



Role of E-way in GST

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Abstract

E-way bill, or electronic documentation of movement of goods under the goods and services tax, was mandatory for all inter-state movement of goods from 1 April. For intra-state movement, the implementation was done in a phased manner, and will be completed by 3rd June. An e-way bill contains details of origin and destination of cargo movement along with the specification of the vehicle carrying it. The measure is expected to plug revenue leakages. According to an estimate, nearly Rs 10,000 crore could be added to GST collections thanks to the mechanism. However, government officials said that the GST revenue collections for April may not reflect the impact of e-way bills as tax officials across states have been going slow on enforcement in the first month to allow taxpayers time to familiarise themselves with the system. An analysis by FE showed there still existed a rather wide gap of between the budget estimate for central GST (CGST) collections for 2018-19 and the actual CGST revenue garnered thus far. On a monthly basis, the difference is at least around Rs 4,300 crore or 9%. Tax experts believe that the e-way bill system and the invoice-matching mechanism, which is delayed — would help boost compliance. Two months after the rollout of the e-way bill, few incidents have been reported of the merchandise in transit being intercepted for verification.

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Role of E-way in GST

E-Way Bill (Electronic Way Bill) one of the important aspect in GST for tracking the movements of goods and preventing them from the Monetary Leakages. On 16 December 2017, 24th GST Council has decided that the e-way bill under GST should be introduced in a staggered manner from 1 February 2018 and will be rolled out nationwide from 1 June 2018. GST also be called to destination-based or consumption-based tax E-way bill may reduce time taken in multiple check posts and make movement efficient. It is being envisaged that entire supply chain, especially from factory to the retailers remains documented and the movement of goods can be tracked on real time basis. Each State may presume their tax collection through E-Way Bill. Karnataka is the first state to generate intrastate e-way bills. However, states have options to implement this before 1st June 2018. E-Way bill is a receipt or document evidencing movement of Goods, which shall be carried by the person in charge of a conveyance. It contains details like name of consignor, consignee, and the point of origin of the consignment, its destination and route. E-Way Bill will be generated for the movements of goods in relation to a supply of goods, for a reason other than supply (Import/Export, for Sale Returns, exhibition or fairs for own purpose) and due to inward supply from an unregistered person.

Objectives of E-way bill

- One e-way bill for movement of the goods throughout the country.
- Hassle-free movement of goods for transporters throughout the country.
- Controlling the tax evasion.
- No need for Transit Pass in any of the state.
- Easier verification of the e-way bill by officers with complete details.

E-way Generation and Tracking Process

Generation Process

E-way bill generated by online portal <http://ewaybill.nic> and registering themselves. Post registration a unique E-way bill number (EBN) is allocated to the supplier, recipient, and the transporter. This e-receipt captures all the details of the goods being transported right from point of origin of the consignment, its destination and route, to the name of the consignor as well as the consignee. Thus, an E-way bill has to be generated for all movement of goods—within or outside a state—valued at more than Rs 50,000 by prior online registration of the consignment. The supplier and the transporter can upload the details about the shipment.

Tracking Process

- The person in charge includes Driver, Conductor, Guard, Pilot has to carry the e-bay bill or e-way bill number along with Invoice or delivery challan physically or mapped to Radio Frequency Identification Device ("**RFID**") embedded on to the conveyance.
- The Commissioner may by notification require a class of transporters to obtain a unique radio frequency identification device and get the said device embedded on to the conveyance and map the e-way bill to the radio frequency identification device prior to the movement of goods.
- The Commissioner may authorise proper officer for physical verification of conveyances. The Commissioner shall get the Radio Frequency Identification Device readers installed at various place and verification of movement of vehicles shall be done through such device readers where e-way bill has been mapped with the device.
- The proper officer will record the summary report of inspection of goods in part A of Form GST EWB 03 within 24 hours of inspection and final report in Part B of Form GST EWB 03 shall be recorded within 3 Days of inspection. An e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B.

Parties to whom Generate E –way

Registered Persons- Every registered person under GST either a consignor/consignee or a recipient must generate an E-way bill before the movement of goods worth more than Rs 50,000.

Unregistered Persons- When there is an unregistered person under GST but the recipient is registered, the latter needs to ensure that all the compliances are met.

Transporters- Transporters carrying goods by road, air, and rail also need to generate e-Way Bill if the supplier has not generated the same.

Types of Forms used in E-way

GST EWB 01 – E-way bill

In this bill includes specification of goods being transported, the consignor, consignee, transporter, as well as vehicle number. The form is divided into two parts – A and B. Part A has to be completed by the supplier and Part B by the transporter. Part B is not required if the goods are being transported for less than 50 kilometres within a state or union territory. In all other cases, if Part B is incomplete, the e-way bill is invalid. Once the transport details are added to the waybill, the transporter has only the prescribed time to execute the transfer. The transport vehicle must carry a physical copy of this bill or it must be embedded in the conveyance automobile through Radio Frequency Identification (RFID).

