

## **GST e-way bill**

### **What is the issue?**

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E-way bill proposed by GST council is complex to understand and posing a challenge to the industry.

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### **How tariff issues are addressed by GST?**

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- Under the VAT system many states collected VAT on subsequent sales and imposed entry tax and a road permit system.

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- Under GST, this problem is addressed to a large extent, through an elaborate online reconciliation mechanism on GSTN.

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- It is the objective of GST to remove all non-tariff barriers, such as check posts, entry tax etc. so that the smooth movement of goods across states is ensured.

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- This would ultimately reduce the prices of commodities.

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### **What is e-way bill?**

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- The e-way bill can be electronically generated (on the government portal) either by the supplier or recipient of the consignment, before the movement of goods.

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- The transporter needs to carry an electronically generated way bill, with every consignment having value exceeding INR 50,000.

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- It may possibly subject to few exemptions such as agricultural commodities  
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- There are indications that it could come into effect from October 1, 2017.  
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- Till then, the states have been allowed to follow their own way bill/road permit system, including the ones used prior to GST.  
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### **What are the complexities with e-way bills?**

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- The e-way bill, once generated, is valid for one day for consignment up to 100 km and then one additional day for every 100 km thereafter.  
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- If e-way bill is generated, but the goods are not transported then it has to be cancelled electronically.  
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- If the transporter transfers goods from one vehicle to another in the course of transit, then he will be required to generate a new e-way bill, before commencement of the movement.  
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- Transporters may be required to obtain a unique Radio Frequency Identification Device (RFID) and get it imbedded on the vehicle and map the e-way bill to the RFID prior to the movement of goods.  
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- It is important to note that e-way bill is required even in case of intra-state movement (beyond 10 km), which was not the case earlier.  
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- Also, there were many states which did not have a system of way bill or a road permit in the erstwhile regime.  
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### **What are the issues with E-way bill?**

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- The industry is sceptical that this could result in Inspector Raj and the associated corruption, which GST was otherwise supposed to eliminate.  
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- There is a fear that the e-way bill system could undo reduction in commodity prices  
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- The GST rates are uniform across states against this backdrop, e-way bill would serve limited purpose.  
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- The mechanism proposed requires a certain level of maturity in terms of technology, systems and processes.  
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- Large proportion of transport sector is still unorganised and may not be equipped to deal with technology-led compliances.  
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- It appears to be too stringent in terms of the reporting requirement.  
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**Source: Business Standard**

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