

## **E-Way Bill starts February 1 - Here's what Experts have to say**

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Electronic Way Bill (E-Way Bill) is a compliance mechanism envisaged under the GST regime, wherein by way of a digital interface the person causing the movement of goods shall upload the relevant information prior to the commencement of movement of goods and generate the E-Way Bill on the GST portal. This ensures that the goods being transported comply with the GST law and it is an effective tool to check tax evasion.

Rule 138 of CGST Rules 2017 provides the mechanism, whereby the E-Way Bill is required in relation to a supply, for reasons other than supply or due to inward supply from an unregistered person, where the value of consignment exceeds Rs. 50,000/-.

The E-Way Bill has 2 components - Part A comprising of details of GSTIN of recipient, place of delivery (PIN Code), invoice or challan number and date, value of goods, HSN code, transport document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number) and reasons for transportation; and Part B comprising of transporter details (Vehicle number). However, where the goods are transported for a distance of less than 10 km within the State or UT from the place of business of consignor to the place of business of the transporter for further transportation, the supplier or recipient or the transporter may not furnish the details of conveyance in Part B.

The E-Way Bill is required to be generated by the consignor or consignee himself if the transportation is being done in own / hired conveyance or by railways, air or vessel. If the goods are handed over to a transporter for transportation by road, E-Way Bill shall be generated by the transporter. Where, neither the consignor nor consignee generate the Bill and the value of goods exceeds Rs. 50,000/-, it shall be the responsibility of the transporter to generate it. Moreover, in case of inter-state movement of goods for job-work, the Bill must be generated by the Principal irrespective of the consignment value.

The validity of the E-Way Bill depends on the distance to be traveled by the goods. For a distance of less than 100 km, the E-Way Bill will be valid for a day, while for every 100 km thereafter, the validity will be additional one day.

However, no E-Way Bill shall not be required inter alia in case of goods specified in Annexure to Rule 138; goods are being transported by a non-motorised conveyance; transportation of goods 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; movement of goods within such areas as are notified under Rule 138(14)(d) of GST Rules of concerned State; transportation of alcoholic liquor for human consumption, petroleum crude, HSD, motor spirit (petrol), natural gas, or ATF; and goods treated as no supply under Schedule III of CGST Act.

The Rules for implementation of nationwide E-Way Bill system for inter-State movement of goods on a compulsory basis have been notified w.e.f. February 1, 2018. While the

system for both inter-State and intra-State E-Way Bill generation has been up for trial runs since January 16th, the States can choose their own timings for implementation in respect of intra-State movement but before June 1, 2018. Moreover, the Govt. has notified [www.ewaybillgst.gov.in](http://www.ewaybillgst.gov.in) as the common GST Electronic Portal for furnishing E-Way Bills w.e.f. January 16th.

During the GST Council's 25<sup>th</sup> meeting last week, the Finance Minister Shri. Arun Jaitley announced that 15 States have their systems ready for a roll-out of intra-State E-Way Bills from February 1. While the businesses / companies seem to be unprepared for the development and expect supply disruption, those who have done trial runs for inter-State movement have the following to say –



**Mr. D. D. Goyal (Executive Vice President Finance, Maruti Suzuki India Limited)**

*"We in principle appreciate EWAY Bill provisions under GST. Our request is on robustness of IT system. It must be ensured that all users are able to generate e-way bills immediately through the system. Till now, technical glitches in filing GST Returns is not giving enough confidence that screens would not hang or there would not be delays. Return filing was a back office work, whereas dispatch of raw-material and finished goods is lifeline of manufacturing business. Automobile manufactures like us work on Japanese system of JIT (just-in-time) inventory. Any delay in generation of e-way bills can affect the business."*

*Hence it is suggested that a guidance / clarificatory Circular may be issued containing the method to be used in case of SYSTEM GLITCHES in generation of e-way bill; for example, print-out of screenshot (of situation in which assessee is not able to generate e-way bill due to "System Problems") can be emailed to designated email id and such print out is carried by Truck Driver. It is suggested that facility of more than one e-way bill (against one invoice) is allowed in case of transshipment / hub & spoke method of transportation in which validity is calculated for each journey and reasonable time gap between two e-way bill is prescribed, say of 30 days. E-way bill should also contain total invoice value so that GSTR-1 can be prepared directly from e-way bill system. As of now, the API is not working and JSON also is giving erratic response."*

*"Tax payers are now able to run the system on trial basis in order to make their system and supply chain align with these compliances which are soon to be mandated. To facilitate IT system and easy compliance of this new feature, various user-friendly platforms for generating e-way bill are available like mobile messaging, bulk generation tool, site to site integration (API) etc."*



**Mr. Akella Prakasa Rao (Indirect Tax professional)**

*"It is a very good initiative to roll out the e-way bill system pan India. The experience so far in Karnataka for us has been very good and if the same is implemented across all the states, then it should work well. It is being assured by the GoM that in the e-way bill roll out, there would not be any technical glitches that the industry has witnessed at the time of rolling out the GSTN. Industry welcomes such initiative from Government."*

