

# E-way bill roll-out on April 1

## GST Council defers reverse charge, returns simplification by 3 months

DILASHA SETH & INDIVJAL DHASMANA

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The goods and services tax (GST) e-way bill, to track the inter-state movement of consignments worth over ₹50,000, will be rolled out on April 1, two months after the first attempt to introduce it. When it was initially rolled out on February 1, the GST portal had crashed, leading to the e-way bill being withdrawn.

The bill for tracking intra-state movement of consignments will be rolled out in phases. The returns simplification and the reverse-charge mechanism, a system to track buyers when sellers are unregistered, will also be deferred by three months.

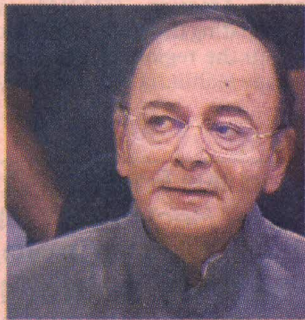
The GST Council decided on these issues during a meeting in New Delhi on Saturday. The Council also decided to postpone the deduction of tax at source, providing some relief to e-commerce companies.

Since the crash of the GST system on February 1, when 480,000 bills were uploaded, the infrastructure has been upgraded. It has also gone through three rounds of testing for its load-bearing capacity.

A group of ministers (GoM), led by Bihar Deputy Chief Minister Sushil Kumar Modi, to fix issues with the GST portal has claimed that 2.6 million e-way bills will be generated daily. This will eventually rise to 5 million. The system is equipped to process 7.5 million bills per day.

After the meeting on Saturday, Finance Minister Aurn Jaitley said the states would be divided into four groups. The e-way bill will be introduced in phases in each group, with intervals of a week.

He added that an effort was being made to complete the roll-out in April. A statement from the finance ministry said the process would be completed no later than June 1.



Union Finance Minister Arun Jaitley in New Delhi on Saturday.

PHOTO: PTI

## TAX RELIEF FOR EXPORTERS FOR 6 MORE MONTHS

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The Goods and Service Tax (GST) Council on Saturday extended exemptions for exporters struggling to secure refunds for six months till end-September.

Last year, the Council had allowed the exemptions till March 31. Exporters have to pay the tax upfront and also integrated GST (IGST) on inputs imported for exports. The Council has decided to restore pre-GST tax exemptions on these.

Additionally, for merchant exporters, a special payment scheme at the rate of 1 per cent of procured goods was introduced.

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States ready for the e-way bill, Karnataka, Kerala, and Uttar Pradesh, were likely to be in the first group, said a source. Kerala Finance Minister Thomas Isaac said tax evasion was the biggest challenge for the GST system, and the e-way bill could solve it.

Experts concurred with this. Vishal Raheja, GST expert with Taxmann, said, "The decision to roll out the e-way bill will certainly curb tax evasion and boost collections from the new financial year." Turn to Page 4 ▶



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The Council could not reach consensus on the simplification of GST returns. The GoM had given the Council its views on various options, suggested by Infosys Chairman Nandan Nilekani and others.

Jaitley said the GoM would improve on the suggestions and ensure that the final model eradicated evasion. Tax officials at both the Centre and the states have raised concerns over this.

The existing process of filing supply returns (GSTR1) and summary input-output returns (GSTR3B) will continue for three more months. These were supposed to be replaced by end-March with one form, which could be

filed instead of three.

Nilekani had suggested a mechanism involving the seller uploading invoices and the buyer acknowledging them. The buyer would receive credit for tax paid on inputs. No credit would be paid for missing invoices.

The other option is to provide provisional credit to buyers in case an invoice is not uploaded by a seller. However, if a seller disputes the transaction, the credit to the buyer will be reversed.

There is also the model that was used for filing returns under the value-added tax regime. Kerala Finance Minister Isaac said the Council had considered putting the three models

together.

Without a new tax filing process, the reverse-charge mechanism is also going to be delayed by three months.

Experts said with this delay, the uncertainty would continue. They are also of the opinion that the reverse-charge mechanism should be scrapped.

"The uncertainty over filing GST returns will continue for three more months it seems," said Saloni Roy, senior director, Deloitte India.

Abhishek Rastogi, partner, Khaitan & Co, said the Council seems to want to wait and watch a little longer. He added that the reverse-charge mechanism should be done away with.

## Tax relief for exporters...

Also, domestic procurement under advance authorisation, the export-promotion capital goods scheme, and export-oriented units were recognised as deemed exports, with flexibility for either the suppliers or the exporters

allowed to claim GST and IGST refunds.

Central Board of Excise and Customs Chairperson Vanaja N Sarna said exporters had made errors while filing refund claims. The payments solution the authorities are

mulling is an e-wallet.

M S Mani, senior director with Deloitte India, said, "While exporters will be relieved that a six-month extension has been given, it is necessary to expedite the e-wallet system."