GST EWB 02 – Consolidated e-way bill

Consolidated E-way bill, is a single document that contains the details of all products on a vehicle when the invoices are different for each consignment. In other words, this bill can be generated by a transporter carrying more than one consignment on the same cargo load. All individual e-way bills have to be uploaded onto the portal – a consolidated e-way bill is then auto-generated. This E-way bill does not have any specific time validity. This will depend on the GST EWB 01 forms attached to it.

GST EWB 03 – Verification report

In this E-way Bill summarizes the verification of documents and goods in case an officer for inspection stops a transport vehicle. Part A of the form is made available within 24 hours of inspection on the online portal, and a full detailed report in Part B is required to be furnished within three days. If a vehicle has been stopped and physically inspected, it cannot be stopped again within the same state. This mechanism provides security to the transporter as well as the supplier and removes unnecessary delay in the transport of goods.

GST EWB 04 – Report of detention

If a vehicle is taken into custody by authorities for longer than 30 minutes, the transporter or the supplier to whom the goods belong can file report in this bill.

Cancellation process of E-way Bill

There is a provision of cancellation of e-bill in case goods are not transported. It can be cancelled within 24 hours of generation by electronically on the common portal, either directly or through a Facilitation centre notified by Commissioner. E-Way Bill may also be generated or cancelled through SMS.

Consequence of non-compliance:

If e-way bills are not issued in accordance with the provisions of the CGST Rules, 2017, then a taxable person who transports any taxable goods without e-way bill shall be liable to a penalty of Rs. 10,000 or tax sought to be evaded, whichever is higher. In addition, as per the section 129 of the CGST Act, 2017 such goods and conveyance used as a means of transport shall be liable to detention or seizure.

Benefits of E-way bill

- Average waiting time at check-post reduces drastically.
- Scope for corruption eliminated in the office or at check-posts.
- Self-policing by traders because a trader while uploading gives the identification of the buying/trader who also has to account the transaction
- Environment-friendly – nearly 50 tons of paper saved per day.
- An accurate database created-useful for tax analysis
- Officials saved of repetitive work and could devote time to analytical work.
- Revenue growth will be more than normal
- Complete Transparency of transaction
- The traders need not visit tax offices anymore.

Exceptions to E-Way

- The mode of transport is non-motor vehicle
- Goods transported from port, airport, and air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs.
- Transport of specified goods under CGST Act.
- Where the goods being transported are treated as “no supply” under Schedule III of the CGST Act.
- Transport of specified goods under the SGST Act of the relevant States if any
- Where the goods being transported are alcoholic liquor for human consumption, petroleum crude, high-speed diesel, motor spirit (commonly known as petrol), natural gas or aviation turbine fuel.
- Where the goods are being transported at a value less than Rs. 50,000/-.
- In addition, there is no need of conveyance details when the distance of transport is less than 10 Km within the state.

Penalty for not generating E-way bill

- RFID readers will be installed at places meant for verification. The authorized officers will do physical verification.
- On receipt of specific information of tax evasion, physical verification of a specific transportation shall be done after obtaining necessary approval of the Commissioner or an authorized officer on behalf of the Commissioner.
- A summary of verification report of every inspection of goods in transit has to be submitted within 24 hours of such verification in FORM GST EWB-03 (PART A).
- Final report of such **verification** should be submitted within three days of the inspection in FORM GST EWB-03 (PART B).
- Once physical verification is done, then no further verification in the state shall be done provided any specific information on transit is reported.

Challenges

- Where a transporter transfers the goods from one vehicle to another in the duration of the transit, a new E-way bill has to be generated from the online portal.
- Where the goods are to be shipped from the factory to the dealer and then to the consumer, two separate E-way bills has to be made.
- In case the recipient of the goods has cancelled the order before the order is about to reach, then again another E-way bill has to be generated.
- The Radio Frequency Identification Device (RFID) could be another setback for many small and medium-based transporters/ traders putting onerous conditions of compliance.
- Another issue, which might arise, is regarding the validity of the E-way Bill, which is dependent upon the distance of the transport of the goods. It is not clear that how and by whom the distance would be measured for example, where transporter makes

multiple stop at multiple customer, how he would give an explanation to the GST officers that he have travelled less than 10 km.

Conclusion

The e-Way Bill system has inherent complexities associated with it and a rushed implementation without adequate preparation on the part of authorities and the businesses can be catastrophic. However, a nationwide e-Way Bill system will be an effective tool in the hands of the Revenue to curb tax evasion. An effective e-Way Bill mechanism complemented by co-ordination between various departments of the government has the potential to restrict the black market economy by making businesses accountable for every invoice raised and every movement of goods caused.

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