



E-Way Bill – India going Digital

STEEL USERS FEDERATION OF INDIA

**A UNITED PLATFORM FOR STEEL
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E-Way Bill – India going Digital...

(Extract of Notification No.27/2017 – Central Tax dated. 30/08/2017 with analysis and Illustrations):



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Concept of E-way Bill:

1. Introduction of E-Way Bill:

India is moving towards 'Digitalisation' and E-way bill is classic example of it.

In India, movement of goods is carried through either road, water or air. Road transport is a crucial part of the country's transport and logistics industry and operates in unorganised manner to large extent. Over the years, the sector has reaped the benefits of rapid expansion in the automobile industry, changes in taxation regime, and the boom of the e-commerce trade which relies on logistics for pan-India service.

Now, the introduction of GST is expected to increase the need for integrated logistics solutions as many businesses curtail need for state wise warehousing needs. The changes brought about by GST are also expected to solve one of the major problems this sector faces – the inter-state transport of goods without the hassle of documentation and long waiting queues at check posts.

The GST Council and CBEC's answer to this problem is the uniform GST E-way Bills which will replace the way-bills and transport bills that transport companies operate today.

Salient features:

- i. E-way bill is an electronic way bill (a physical document) that allows movement of goods.

- ii. When an E-way bill is generated, a unique E-way bill number (EBN) is allocated and is available to supplier, recipient, and the transporter. EBN is valid throughout the country.

Date of implementation of E-way Bill:

The date to be notified by Central Government.

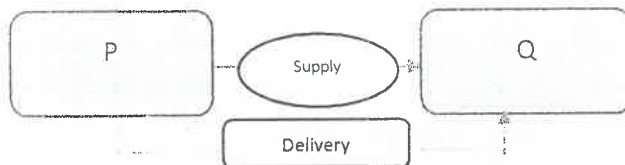
Timing and Scope of E-way bill:

- a) Every registered person **who causes movement of goods**. The rule also covers situation in case movement is caused by unregistered person.
- b) E-way bill is required to be filed **before commencement** of such movement of goods, where value of such consignment is Rs. 50,000/- or more.

Note:

The threshold limit of Rs. 50,000/- is applicable to both invoice wise and conveyance wise. (Clarification is needed whether Consignment value include tax amount).

Illustration:



Scenario:

- | | |
|---------------------------------------|--|
| 1. P and Q are Registered | E-way bill to be generated by P before commencement of movement. However, it may be generated by Q where he causes the movement of goods. (eg. Supply on Ex-factory / Ex-works basis). |
| 2. P is registered, Q is unregistered | E-way bill to be generated by P before commencement of movement. |
| 3. P is unregistered, Q is registered | E-way bill to be generated by Q before commencement of movement of goods, due to inward supply from an unregistered person. |
| 4. P and Q are unregistered | E-Way bill to be generated by P or Q or Transporter at their option. <ul style="list-style-type: none"> • However, there is a compulsion on transporter to generate E-way bill in case the value of goods carried in a conveyance exceeds Rs. 50,000/-. • This compulsion applies when a |

registered person being consignor or consignee does not generate E-way bill.

- Therefore, clarification is awaited whether such compulsion also applies in a situation where consignor as well as consignee are unregistered.

2. Applicability of E-way bills:

E-way bill applies to every registered person who causes movement of goods under GST:

- In relation to outward supply; or
- For reasons other than supply; or
- Due to inward supply from an unregistered person.

E-Way bill is applicable to movement caused by registered person of consignment value exceeding Rs. 50,000 through motorized conveyance for:

- Movement of goods between branches of same concern,
- Movement of goods for Job Work,
- Goods Sent for Repair and sent back,
- Purchase Return,
- Sale on approval basis,
- Door to door movement.

However, E- Way Bill is not applicable in following cases-

- Where Consignment value of goods is lesser than Rs. 50,000 [^];
- Transportation of goods by a non-motorized conveyance (like cycle, horse-cart etc.) (Motorized two wheeler, three wheeler not excluded);
- Transportation of goods from port, airport, air cargo complex and land customs station to an inland container depot or a container freight station for clearance by Customs;
- Goods for personal use;
- House hold effects;
- Currency;
- Exempted Goods under E-way Rules (**Refer Annexure A of Rule 138(14)**);
- Movement of goods with in notified area.

