

# K.J. Somaiya College of Science and Commerce

Autonomous (Affiliated to University of Mumbai) Re-Accredited "A" Grade by NAAC with CGPA 3.24



National Conference on

## "GST & INDIRECT TAX REFORM" - IMPACT ON ECONOMY



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Prof./Dr./CA/Mr./Ms. HRI SHIKESH WANDREKAR

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## GST – E-Way Bill Rules – Features & Challenges

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**Abstract :** The Government of India has introduced Goods & Services Tax from 1<sup>st</sup> July, 2017. This is a path breaking move to reform and overhaul the existing indirect tax regime. The concept of GST is promoted as One Nation One Tax, with removal of state barriers and borders for free movement of goods & services. The Government is introducing a concept of E-way Bill to track movement of goods. This paper explores the features of the proposed E-Way Bill. This paper also tries to identify the various challenges that could arise in the course of the implementation of E-Way Bill.

**Key words:** GST, E-Way Bill, Supply

### Introduction

The Goods & Services Tax (GST) has been brought into effect from 1<sup>st</sup> July, 2017. This landmark legislation promises to change the entire gamut of indirect taxation in India. The indirect taxation in India was a complicated affair, with the levy of myriad duties. These various duties were levied and administered by different government bodies, at the central, state or local level. This resulted in multiple compliances for the businesses as well as led to collection and administrative inefficiencies on the part of the revenue authorities. The movement of goods from one part of the country to another was also subjected to various duties at designated check posts. This resulted in delays in the movement & delivery of goods and increase in the compliance costs. The introduction of GST has resulted in the myriad central, state and local taxes being subsumed into a single tax. This will result in efficient tax collection and administration. A single tax will also ease compliances and tax burden on businesses. The Government has set up a comprehensive IT infrastructure to administer this tax. To ease the movement of goods between different cities & states, the system of local entry taxes, cess & octroi has been abolished. The border check-posts have been dismantled resulting in ease of movement of goods. Developments in technology will now help businesses and Government to track the movement & status of goods at real time.

The Government is introducing a concept of E-Way Bill with effect from 1<sup>st</sup> April, 2018. Presently, the good being delivered from one location to another (whether on account of a sale transaction or otherwise), are accompanied by a delivery challans. This documentation contains the details of the consignor and consignee as well as the nature and quantity of goods being delivered. E-Way Bill will be a document generated through the GSTN portal stating the various details of the good being delivered.

This paper aims to understand the various features of the proposed E-Way Bill and discuss the various challenges that could arise in the course of its implementation and operation.

### Features of E-Way Bill:

The E-Way Bill Rules shall come into effect from April 1, 2018. The E-Way Bill is to be generated in Form GST EWB-01. Form GST EWB-01 has two parts; A & B. Part A contains details like GSTIN of recipient, place of delivery, value of HSN of goods, invoice or challans number and transport document number. Part B contains information of the vehicle number used for transport. This E-Way Bill will function like a delivery challan. Since the introduction of GST has resulted in opening of state & local borders, the E-Way Bill generated shall be valid in every State and Union territory. The GST Act & Rules may do this.

following provisions with respect to E-Way Bill:

1. Every Registered Person shall electronically file Part A of Form GST EWB-01 on the GST portal, before commencement of movement of goods. This is applicable to outward movement of goods of value exceeding Rs.50,000 for either;

- A supply of goods (sale); or
- For reasons other than supply; or
- For inward supply of goods of value exceeding Rs. 50,000 from an unregistered person.

2. Such E-Way Bill in Form GST EWB-01 is to be generated electronically on the common portal after furnishing information in Form GST EWB-01 by registered person as a consignor or by recipient of supply as the consignee, whether in his own conveyance or a hired one or by railways, air or vessel. Upon generation of the e-way bill, a unique e-way bill number (EBN) shall be generated on the common portal.

The registered person has an option of furnishing the information relating to the transporter in Part B of Form GST EWB-01 on the common portal. In such a case, the e-way bill shall be generated by the transporter in Part A of Form GST EWB-01.

3. The registered person or the transporter has the option to generate and carry the E-Way Bill even if the value of the consignment is less than fifty thousand rupees. An unregistered person may voluntarily generate the E-Way Bill on supply caused by him.

4. Part B of FORM GST EWB-01 is not required where the goods are transported for a distance of less than ten kilometres within the State or Union territory from the place of business of the consignor to the place of business of the transporter for further transportation.

5. In case, the mode of transport or the transporter is being changed while the goods are in transit, the details of such transfer and further movement of goods shall be updated on the common portal in Form GST EWB-01. The details have to be updated before the transfer or further movement takes place. Where the goods are transported for a distance of less than ten kilometres within the State or Union territory from the place of business of the

transporter to the place of business of the consignee, the details of conveyance may not be updated in the E-Way Bill.

6. There may be cases where multiple consignments are to be transported in a single mode of transport. In such cases, the transporter may generate a consolidated E-Way Bill in Form GST EWB-02 indicating the serial number of E-Way Bills generated in respect of each such consignment.

