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E-way Bill Rules Simplified; Relief for Small Businesses

Changes to also help FMCG, courier and e-comm cos while moving packages under GST regime

Our Bureau

New Delhi: The government has made some changes to the e-way bill rules to further simplify the procedure for movement of goods under the Goods and Services Tax regime, giving more relief to smaller businesses, FMCG, courier and e-commerce companies.

Under the new rules, in the case of intra-state movement of goods, there will be no need for e-way bill if the consignment's total value is over ₹50,000 but the individual consignment is valued at less than ₹50,000, giving relief to e-commerce and courier companies that move packages for delivery.

If both exempted and taxable goods are moved, only the value of the taxable supply will be considered for the purpose of generating an e-way bill. This will provide relief to the industry, especially FMCG companies that move all kinds of goods together.

The e-way bill is proposed to be rolled out from April 1. The e-way bill is essentially a description of goods being moved, and is seen crucial to preventing GST evasion. It was rolled out for inter-state supplies from February 1 but was deferred again following system issues. The GST Council is expected to take a decision on the issue in a meeting on March 10.

"With these changes, e-way bill rules have become simpler... The timing of these changes suggests that the government is keen to implement the e-way system from April 1, as indicated recently," said Pratik Jain, partner and leader-indirect tax at PwC.

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The e-way bill has been made mandatory at the time of delivery by the railways and job workers can also generate the bill in the case of inter-state movement of goods. Goods moved within a state did not need e-way bill for distances of up to 10 km. This has now been increased to 50 km, which will help smaller businesses.

In exceptional circumstances, transporters will have the option to extend the validity period of e-way bills by updating vehicle details. Earlier, after the expiry of the validity period, the transporter had to generate a new e-way bill.

The e-way bill will be deemed to be accepted upon delivery of goods or the expiry of 72 hours of its generation, whichever is earlier. This change addresses the concern that a customer could reject the e-way bill within 72 hours even for goods that had been delivered.

An additional field place of dispatch has been added in the e-way bill to address vehicle breakdown or such other contingencies. No e-way bill is needed for transit cargo from/to Nepal or Bhutan. The government has also clarified how the validity of e-way bill is to be ascertained.

Less Taxing

The new e-way bill rules:

- **No bill needed** if individual consignment valued at less than ₹50K within state
- **No bill** if goods moved up to a distances of 50 km
- **Only value** of taxable goods to be used for e-way bill
- **Bill to be valid** till goods delivery or 72 hours of generation
- **No bill** for transit cargo from/to Nepal or Bhutan
- **Form TRAN-2** notified for claiming deemed tax credit

READY TO MOVE

The timing of these changes suggests the government is keen to implement e-way system from April 1

PRATIK JAIN
Partner, PwC

FORM TRAN-2

The government has also notified Form TRAN-2 for claiming deemed credit of 40% or 60% of tax paid on opening stock as on July 1, 2017. It has to be submitted by 31 March for July to December 2017 period. There was no timeline given earlier. "This looks very stringent and the government may want to consider extending it further, at least partly, particularly given the year-end activates that businesses need to undertake," said Jain.