[^] However, the registered person or the transporter may, at his option, generate and carry the e-way bill even if the value of the consignment is less than Rs. 50,000/-.

3. Importance of Contents of E-way bill:

E-way Bill will be generated only after filing both **Part-A** and **Part-B of GST-EWB-01**. However, these parts may be filled by different persons under GST.

Please Note: The detailed procedure note containing contents of E way bill along with operational issues will be discussed in Part II. This part specifically deals with concept of E way bill for theoretical understanding and clarity.

Condition for Part A:

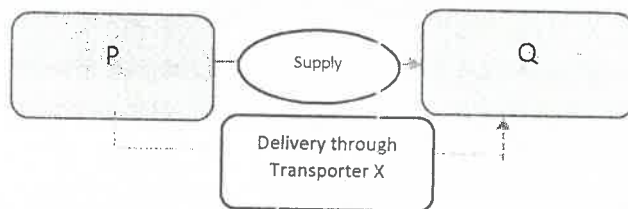
Every registered person who causes movement of goods shall file **Part-A:**

- i. In relation to outward supply; or
- ii. For reasons other than supply; or
- iii. Due to inward supply from an unregistered person.

Condition for Part B:

Part-B may be filed either by supplier, recipient or the transporter, which contains vehicle details.

Illustration:



Practical Scenario:

1. P and Q are registered and movement is caused by P Part A and Part B to be generated by P before commencement of movement **(Refer Note 1)**.
2. P and Q are registered and movement is caused by Q Part A and Part B to be generated by Q before commencement of movement **(Refer Note 1)**.
3. P is unregistered and Q is registered and movement is caused by P Part A and Part B to be generated by Q before commencement of movement **(Refer Note 1)** (Inward supply from unregistered supplier).
4. P and Q are unregistered and movement is caused by P or Q Part A and Part B may be generated **VOLUNTARILY** by P (Forward supply) or Q (Inward supply) or Transporter before commencement of movement **(Refer Note 1)**.
5. If value of goods carried in a Conveyance exceeds Rs. 50,000/- (irrespective of fact that individual Invoice value is below In such case,
 - Transporter shall generate GST-EWB-01 prior to movement of goods **(Refer Note 1)**.

Rs. 50,000/-) and neither of P or Q generates E-way bill.

- The transporter may also generate consolidated E-way Bill GST-EWB-02 (Refer Note 2).

Note 1:

Where the e-way bill is not generated before the goods are handed over to a transporter for transportation by road, the registered person shall furnish transporter details in **Part A** and the e-way bill shall be generated by the transporter after filling vehicle details in **Part B**.

Note 2:

Where the multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of e-way bills generated in respect of each such consignment and a consolidated e-way bill may be generated by the transporter prior to the movement of goods.

Practical difficulty:

The Rules are silent about how to fill Part A by unregistered person?

4. **Some relaxations under E-way bill:**

Exemption for Movements up to 10 Kms:

Where the goods are transported

- i. for a distance < 10 kilometres; and
- ii. within the same State / Union territory; and
- iii. from the place of business of the consignor to the place of business of the transporter for further transportation,

then, the supplier or transporter may not furnish vehicle number as required under **part B**.

Further, where the goods are transported

- i. for a distance < 10 kilometres; and
- ii. within the same State / Union territory; and
- iii. from the place of business of the transporter finally to the place of business of the consignee,

then, the details of conveyance may not be updated in the e-way bill.

Analysis:

It means that there is no exemption from providing vehicle details where:

- Place of business of transporter is > 10 Kms away from consignor or consignee;
- Place of business of transporter is in some other state or union territory e.g. in case of Gurgaon, Delhi, Noida;

- If goods do not finally reach the consignee's place of business, there is no exemption from providing conveyance details.

Practical difficulty:

Ten Kilometres relaxation is not sufficient in metropolitan cities. In big cities, more allowance is required.

