the rate of 6 percent on services availed from the headquarters for hosting online advertisement on the platform (in case the payer is in India).
 - Applicability of withholding taxes on

payments made by the Indian subsidiary to the headquarters towards royalty or technical services – This will have to be analysed by taking into consideration relevant treaty provisions. Further, if the Indian entity pays any amount for the right to use the platform to the overseas entity, the interplay between taxation of such amount as royalty vis-a-vis applicability of equalisation levy provisions will have to be analysed.

- TDS and TCS applicability on online transactions (on the Indian entity) – This is same as discussed under the marketplace model. Analysing which party will be responsible for withholding taxes (i.e., the headquarters owning the platform or the Indian subsidiary), will be important.
- Tax controversy regarding treatment of AMP expenses – This is same as discussed under the marketplace model.
- Equalisation levy on infrastructure sharing services – This is same as discussed under the marketplace model.

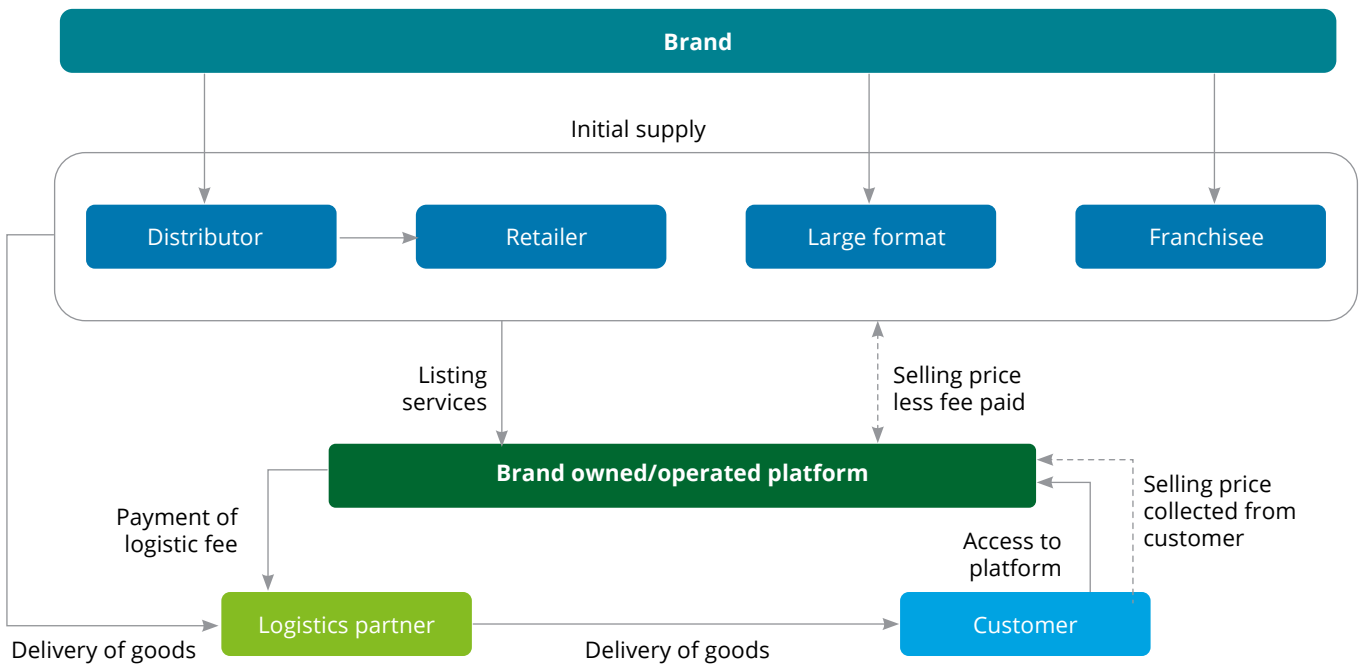
Emerging operational models

Will we see evolution of e-commerce models post COVID-19? This is one of the most dynamic sectors even otherwise. E-commerce is one business channel that will emerge stronger after COVID-19. More traditional businesses will want to go online. We may see one or more variants of the below e-commerce commerce model emerge.