One clarification is necessary in view of the problems being faced currently by the trade, whether we need to have two e-way bills or only one e-way bill would suffice for movement of goods. Our experience so far was that the State authorities are insisting that e-way bill is necessary from both the originating and the destination state also. This will result in duplication of efforts. For example if we are procuring the goods from Gujarat and the goods are accompanied by GST tax invoice and the e-way bill generated at the originating state, Gujarat then in the destination state, Karnataka there should not be any insistence to have Karnataka e-way bill also since the goods are entering Karnataka. The design of the e-way system may support the view that only one e-way bill would suffice, but the field formations are having a different view and are seizing the goods and vehicle for not possessing the e-way and penalties are being levied. In view of the confusion prevailing in the field, there is a necessity for such clarification from GST Council that one e-way bill generated either at the originating state or destination state either by the seller or buyer or transporter would suffice for the end to end transhipment of the goods on supply. The said clarification may also be given wider publicity among the field formations also, so that the intended purpose of Government to have a smooth roll out would be served."



**Ms. Monika Arora (Partner Indirect Taxes, Deloitte Haskins & Sells LLP) & Mr. Chirag Kagzi (Asst. Manager)**

"While the industry is gearing up for E-way bills, there are still concerns on the alignment of ERP systems to the E-way bill requirements, readiness of transporters to comply and the ability of GSTN to handle the load. Apart from these concerns, industry expects practical challenges such as:

- Responsibility of compliance by the transporters sector, which primarily comprises of unorganized players;
- Possibility of unnecessary checks and inspections;
- Complications of updating the E-way bills in case of change in vehicles, diversion of consignments, cancellation of orders post commencement of transportation, supplies where at the time of transportation the customers are unknown (typically happens in supplies of groceries), time restrictions on validity of E-way bills; and
- Applicability of E-way bills to non-GST items and the associated compliance burden on the sector.

Another area of concern is that the E-way bills are required to be matched with the invoices, adding a layer of complexity to the whole process and to the load on the GSTN portal, which is already facing multiple teething issues in matching invoices.

The current form of the E-way bills, despite the promises of technology like RFID, is onerous to comply and poses challenges. The industry only hopes that the government will be liberal initially on compliance and will allow time to the industry and their supply chain partners to adapt to the requirements."



**Mr. Puneet Bansal & Ms. Poonam Harjani (Partners, Nitya Tax Associates)**

*"To set up e-way bill compliant processes, taxpayers' need to make requisite changes in their IT systems. Implementation of e-way bills on pan-India basis also calls for review of its implications on various supply chain models, such as for bill to ship to transactions; arrangements with third party logistics partner located outside the state; export-import transactions etc. Furthermore, the dependency of businesses on transporters for e-way bill generation, is another area that needs to be factored in from compliance perspective as well for efficient business deliveries. Timely vehicle number updation; changing vehicle details in case of multi-model modes of transport; ensuring availability of a valid e-way bill etc.; are some of the critical transporters' responsibilities which taxpayers will need to watch out for, aside of their own compliance adherence."*

*Due compliance to the e-way bill system also warrants review of contractual terms with vendors, customers, transporters etc. Overall, e-way bill system should expectedly bring efficiencies in logistics chain through systematic and real-time tracking of movement of goods. Nevertheless, with the initial experience of the country with online GST compliance system, one may expect considerable level of hiccups in the first nationwide rollout of the e-way bill system."*



**Mr. Puneet Agrawal (Advocate)**

*"Though the present E-Way Bill's 'optional compliance' ensures a smooth transition into the integrated Nation-wide E-Way Bill system, however there are certain issues that cannot be overlooked:*

1. *Compulsory HSN: The HSN code for the products in the E-way bill is mandatory, however, for registered persons with turnover less than Rs1.5 Crores it is not mandatory requirement to show HSN on the invoice.*
2. *System of acceptance/ rejection of E-way bills within 72 Hours - it is very difficult for buyers/ consignee to track E-way bills and to ascertain whether they pertain to them, and if not, to cancel them within 72 hours of generation. Illustratively:*
  - a. *Say the purchase orders for different items are placed by different persons and from different locations. The person managing the e-way portal may not be in a position to know and confirm the orders placed. In such circumstances keeping a continuous vigil on e-way bills on almost daily basis would become a huge challenge for businesses. This would also breed red tapism and corruption.*
  - b. *Likewise, if partial dispatches are made against a particular order, its tracking would become even more difficult.*
3. *Reconciliation issues in case of supply of goods in relation to the principal supply of a service: In case where goods are meant for consumption in supply of services (say construction material used in providing construction services), or where the supply of service forms the principal supply (materials moved for repair and maintenance where*

*repair is the principal supply), the reconciliation of invoices (which would pertain to provision of services) with the e-way bill (pertaining to the supply of materials involved in those services) would be a huge challenge and this mismatch may necessitate scrutiny assessments."*