Our view:

In today's time, Transport cost for any business is a major cost after cost of goods. With E-way bill, if unwanted delays in delivery of goods are controlled, the effect of cost saving on profitability can be significant.

Barring few negative factors like increase in transport cost due to digitisation of transporter's services and compliance burden on operation team, initiative of E-way bill brings with it positive factors like transparency in process and stress on more governance, which is an intangible and crucial factor in business today. If implemented wisely, e-way bills have the potential to reshape the logistics industry and make transport of goods easier and quick.

E-Way Bill – India going Digital – Part II



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In continuation of "E Way Bill – India going Digital- Part I (published on September 18, 2017), we are pleased to provide herewith relevant information about procedural aspect.

Procedural aspect of E-way Bill:

1. Contents of E-way bill:

As mentioned in Part I, E-way Bill will be generated only after filing both **Part-A** and **Part-B** of **GST-EWB-01**. However, these parts may be filled by different persons under GST.

Information needed in Part A and Part B:

Part-A will contain following information:

- GSTIN of Recipient,
- Place of delivery (Pin code is mandatory),
- Invoice or challan number,
- Invoice or challan date,
- Value of goods,
- HSN code (HSN code shall be indicated at minimum 2-digit level for taxpayers having annual turnover upto 5 crore rupees in the preceding financial year & at 4 digit level for taxpayers having annual turnover above 5 crore rupees in the preceding financial year.
- Reason for transportation (For eg: supply, export or import, job work, SKD or CKD, recipient not known, line sales, sales return, exhibition or fairs, for own use or others)

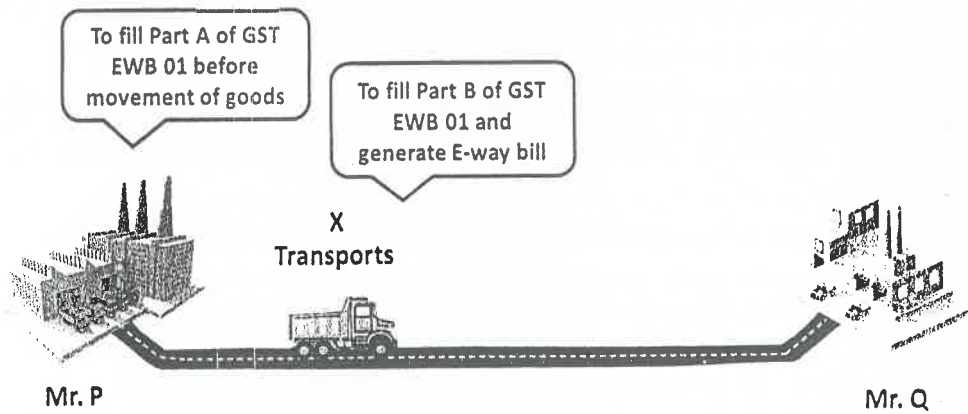
- Transport document number (Goods receipt number, Railway receipt number, Airway bill number or Bill of lading number)

Part-B will contain following information:

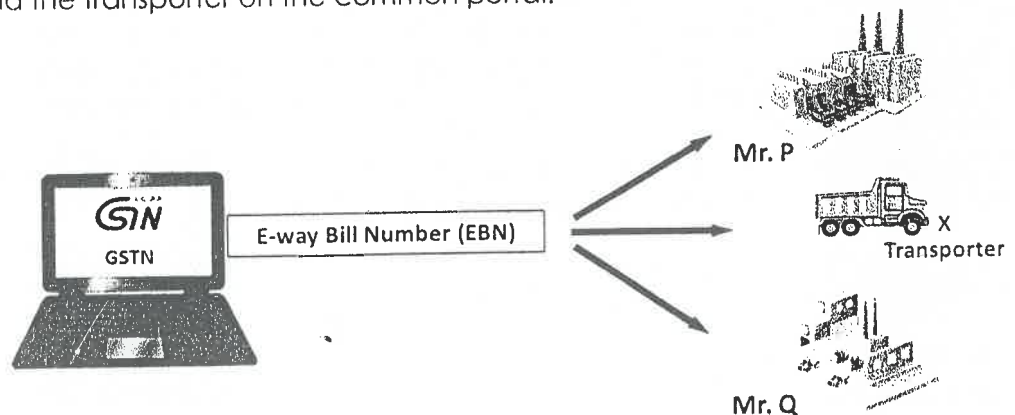
- Vehicle Number

2. Procedure to file E-way Bill:

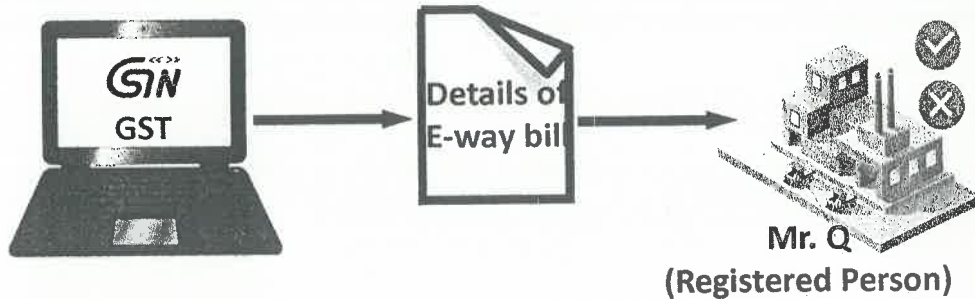
- Information relating to the goods shall be filed in Form GST-EWB-01, electronically, on the common portal.
- When the goods are handed over to a transporter, the e-way bill should be generated by the transporter. In this case, the registered person should declare the details of the goods in Part A of GST EWB-01 and transporter shall declare detail of vehicle in Part B of GST EWB-01. After filling the details in Part B, transporter shall generate E-way bill.



- Upon generation of the e-way bill on the common portal, a unique e-way bill number (EBN) shall be made available to the supplier, the recipient and the transporter on the common portal.



- iv. The details of the generated e-way bill shall be made available to the recipient, if registered, on the common portal, who shall communicate his acceptance or rejection of the consignment covered by the e-way bill.

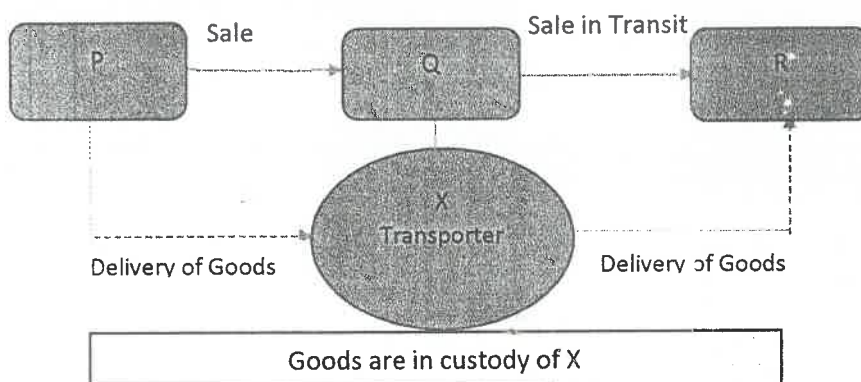


If the recipient does not communicate his acceptance or rejection within 72 hours, it shall be deemed that he has accepted the said details.

- v. The facility of generation and cancellation of e-way bill may also be made available through SMS.
 - vi. Any transporter transferring goods from one conveyance to another during transit shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in FORM GST-EWB-01.
- 3. Updation of E-way Bill in case of Transshipment:**
- Any transporter transferring goods from one conveyance to another;
 - in the course of transit (i.e. during transit);
 - shall before such transfer and further movement of goods;
 - update the details of conveyance in the e-way bill on the common portal in FORM GST-EWB-01.

Analysis:

Since the movement of goods commences from the place of business of consignor, the goods can be said to be in course of transit even while they are lying at the store of transporter.



Impact:

P Supply goods to Q and movement of goods is caused by P through X
E-way bill to be generated by P before movement of goods to X for delivery to Q.