Existing FMCG companies have a strong foothold in the Indian market. They cater to urban and tier II/III cities. Being closer to customers, these companies have an edge over competition. They are looking at

setting up an e-commerce marketplace platform to enable sale of goods through their own platforms where they could enlist their existing distributors and retailers as sellers. The idea is to drive B2C and facilitate B2B sales through this platform.

Using a robust supply chain, FMCG companies can also provide value add services, such as logistics and credit. The move will make it easy for the distribution chain and customers to transact and buy products.



Source: Deloitte analysis

The COVID-19 pandemic has led to the growth of e-commerce. Several operational models and distribution channels have emerged globally, as companies have been making efforts to adapt delivery, minimise contact, and achieve operational efficiency. Some of these models include the following:

- **Community-based delivery models:** E-tailers start bulk delivery of products by collating orders from an entire community or residential area or society. They provide a single drop at a single slot. Retailers may also partner with community-centric apps for easy ordering and delivery.
- **Cross-sector collaboration:** E-tailers hire and engage newly available employees from other low-demand industries to meet the increase in demand for services, such as online delivery.
- **Fixed product bundle:** E-tailers introduce the concept of a fixed bundle of essentials items.
- **Expansion of service portfolio:** Food delivery companies have been expanding into grocery delivery services to ensure continuity in business operations.
- **Collaborations**
 - Collaboration with ride-hailing company: E-retailers, pharmacies, convenience stores, pet shops, amongst others, partner with ride-hailing companies for delivering essential products.

- Partnership with food delivery companies: They also partner with food delivery service companies to address supply chain issues and meet increasing demand.
- Partnership with logistic firms: FMCG companies collaborate with logistic firms, B2B supply chain companies, car rental companies, etc., to ensure uninterrupted supply of food and essential items to consumers.
- Collaboration with e-commerce marketplaces: Physical retailers enter into partnerships with e-commerce marketplaces to introduce hyperlocal deliveries of groceries and essentials.
- **Mobile shops:** These shops have come up in various societies, and tier 2 and 3 cities to ensure last mile delivery from local kirana shops. They enable small- and mid-scale retailers to deliver products to end-consumers/communities by taking orders through mobile apps.

Key tax and regulatory considerations

- FDI regulations governing SBRT have been discussed separately in the document. The following points summarise the key conditions prescribed under FDI for SBRT:
 - The SBRT entity with FDI beyond 51 percent will be required to source 30 percent of the value of the goods procured from India.

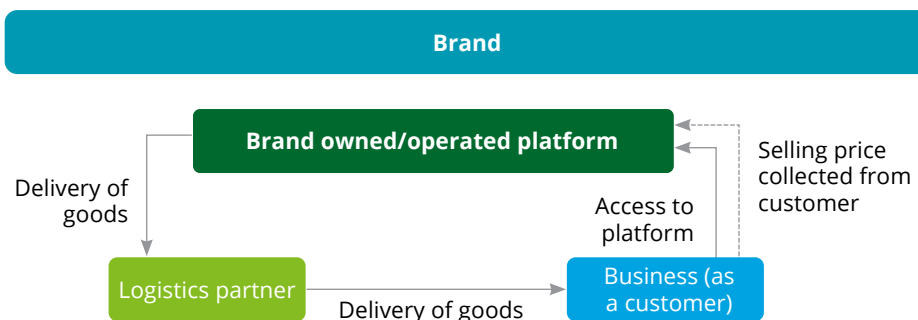
- The entity operating through physical stores can also undertake retail trading through e-commerce. However, an entity can start retail trading through e-commerce (before opening physical store), provided that it opens physical store within two years from the date of starting online retail.

Note: FDI regulations governing MBRT prohibit entities with FDI from selling products using online means. Thus, if an entity with FDI is looking to enter the MBRT space, the appropriate structure needs be analysed.