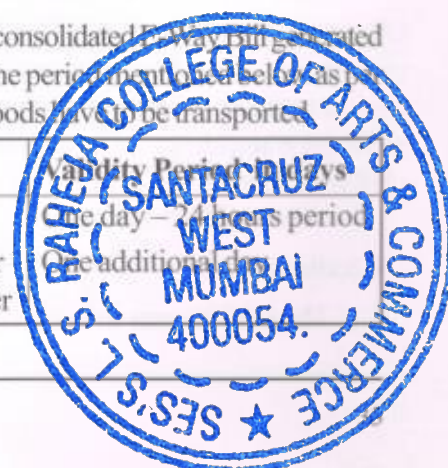
7. Where the consignor or the consignee has not generated Form GST EWB-01 and the value of goods carried in the conveyance is more than fifty thousand rupees, the transporter shall generate Form GST EWB-01 on the basis of invoice or bill of supply or delivery challan, and may also generate a consolidated e-way bill in Form GST EWB-02 prior to the movement of goods.

8. The details of the E-Way Bill can be viewed by the consignee on the GSTN Portal. The consignee can then after considering its particulars communicate his acceptance or rejection of the E-Way Bill. However, such communication of the acceptance or rejection has to be made within 72 hours of the issue of the E-Way Bill, failing which it shall be deemed that the E-Way Bill has been accepted. This can help the consignee to know the status of the consignment. These details can also be used by the seller in filing his GST returns.

9. Where an E-Way Bill has been generated under this rule, but goods are either not transported or are not transported as per the details furnished in the E-Way Bill, the E-Way Bill may be cancelled electronically on the common portal within 24 hours of generation of the E-Way Bill. However, an E-Way Bill cannot be cancelled if it has been verified by the consignee in transit.

10. An E-Way Bill or a consolidated E-Way Bill generated shall be valid for the period mentioned below as per the distance the goods have to be transported.

Distance	Validity Period in days
Upto 100 kms	One day – 24 hours period
For every 100 km or part thereof thereafter	One additional day



The Commissioner may, by notification, extend the validity period of E-Way Bill for certain categories of goods as may be specified. Where under circumstances of an exceptional nature, the goods cannot be transported within the validity period of the E-Way Bill, the transporter may generate another E-Way Bill after updating the details in Part B of Form GST EWB-01.

11. No E-Way Bill shall be required in the following cases:

- where certain goods specified are being transported;
- where the goods are being transported by a non-motorised conveyance;
- where the goods are being transported from the port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;
- In respect of movement of goods within such areas as are notified by the concerned State.

#### Advantages of E-Way Bill:

1. E-Way Bill will help the revenue authorities as well as the parties involved in tracking the movement of goods. The Government is also considering provisions making it obligatory for transport vehicles to attach a Radio Frequency Identification Device. This will enable mapping and tracking of the vehicles in real time. Hence, any delay or untoward incident can be easily identified and sorted.
2. The revenue authorities will also be able to match and reconcile the physical delivery of goods with the corresponding GST invoices. Hence, E-Way Bills are going to serve as an important audit trail for movement of goods, as well as for analysis and interpretation of big data.
3. Since the E-Way Bills are issued for delivery resulting in a sale, each such E-Way Bill should culminate in a sale invoice. This will ensure that the GST invoices issued are genuine. Conversely, considering the purchaser, an E-Way Bill resulting in a purchase will help identify the claim for corresponding Input Tax Credit (ITC). This will eliminate fake purchase & ITC claims.

#### Challenges:

1. The GSTN aims to bring all transactions into the

electronic or online medium. However, India face severe infrastructure challenges. An E-Way Bill has to be generated online before commencing the movement of goods. In a country where power shortage is a perennial problem, businesses will find it difficult to coordinate deliveries with intervals of availability of power.

2. Industrial areas often face power blackout days and load shedding. Hence companies will not be able to conduct deliveries during such times.
3. The availability & speed of internet connections also remain a challenge. Further, the ability of the GSTN portal to handle heavy traffic remains questionable. Considering that all movement of goods has to be recorded online, effectively all GST registered persons in the country will be logged on to a cramped portal.
4. Traditional ways of movement of goods in India which have thrived for generations will be affected. The business of angadias, famous for transporting diamonds and jewellery has been seriously affected with the advent of GST.
5. The E-Way Bill rules authorise GST officers to intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for an inter-State and intra-State movement of goods. Officers also have powers to confiscate the goods. It is feared that the old system of border and octroi checkpoints will be replaced by a new system of checkpoints and breed corruption.

#### Conclusion:

India is at cross roads of tax reforms. The new taxation regime focuses on business discipline and compliance. It is in our best interest to align our business processes and accounting practices to match & comply with the GST regulations. The way ahead is not without hurdles. However, these hurdles can be overcome through proper planning, implementation, education, sensible regulation and legislation.

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