

EY Tax Alert

GST Council recommends implementation of e-way bill, extension of tax exemptions for exporters and continuation of the current compliance mechanism

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Executive summary

The Goods and Services Tax (GST) Council held its 26th meeting in New Delhi on 10 March 2018 to review the compliance process, decide on the implementation of the e-way bill system and address the concerns of exporters on refunds under GST.

The key recommendations of the Council are as follows:

- ▶ E-way bill will be introduced for inter-state movement of goods across the country from 01 April 2018. E-way bill for intra-state movement will be introduced in a phased manner but not later than 01 June 2018.
- ▶ The present system of filing of GSTR-3B and GSTR-1 has been extended for another three months, till June 2018.
- ▶ Tax exemption on procurements for exporters will continue for a further period of six months till 01 October 2018.

A new model for a simplified return filing process was discussed by the Council. The Group of Ministers on IT has been required to finalize it.

The Council deliberated that the variances as an outcome of preliminary data analyses may be further looked into and adequate action may be initiated accordingly.

Source: Press Information Bureau

Background

- ▶ The 26th meeting of Goods and Services Tax (GST) Council was held on 10 March 2018 in New Delhi.
- ▶ In the meeting, the Council has recommended the introduction of e-way bill for inter-state movement of goods from 1 April 2018.
- ▶ The outcome of preliminary data analysis has revealed the following:
 - ▶ It has emerged that there is variance between the amounts of IGST & Compensation Cess paid by importers at Customs ports and input tax credit of the same claimed in GSTR-3B.
 - ▶ There are major data gaps between self-declared liability in Form GSTR-1 and FORM GSTR-3B.

It was deliberated that this information may be further analyzed and adequate action initiated accordingly.

Key Recommendations

E-way Bill

- ▶ E-way bill to be introduced for inter-state movement of goods from 01 April 2018.
- ▶ For intra-state movement of goods, e-way bill system will be introduced with effect from a date to be announced in a phased manner but not later than 1 June 2018.
- ▶ The other changes approved by the Council:
 - ▶ E-way bill is required to be generated only if the individual consignment value of the consignment exceeds INR 50,000.
 - ▶ Presently, there is no requirement to generate e-way bill if an individual consignment value is less than INR 50,000, even if the transporter is carrying goods of more than INR 50,000 in a single conveyance.
 - ▶ For the purpose of e-way bill generation, the value of exempted goods have been excluded from value of the consignment.
 - ▶ Public conveyance has also been included as a mode of transport and the responsibility of generating e-way bill in case of movement of goods by public transport would be that of the consignor or consignee.
 - ▶ Railways have been exempted from generation and carrying of e-way bill with the condition that railways will not deliver the goods to the recipient without the production of e-way bill. However, railways would be required to carry invoice, delivery challan etc.
 - ▶ Time period for the recipient to communicate his acceptance or rejection of the consignment would be the validity period of the concerned e-way bill or 72 hours, whichever is earlier.
 - ▶ In case of movement of goods on account of job-work, the registered job worker can also generate e-way bill.
 - ▶ Consignor can authorize the transporter, courier

agency and e-commerce operator to fill PART-A of e-way bill on his behalf.

- ▶ Movement of goods from the place of consignor to the place of transporter upto a distance of 50 km (increased from 10 km) does not require filling of PART-B of e-way bill.
- ▶ Extra validity period has been provided for Over Dimensional Cargo.
- ▶ If the goods cannot be transported within the validity period of the e-way bill, the transporter may extend the validity period in case of transshipment or in case of circumstances of an exceptional nature.
- ▶ Validity of one day will expire at midnight of the day immediately following the date of generation of e-way bill.
- ▶ Once verified by any tax officer, the same conveyance will not be subject to a second check in any State or Union territory, unless and until, specific information for the same is received.
- ▶ In case of movement of goods by railways, airways and waterways, the e-way bill can be generated even after commencement of movement of goods.
- ▶ Movement of goods on account of "Bill-to-Ship-to" supply will be handled through the capturing of place of dispatch in PART-A of e-way bill.
- ▶ The CGST Rules were being amended vide Notification 12/2018-Central tax dated 7 March 2018 to give effect to most of the above improvements.

Continuation of present compliance system

- ▶ Until the new simplified return system is finalized, the present system of filing Returns in Form GSTR-3B and GSTR-1 to continue for another 3 months i.e. till June 2018.

Extension of tax exemptions for exporters

- ▶ The Council deferred the implementation of e-Wallet scheme by 6 months i.e. till 01 October 2018
- ▶ The Council also extended the present dispensation in terms of exemptions etc. which is available up to 31 March 2018 for a further 6 months i.e. till 01.10.2018. The dispensation, inter alia, includes:
 - ▶ A special scheme of payment of GST @ 0.1% on the procurements by merchant exporter
 - ▶ Exemption to domestic procurement made under the Advance Authorization, EPCG and EOU schemes which were recognized as 'deemed exports'.

Others

- ▶ The liability to pay tax on reverse charge basis on procurements from unregistered dealers has been deferred till 30 June 2018.
- ▶ The provisions for deduction and collection of tax at source (TDS and TCS) shall remain suspended till 30 June 2018.

Comments

Exemption in respect of small intra-state consignments and exclusion of value of exempt supplies for e-way bill compliance is a welcome measure as it may facilitate hassle-free movement of goods.

Extension of tax exemptions for exporters was expected considering the issues faced with the refund process leading to blockage of working capital.

Deferring reverse charge on procurements from unregistered dealers and suspension of the TDS/TCS mechanism might give major relief to the industry from the additional compliance burden.

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