• The key tax impact areas are summarised below:

- TDS and TCS applicability on online transactions: This is same as discussed under the marketplace model.
- Tax controversy regarding treatment of AMP expenses: This is same as discussed under the marketplace model.
- Taxability of the royalty that an entity owning the brand (being an overseas entity) receives from the franchise partner, will have to be analysed, after taking into consideration the relevant tax treaty provisions.
- Equalisation levy on infrastructure sharing services (in case of MNCs) – This is same as discussed under the marketplace model.

E-commerce digital store: B2B



Key tax and regulatory considerations

- FDI regulations governing SBRT: Same as discussed in the previous section.

Note: FDI regulations governing MBRT prohibit entities with FDI from undertaking sales using online means. Thus, in case an entity with FDI is looking to enter the MBRT space, the appropriate structure needs be analysed.

• The key tax impact areas are summarised below:

- TDS and TCS applicability on online transactions: This is same as discussed under the marketplace model.
- Tax controversy regarding treatment of AMP expenses: This is same as discussed under the marketplace model.
- Equalisation levy on infrastructure sharing services (in case of MNCs): This is same as discussed under the marketplace model.

Way forward

The current pandemic, coupled with the disruption of livelihood and businesses, will give rise to a 'new normal'. This will lead to transformation of the value chain and operating models. The new normal is expected to be in the form of acceleration of digital transformation, spending on essentials, and reduced spending on discretionary goods. The focus would be spending more on medical and health care, and home-based entertainment, and less on lifestyle spending (such as alcohol and other luxury spending).

Use of automation will significantly rise to minimise human contact in office spaces, warehouses, and retail and hospitality establishments. Companies are looking at innovating ways and using technological platforms to address the challenges posed by the pandemic.

Personalised marketing and personalised shopping experience are the new normal with reduced mass marketing and campaigns. The pandemic is expected to lead to greater reliance on 'Make in India' and less on imports. In this regard, the government is providing boost to various MSMEs, start-ups, and agri-businesses.

With an indeterminate future, the government focuses on health and well-being, and reviving the economy. It has introduced a slew of measures to promote social distancing and enhance online activities. Organisations are gearing up to resume their businesses as "Unlock 1.0" begins.

New operating models would emerge and e-commerce models would evolve after the pandemic. Cross sectors are expected to collaborate more than ever to meet the increasing demand and fill the gap created by contagion. Moreover, businesses will expand into various verticals to provide multi-fold services and broader options to consumers.

Local mom and pop stores are venturing into digital platforms and expanding their reach. They are collaborating with delivery aggregators to provide last mile delivery solutions. E-commerce companies use AI to gather real-time shopping data and provide recommendations based on customers' shopping journey. Social commerce is expected to grow extensively to enhance the outreach, and promote product and services.

Companies are looking for innovating ways to provide contact-less and automated delivery, which is expected to be the emerging trend in the near future. The government also works on enhancing e-commerce activities in the country by promoting online shopping in the form of easing of FDI norms, providing tax reforms, and simplifying tax structures for the ease of doing business. The formulation of the e-commerce policy will play a key role in the uptake of e-commerce activities in India.

Appendix

Relevant definitions

- **E-commerce** means ‘the supply of goods or services or both, including digital products over a digital or electronic network’.
- **E-commerce operator (for taxes under the income tax law)** is a person who owns, operates, or manages a digital or electronic facility or platform for electronic commerce.
- **E-commerce operator (under equalisation levy)** is ‘a non-resident who owns, operates, or manages a digital or electronic facility or platform for online sale of goods or provision of services or both’.
- **E-commerce participant** is “a person resident in India selling goods or providing services or both, including digital products, through a digital or electronic facility or platform for electronic commerce.”
- **E-commerce supply or services** mean ‘online sale of goods owned by the e-commerce operator or online provision of services provided by the e-commerce operator, or, online sale of goods or provision of services or both, facilitated by the e-commerce operator, or any combination of the above.’
- **‘Specified circumstances’** means the following:
 - Sale of advertisement targeting a customer who is a resident or accesses the advertisement through an internet protocol address located in India
 - Sale of data collected from a person who is a resident or uses an internet protocol address located in India

