

## **E-way bill: All you need to know & experiences of the first month**

India has just announced the launch of another major reform under the GST regime. After an aborted attempt in February, the government has finally managed to successfully roll out the E-way bill system for tracking goods movement under the Goods and Services Tax (GST) from April 1, 2018.

Way bill is not a new phenomenon. It was prevalent in most states under the erstwhile VAT regime in the name of road permit, way bill, etc. It was used to monitor movement of goods to/ from a state in order to check tax evasion. A way bill is typically required to accompany goods on their movement from consignor to consignee.

Earlier, way bills were subject to state-specific rules and had to be generated through different state-specific portals.

Under GST, E-way bill is governed by a uniform set of rules applicable throughout the country. It is generated electronically on the e-way bill portal.

The e-way bill system creates a facility for transporters to raise complaints, in case a vehicle is detained for more than 30 minutes.

However, some features of the new E-way bill vis-à-vis VAT way bill such as mentioning HSN on the E-way bill, limited validity etc. are not welcomed by businesses.

The government, while proposing the idea of incorporating E-way bill under GST, had the intention of creating an effective tool for tracking movement of goods and ensure various benefits to the industry.

The steps included:

- Abolition of check-posts
- Seamless movement of goods within a state and across different state borders
- Boost to India's logistics ecosystem resulting in lesser traffic on major transportation routes
- Reduction in transportation costs and lead time by replacing physical check posts with mobile squads

For every shipment of goods of the value of more than Rs 50,000 whether inter-state or intra-state, an E-way bill must be generated through an online portal, before the goods are shipped, and it should include specified details of goods, their consignors, recipients and transporters.

The government is looking forward to implementing the E-way bill system across India in a phased manner latest by June 1, 2018 for both inter- and intra-state movement of goods.

E-way bill for inter-state movement of goods was implemented from April 1, 2018. Subsequently, E-way bill for intra-state movement of goods have also been introduced in Andhra Pradesh, Gujarat, Kerala, Telangana, Uttar Pradesh, Bihar, Jharkhand, Haryana, Himachal Pradesh, Tripura and Uttarakhand.

While relatively smooth, there have been few challenges and concerns in the journey so far. For example, lack of functionality to update the details mentioned and acceptance of E-way bill by recipient.

Extension of validity of E-way bill results in generation of multiple way bill numbers against a single invoice, which could lead to duplication.

Further, the timeline provided for extension, i.e. 4 hours before and after expiry of validity, seems short. There is also no mechanism to track delivery and closure of transportation of goods on the portal.

The government has been working tirelessly to iron out the wrinkles in the process of implementation of the E-way bill system. In order to address these issues, the system should provide for modification of details entered in the E-way bill, extension of validity without generation of new E-way bill number, facility to track the status, closure and acceptance by recipient of E-way bill and a reasonable time limit for extension of way bill.

For businesses with operations across the country, the system is likely to pose a fresh set of compliance challenges. Businesses having multiple movements of goods on a daily basis would need a software solution to generate the E-way bill in a timely manner and also enable reconciliation of E-way bill with turnover.

The said solution should also enable tracking the E-way bills generated by suppliers of businesses so as to enable reconciliation of purchases with E-way bill. The same would ensure assistance during department audits and investigations.

E-way bill has already started gaining attention at the high courts in India. Recently, the Allahabad High Court held that seizure of the consignment of goods merely because the details of vehicles or the transport company were provided in handwriting after downloading of the e-way bill from the online portal is not tenable.

The court also contended that since the invoices and the goods receipts issued by the transport company clearly indicate the details of the tax charged, the seizure is liable to be squashed. The importance was laid on the fulfilment of mandatory requirements provided under GST laws, and not on mere procedural lapses.

In another case, goods were moving locally between two offices of the same assessee without the state way-bill and were detained during transportation by the revenue officer. As soon as the assessee was informed of the non-compliance, assessee raised the way bill and submitted the same to the revenue officer.

On filing of a writ petition by the assessee, the Kerala High Court held that detention of goods merely for infraction of the procedural rules in transactions, which do not amount to taxable supply, is without jurisdiction.

Both the aforesaid judgements show the clear intent of the high courts to protect the assessee from procedural non-compliances wherein government revenue is not impacted.

It will be interesting to see whether the state authorities will approach the apex court against the aforesaid orders.

An effective user friendly E-way bill system has the potential to suppress the black marketing and check tax evasion. With the proposed daily capacity of 75 lakh E-way bills on the portal, businesses are hopeful that as more and more States are being brought under the ambit of intra-state E-way bill, the portal will have minimum downtime.

*(Economic Times)*