

An electronic system to track goods movement, a way to plug leaks under the GST framework

The e-way bill system, now being tried out by 10 states, becomes mandatory from February 1. What is this system, how will it work?

AANCHAL MAGAZINE
NEW DELHI, JANUARY 17

What is an e-way bill?

An electronic way bill or 'e-way bill' system offers the technological framework to track intra-state as well as inter-state movements of goods of value exceeding Rs 50,000, for sales beyond 10 km in the new Goods and Services Tax (GST) regime. Under the e-way bill system, there will be no need for a separate transit pass for every state – one e-way bill will be valid throughout the country for the movement of goods.

According to notified e-way bill rules, every registered supplier will require prior online registration on the e-way bill portal for the movement of these goods. The rules also specify that the permits would be valid for one day for the movement of goods for 100 km, and in the same proportion for following days. Tax officials will have the power to scrutinise the e-way bill at any point dur-

ing transit to check tax evasion.

Any supplier/recipient/transporter can generate an e-way bill. Once this is generated, there will be no need to fill the requisite information in the GST return, as there will be an automated filing of GSTR-1 (which records the details of sales made by a seller to a buyer). A unique e-way bill number (EBN) as well as a QR code will be generated for tracking. Digital facilities via SMS/Android apps will also be provided for the generation of e-way bills. The National Informatics Centre (NIC) has developed a separate portal for the e-way bill.

When will it be implemented?

The e-way bill provisions were approved by the GST Council chaired by Finance Minister Arun Jaitley at a meeting on August 5, 2017, and notified on August 30. The e-way bill notification did not specify a rollout date. Government officials said that the e-way bill system was expected to be implemented from

October 1, but that timeline was not enforced.

At its 22nd meeting on October 6 last year, the GST Council decided to defer the implementation of the e-way bill. Concerns over the functioning of the GST Network portal were at the core of the deferment. On October 6, Jaitley had said that the system would be introduced in a staggered manner with effect from January 1, 2018, and rolled out nationwide with effect from April 1.

With the slippage in October's GST revenue falling below the projected monthly target of Rs 91,000 crore at Rs 83,346 crore (as on November 27), the Centre and states huddled in December to discuss ways to plug loopholes that enabled tax evasion.

The GST Council met on December 16 to approve early implementation of the e-way bill system and decided on rolling out the system on a voluntary basis for use by trade and transporters from January 16. The Council also approved February 1, 2018 as the date for mandatory e-way bill rollout for inter-state

movement of goods, as against the earlier proposed April 1 deadline. It approved June 1 as the deadline for both inter-state and intra-state movement of goods. States have the option to choose their own deadlines for the implementation of the e-way bill for intra-state movement of goods before June 1, 2018.

What is the current status at the state-level over the e-way bill?

Ten states have started trial runs of the e-way bill system. Karnataka implemented the system in September 2017, followed by Rajasthan, Uttarakhand and Kerala. Six more states – Haryana, Bihar, Maharashtra, Gujarat, Sikkim and Jharkhand – started trial runs for e-way bills on Tuesday.

Do any exemptions apply to e-way bills?

The GST Council exempted 154 items of common use, such as meat, fish, curd, vegetables and some cereals, human blood, LPG for households and kerosene for the Public Distribution System (PDS). The system will

not be applicable on goods being transported by non-motorised conveyance, and where goods are transported from the port, airport, air cargo complex and land Customs stations to an inland container depot or a container freight station for Customs clearance.

Are there concerns from industry?

Trade and industry have raised concerns about the system being a possible route for the re-emergence of supply chain bottlenecks, and discretionary power to tax officials. The industry views the e-way bill as a system that will check tax evasion to some extent, but may not be able to stop it completely. Also, it adds another layer of compliances for GST payers and, in case of technical glitches, may result in supply chain bottlenecks.

The government has highlighted the powers provided to transporters in the e-way bill rules to report detention of vehicles beyond 30 minutes on the portal. Also, the e-way bill rules facilitate online reporting of inspection and verification of documents.

**SIMPLY
PUT**