Q sale goods to R while goods where in stock of transporter X (Sale during transit).
New E-way bill to be generated by Q before movement of goods to R through X.

4. Validity Period of E-way bill:

Distance the goods need to be transported	Validity Period
<ul style="list-style-type: none"> Up to 100 Km 	One day
<ul style="list-style-type: none"> For every 100 km or part thereof thereafter 	One additional day

Procedures:

- However, the Commissioner may, by notification, extend the validity period of e-way bill for certain categories of goods as may be specified therein:
- 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**.
- For the purposes of this rule, the period of validity shall be counted from the time at which the e-way bill has been generated and each day shall be counted as **24 hours**.

Note:

- No need to cancel GST-EWB 01 in case goods cannot be transported within validity period under exceptional circumstances.
- Exceptional cases yet to be notified.

5. Procedure to cancel the E-way bill once it is generated:

In following situations, cancellation option is applicable:

Particulars	Time limit for cancellation
<ul style="list-style-type: none"> Goods not transported after GST-EWB-01 generated 	Within 24 hours of generation of E-way bill
<ul style="list-style-type: none"> Goods not transported as per details furnished in GST-EWB-01 	Within 24 hours of generation of E-way bill
<ul style="list-style-type: none"> Goods verified by the recipient in transit 	No option to cancel E-way bill post verification.

Procedures:

The e-way bill may be cancelled electronically on the common portal, either directly or through a Facilitation Centre notified by the Commissioner.

6. Document requirements to be carried by the person-in-charge of a conveyance:

- i. Invoice/Bill of supply/Delivery Challan/Bill of Entry (as the case may be),
OR
An Invoice Reference Number (Generated from common portal by uploading, on the said portal, a tax invoice issued by him in FORM GST INV-1), which is having validity of 30 days; **AND**
- ii. Copy of the e-way bill (Physical document),
OR
The e-way bill number (mapped to a Radio Frequency Identification Device (RFID) embedded on to the conveyance).

7. Process of inspection, verification and detention of goods or vehicle under GST:

Right of Inspection. Interception etc. by Commissioner or nominee:

- On receipt of specific information on evasion of tax, physical verification of a specific conveyance can be carried out by any officer after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.
- Such officer may intercept any conveyance to verify the e-way bill or the e-way bill number in physical form for all inter-State and intra-State movement of goods. In case where the e-way bill has been mapped with RFID, verification of movement of vehicles shall be done through RFID readers.

Report of Verification by authorised officer:

- A summary report of every inspection of goods in transit shall be recorded online by the proper officer in **Part A of FORM GST-EWB-03** within **24 hours of inspection**; and
- The final report in **Part B of FORM GST-EWB-03** shall be recorded within **three days of such inspection**.

No Multiple Verifications by authorised officers:

- 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 same State, unless a specific information relating to evasion of tax is made available subsequently.

Report on detention by Transporter:

- Where a vehicle has been intercepted and detained for a period exceeding thirty minutes, the transporter may upload the said information in **FORM GST-EWB-04** on the common portal.

8. **Key take-aways:**

Bringing Transparency and Discipline in Logistic activities through Digital drive:

- E-way bills will be valid only for 24 hours normally.
- A new e-way bill must be generated whenever the mode of transport of a consignment is changed.
- When more than one consignment is transported, the serial number for the e-way bill associated with each consignment must be indicated on the common portal.
- E-way bills generated for goods not transported must be cancelled within 24 hours. They cannot be cancelled if verified during transit.
- The transporter can carry the details of the e-way bill on a RFID.
- Recipient of the consignment must accept or reject the bills within 72 hours else, it would be assumed to accepted by recipient.

More Governance than Government:

- The person-in-charge of the conveyance must carry certain documents such as the invoice or bill of supply for verification. Goods once verified can continue unimpeded through the rest of the journey.
- Physical verification of the consignment can be done if there is any 'specific information' relating to tax evasion or any other malpractice.
- Verifying officers would need to submit a summary of inspection within 3 days of verifying a consignment.
- Transporters have the right to upload queries on the GSTN portal if their vehicle is detained for more than 30 minutes without valid reason.