

## **E-Way Bills is it the way forward?**

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### **Background**

Under present State sales tax laws goods moving from place to place or State to State have to pass through several checkpoints. The greater the number of checkpoints to be crossed, the greater the delay, cost and unhappiness for the tax compliant dealer. This results in more documentation and increased cost of compliance.

The check posts are needed to check the non payment of tax. However when the fence itself eats the sheep ( those in charge are generally very very corrupt and there may not be many check posts where non duty paid goods are not getting thru.

It is the experience of the tax compliant business community that checkpoint or inspector raj leads to harassment and corrupt practices. This has led to a need for additional paper work for the revenue as well as the dealers. Goods would not move freely and fast. Cost to trade increased [hidden costs of compulsory bribes extracted from compliant dealers as well - For the evader this arrangement works out very well as a part of the tax cost is borne. He can be much more competitive.

In GST regime the role of Information Technology is significant, expected to reduce the hindrance posed by checkpoints. If there are no exemptions then the checkpoints can be done away with.

In this backdrop the paper writer has examined the concept of way bills under GST.

### **Concept of e-way bill**

The draft e-way bill rules have been introduced for comment. E-way bill would be required for movement of goods within or between states. E-way bills would be required not merely for

transport of goods covered under GST regime but also for transport of goods kept out of purview of GST such as petrol, ATF, exempted goods such as agricultural produce.

This is on similar lines to e-sugam which is prescribed document in Karnataka for all movement of goods.

### **Major features of e-way bill system**

- a) Every registered person who causes movement of goods of value exceeding Rs. 50000 shall upload details in the GSTN portal.
- b) Registered person who is consignor or the recipient who is consignee of goods may generate the e-way bill.
- c) When the e-way bill is not generated by the supplier or recipient and the goods are handed over to a transporter, the registered person shall provide the information relating to the transporter in the common portal. The e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person.
- d) Where the consignor has not generated e-way bill and the value of goods carried in the conveyance is more than Rs 50000, the transporter shall generate e-way bill on the basis of invoice or bill of supply or delivery challan, and also generate a final consolidated e- way bill on the common portal prior to the movement of goods
- e) The e-way bill can be generated voluntarily, even if the value of the consignment is less than Rs. 50000.
- f) Where the goods movement is caused by an unregistered person, he or the transporter may, at their option, generate the e-way bill on the GSTN.
- g) Where the goods are supplied by an unregistered supplier to a registered recipient, the movement details to be provided by recipient in GSTN, if the recipient is known at the time of commencement of movement of goods.
- h) Upon generation of e-way bill, unique identification number (EBN) shall be generated and provided to supplier, transporter and recipient of goods.
- i) The transporter has to keep with him EBN at all times.
- j) The recipient of goods, being registered person has to communicate acceptance or rejection of the consignment covered by e-way bill within 72 hours or it is deemed that the details uploaded has been accepted by recipient.

- k) In some cases, the goods may have to be transferred from one vehicle to another. In such situation, a new way bill has to be created in GSTN portal, before further transit.
- l) The e-way bill would be valid 1-15 days depending on distance of transport of goods. The Commissioner may by notification, extend the validity period for certain categories of goods as may be specified therein.
- m) Where an e-way bill has been generated, but goods are either not being transported or not transported as per the details provided, the e-way bill may be cancelled electronically, either directly or through a Facilitation Centre notified, within 24 hours of generation of the e-way bill.
- n) An e-way bill cannot be cancelled if it has been verified in transit.
- o) The person in charge of a conveyance shall carry — (a) the invoice or bill of supply or delivery challan; and (b) a copy of the e-way bill or the e-way bill number, either physically or mapped to a Radio Frequency Identification Device (RFID) embedded on to the conveyance in such manner notified by the Commissioner.

#### **Issues and comments of paper writer:**

##### **Interception for verifying e-way bill**

The Commissioner or an officer empowered by him may authorise the proper officer to intercept any conveyance to verify the e-way bill or the e-way bill number for all inter-State and intra-State movement of goods. This could lead to undue harassment of law abiding citizens.

On receipt of specific information of evasion of tax, physical verification of a specific vehicle/ conveyance can also be carried out by any officer after obtaining necessary approval of the Commissioner or an officer authorized by him.

The silver lining seems to be that where the physical verification of goods being transported on any conveyance has been done during transit at one place within the State or in any other State, no further physical verification of the said conveyance shall be carried out again in the State, unless specific information relating to evasion of tax is made available subsequently.

##### **Detention of goods and validity of e-way bill**

Due to some accidents etc there could be delay in transport leading to expiry of e-way bill. This in turn could mean that at time of physical verification of goods in transit, the vehicle could be

detained. Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information in prescribed FORM on the common portal. Whether this is done practically remains to be seen.

### **Fresh e-way bill for transit of goods by different means of transport**

The implication is that the transporter may need to be tech savvy and keep track of the generated e-way bills, its expiry and ensuring generation of fresh e-way bill at time of transfer of goods from one to another means of surface transport.

### **Other Issues**

There is no facility for extension of time of validity of way bill in case of emergencies like vehicle breakdown, accidents, riots etc.

Even if the goods have been physically verified in a State during movement, they can be re-verified in another State during transit.

### **Conclusion**

The e-way bill would add to compliance requirement on the part of consignor, consignee and transporter. Tax Compliant assesses fail to understand why there was requirement of such stringent additional checks when the details of each and every supply already are keyed into GST portal. This type of moving goods without payment of tax needs other methods of monitoring. This concept may require to be scrapped or substantially made easier maybe on basis of rating and should not be started before the rating system is in place for at least 6 months..

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