Additional information on equalisation levy

- Equalisation levy will not be applicable if the e-commerce operator has a Permanent Establishment (‘PE’) in India and e-commerce supply or services are effectively connected with the PE.
- Equalisation levy will not be applicable if the e-commerce operator has made/provided/facilitated less than INR 2 crore from e-commerce supply or services as sales, turnover, or gross receipts, during the FY.

- Being a unilateral measure, the levy may lead to a situation of double taxation where both India and the relevant resident country tax the same income. Further, the levy falls outside the definition of ‘income-tax’. Hence, claiming the foreign tax credit under the relevant tax treaty is a challenge.
- Further, there is no clarity on the components on which the equalisation levy has to be paid. These components include gross consideration and consideration net of discounts/ commission. As equalisation levy effectively acts as tax on income that is chargeable, a better view would be to analyse what components of the consideration could be treated as income of the non-resident operator.
- Considering that the wide definition of ‘e-commerce supply of goods or services’, the provisions might have an impact on non-resident associated enterprises of the resident e-commerce entities (which charge the Indian e-commerce entity for infrastructure sharing services). Group services should usually not be subject to this levy. However, at present, the provisions are worded in a way to include such transactions. Therefore, one could expect clarification in this regard.

Significant Economic Presence (SEP)

- The Finance Act, 2018, amended the definition of a business connection to include SEP in India, even in the absence of a physical presence. A new explanation to section 9(1)(i) of the Act was inserted to clarify that SEP of a non-resident in India shall constitute a ‘business connection’ in India (SEP has been re-introduced by Finance Act, 2020).
- SEP is defined to mean the following:
 - Any goods, services, or property related transactions carried out between a non-resident and any person in India include the provision of downloading data or software in India, provided the revenue therefrom exceeds monetary threshold as may be prescribed; or
 - Systematic and continuous soliciting of business activities or engaging in interaction with users (exceeding the number as may be prescribed) in India

- Revenues and users not exceeding thresholds may be prescribed to remain outside the purview of SEP. The monetary and number of users thresholds, which were to be prescribed for applicability of the SEP provision, have not been notified to date in light of ongoing discussions on the subject in the G20-OECD BEPS project. The applicability of the SEP provision has been deferred and will be applicable from AY 2022–23 and onwards.
- Once SEP is implemented and the thresholds are notified, the applicability of the SEP provisions will also have to be analysed in case of non-resident entities operating as an online marketplace platform. Some of the challenges are discussed below:
 - Considering the broad coverage of the SEP concept and equalisation levy, there is an evident overlap of the services covered under both the regimes. On a plain reading of the provisions, both the regimes would give rise to double taxation. On one hand, equalisation levy will be charged on the entire consideration received by the foreign entity. On the other hand, tax under the Act will be charged in case such an entity constitutes SEP.
 - In this case, shelter from double taxation could be pursued under section 10(50) of the Act from its applicable date. Per section 10(50) of the Act, any income derived out of such services, which are subject to equalisation levy, will be exempt from tax.



Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as “Deloitte Global”) does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material is prepared by Deloitte Touche Tohmatsu India LLP (DTTILLP). This material (including any information contained in it) is intended to provide general information on a particular subject(s) and is not an exhaustive treatment of such subject(s) or a substitute to obtaining professional services or advice. This material may contain information sourced from publicly available information or other third party sources. DTTILLP does not independently verify any such sources and is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such sources. None of DTTILLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the “Deloitte Network”) is, by means of this material, rendering any kind of investment, legal or other professional advice or services. You should seek specific advice of the relevant professional(s) for these kind of services. This material or information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person or entity by reason of access to, use of or reliance on, this material. By using this material or any information contained in it, the user accepts this entire notice and terms of use.