

Where intent overrides impact

Strict enforcement of e-way bill rules, and lack of clarity, may cause disruption, warns industry

LALATENDU MISHRA
MUMBAI

The e-way bill, set to be introduced across India from February 1 as part of the Goods and Services Tax (GST) regime, could lead to 'large scale' disruption in the transportation of goods, transporters caution.

While the bill is intended as a mechanism to prevent leakage of GST by tracking the movement of goods from one party (and place) to another, transport industry officials said it would have been better to have addressed 'several key issues' before migrating to the new system.

Lack of preparedness and possible harassment by tax officials citing compliance issues could hinder movement of trucks. They cited the initial confusion witnessed after demonetisation and more recently the introduction of GST.

"The Central Goods and Services Tax (Sixth Amendment) Rules, 2017, requires every person causing the movement of goods worth more than ₹50,000 from one State to the other to generate an e-Way or electronic Way bill for each such movement," said Rohit Chaturvedi, CEO, Transport Hub.

Though e-way bill forms are easy and intuitive and could be generated through a variety of platforms including a mobile app, SMS, web platform and API-based integration, multiple issues have been raised by the industry.

"There are several practical and operational problems that have not been addressed," said Abhishek Gupta, treasurer, Bombay Goods Transport Association. "The transportation industry is predominantly an offline industry. Expecting them to go online suddenly is difficult to cope with. The general feeling in the industry is that it will be impractical to roll out the e-way bill from February 1," he said.

"At a recent meeting, 450 members of the BGTA raised 25 issues with GST officials who did not have answers for half of the issues," Mr. Gupta said. "The government is adamant [on going



Letter of the law: The e-way bill rules give the authorities the right to inspect vehicles at random. Transporters fear that this would increase the chances of harassment by inspectors.

ahead] and the decision will adversely impact the industry even as it is coping [with] GST," he added. Transporters fear that unintended lapses on their part could lead to the imposition of heavy penalties. Also, consignments could end up getting stranded mid way due to drivers' inability to pay the fine at remote locations.

"Transporters and other taxpayers will not be required to visit any tax office or checkpoint under this system and the e-way bill can be generated electronically," said Prakash Kumar, CEO, Goods & Services Tax Network. The transporters can manage sub-users and allocate roles to them. Large transporters can declare their various offices as sub-users. There is provision for cancellation of an e-way bill within 24 hours by the person who generated the e-Way Bill. The recipient can also reject the e-way bill within 72 hours of generation. The validity of an e-way bill is fixed as one day for every 100 km or part thereof.

Slow moving cargo

Movement of project cargo or heavy cargo, which takes months to reach the destination, could suffer as a result of the e-way bill rule that mandates 100 km per day

movement. Such cargo generally does not travel more than 20 km a day, transporters said. "We are expecting the return of the Inspector Raj as the RTO and sales tax check posts are still there," said Nitesh Bagadia, director, Premier Logistics, a leading heavy lift project cargo firm. "The e-way bill will create documentation problems and harassment citing non-compliance."

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"In our type of business, it takes a long time to transport heavy lift cargo due to logistics issues and requirement of multiple permissions while in transit. If, for some reason, the e-way bill would lapse, it would invite penalty." The government must issue a blanket order to officials not to harass truck drivers in transit. If the driver has an e-way bill then [it is clear] there is no intention to cheat," Mr. Bagadia said.

Transporters have urged the government to ensure officials differentiate between errors in the e-way bill and intentional tax evasion.

"Eighty lakh trucks tran-

sport goods across India," said Ramesh Agarwal, chairman, Agarwal Packers & Movers. "It is not possible to make everyone understand the way the e-way bill works. There will be errors and the government will levy penalty. So we need a platform that should address the errors and establish evasion."

Plugging evasion

M.S. Mani, senior director, Deloitte India, said while it would have been ideal not to have had an additional document in the form of an e-way bill, the government was keen on introducing it in order to plug suspected evasion of GST.

"The lower revenue collections encountered during the past few months despite an enhancement of the taxpayer base could possibly be due to the fact that some taxpayers are not paying the appropriate tax," Mr. Mani said.

"While the e-way bill existed in some States even earlier, the countrywide introduction across all sectors is likely to pose documentation and system challenges initially to smaller businesses," he added. Low literacy levels and poor technology awareness among a majority of truck owners could also create stumbling blocks.

"One major issue high-

lighted by transporters is increased financial burden due to filing of e-way bills," said Mr. Chaturvedi of Transport Hub. "A majority of the small transporters who are driver-owners will find it difficult to generate e-way bills as the process requires comfort with using electronic medium such as apps," Mr. Chaturvedi said. Seeking professional help would only cost them more, he added.

The stipulated time limit for delivery of goods is also causing jitters.

In case of a breakdown in hilly areas or remote villages with no mobile connectivity, the e-way bill will not be easily updated. There is no clarity on the resolution of such issues in the rules, he said. "There is lack of clarity on the issue of vehicle detention in the case of mispresentation of details such as price of goods. The responsibility should lie with either the consignee or the consignor without detaining the vehicle," Mr Chaturvedi said.

Moreover, rules also give the right to inspect the vehicles at random (138 B) which increases the chances of harassment by inspectors, transporters fear. Inspectors have the right to unload the entire consignment to check compliance. There is no guidance provided for genuine randomness as against "targeted" checks, industry players said.

However, the rules provide for redressal against any such harassment. Still, implementation would be the key. "Going by historical antecedents, discretion leads to harassment and corruption, and rules could have done better by defining discretionary measures more tightly," Mr. Chaturvedi said.

Pirojshaw Sarkari, CEO Mahindra Logistics, said, "With just the e-way bill number, all transactions can now be tracked and average waiting time for vehicles will now reduce, as verification processes will be online. The compulsory introduction of e-way bill may face initial glitches, but in the long-term, it will benefit not only the logistics industry, but the country as a whole."