

## **E-WAY BILLS A DIGITAL APPROACH TO CURB TAX EVASION IN INDIA**

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### **ABSTRACT**

E way bill is a mandatory bill needed to be carried by an individual carrying any consignment of goods of value exceeding 50000 Rs as per the section 68 of the goods and service tax act. It is produced by registered individuals or carriers who induce the movement of a consignment's goods before that movement begins with the Gst portal. This study focuses on the functioning of E-Way bill and how it prevents tax evasion in our country. The e way bill improve transparency in the movement of goods and had changed the procedures for confirming and authenticating the legitimacy of transactions. The present paper is an attempt to understand the actual working pattern of eway bill in the taxation industry. The researcher\ focus is to provide valuable insights into the effectiveness, challenges, and implications of the e-way bill system for taxation and logistics management. Secondary data analysis will be conducted to assess compliance levels, identify trends, and explore correlations between e-way bill compliance and various factors such as industry sector, transaction volume, and geographic location.

**Key words:** Tax evasion, consignment

### **I.INTRODUCTION**

One important development in the area of indirect tax reforms in India is the introduction of the Goods and Services Tax (GST), which came into effect nationwide on July 1, 2017. In order to facilitate the seamless and expeditious transit of products throughout India, all checkpoints have been eliminated nationwide.

GST system provides a auto system generated e way bill needed to be carried by an individual carrying any consignment of goods from the gst portal. E way bill is a revolution in the history of fintech development in India. The introduction of the e-way bill system aims to streamline the movement of goods, prevent tax evasion, and ensure greater transparency in the transportation of goods. The e-way bill system was introduced to replace the earlier system of road permits and waybills. It requires businesses to generate an electronic waybill through the Goods and service tax portal for the transport of goods. The e-way bill contains details such as the consignor, consignee, goods being transported, their value, and the mode of transportation. The introduction of e way bill had a significant impact on logistics operations and supply chains in India. It has reduced paperwork, minimized transit delays, and enhanced tax compliance. However, there have been challenges in its implementation, including technical glitches, compliance issues, and concerns regarding the enforcement of e-way bill regulations.

### **II.History of Eway Bill**

In India Gst replaced all the other major indirect tax like VAT, GST came into effect on July 1, 2017. The GST replaced the complex and fragmented indirect tax structure with a unified tax system aimed at simplifying tax compliance and fostering economic growth. Initially, the e-way bill was proposed to be implemented alongside the rollout of GST but faced technical challenges and was postponed. However, after much discussion with Tax authority in India eway bill was implemented from April 1<sup>st</sup>

2018 , with interstate movement of goods requiring e-way bills first, followed by intrastate movement in various states.

### III.Regulation on Eway bill

The regulation of eway bill pertains to sec 68 of Goods and service Tax Act , as per this the government has the right to demand for e way bill if the driver of a vehicle is involved in transporting any consignment of goods more than 50000 or if an individual is an registered supplier . The Karnataka state even added in rule 138 of Goods and service tax rule ,2017 an e-way bill must be included with any shipment of goods valued at more than fifty thousand rupees. As per rule 138 of gst e way bill are requires in case of interstate and intra state movement of goods above a threshold value to prevent tax evasion.

### IV. Need to generate an E-Way Bill

- **GST registered persons:** When they are moving goods exceeding the value of **₹50,000** in terms of supply.
- **Entrolled Transporter :-** In terms of handling the movement of goods not as a supplier but as a transporter of the goods from an unregistered person.

### V. Format of e way bill

The structure of bill is divided into two parts – A and B. The Part A of bill contain details of consignment, usually the invoice details like GSTIN of Recipient, Place of delivery, Invoice or challan number, value of goods,HSN code,etc

Part-A
A1] GSTIN of Recipient.
A2] Place of Delivery.
A3] Invoice or Challan number.
A4] Invoice or Challan Date.
A5] Value of Goods.
A6] HSN code
A7] Reason for Transportation.
Part-B
B] Vehicle Number.

### VI. TAX EVIATION IS CURBED VIA E-way BILL

As per the guidelines, the creation of an eway document is the first step for any consignment valued more than ₹50,000 (temporarily up to ₹1 lakh in certain States). Before the commodities are sent, the bill must be issued and should contain information about the products, their consignor, recipient, and transporter. Even though the GST removes check-posts, a shipment can still be intercepted at any time to have its e-Way bill verified. In case if an individual doesnot have the eway bill or to have invoice discrepancies, a ₹10,000 penalty, the tax that is being averted, or Rs 2000 is charged as a penalty for the same . These clauses are contributing to the decrease in the discrepancies between the sale's actual value and the amount recorded in e-Way.

### VII.A Key Advantage of an eway bill

- ❖ Minimizing the manipulation of tax liabilities
- ❖ Homogenization of the logistics system in all of India.
- ❖ Trace the consignment from source to destination.
- ❖ Effective and Efficient control of consignment for the authorities.
- ❖ Managing all the activities of suppliers, recipients and logistics operators for the smooth operation of the business
- ❖ Faster completion of transaction

## VIII. LITERATURE REVIEW

### E way bill under GST in India by Mr Dhanasekar and C vethirajan.c in September 2018

In this paper both the researcher had provided a comprehensive analysis of the legal framework, implementation challenges, and potential impacts of the e way bill system ,functions like generation, operation, observation, tracking, and affirmation that are transparent and system-oriented. The aforementioned study further explains that a distinct website has been identified for the use of e-way bills by dealers, transporters, and unregistered dealers. The registered dealer can see the succession of e-way bills that other registered dealers have prepared and can track it if needed.

[Introduction of E-Way Bill: The Indian Logistics Sector and Supply Chain Industries Gearing Up for Huge Challenges by Amit Chandak July 2019](#)

The above study reflects the mechanism that would be a needed tool to track the in and out of goods within and outside the state. It also provided an insight into impact of the same on the logistics sector and supply chain industries in India . Researcher highlighted various problems faced by the logistics department in shifting to the eway bill system. These challenges include technological constraints ,compliance burden ,and operational complexities etc,

### IX objective of the study

- ❖ To examine the functioning of e-way bill system in India
- ❖ To evaluate the effectiveness of the e-way bill in deterring tax evasion in India

### X. Hypothesis

Null hypothesis (H0): e-way bill does not reduce paperwork and administrative burdens in business

Alternative hypothesis (H1): e-way bills leads to a reduction in paperwork and administrative burdens in business

Null hypothesis (H0): Compliance with e-way bill regulations has no effect on reducing tax evasion.

Alternative hypothesis (H1): Compliance with e-way bill regulations significantly reduces tax evasion.

### XI. Data collection

The mode of data collection was primary as well as secondary. A questionnaire was designed keeping the objective of the study as the base and it was circulated to the owner of the industries located in 1)Malad Bombay talkies 2) Sonawala Industrial estate of Goregaon east 3) Andheri chimatpada 4 )Kandivali Hindustan Naka in order to collect first hand data from the entrepreneurs who are using it . The secondary data used are from research papers, online data base, journals newspaper etc. The data from these resources were useful in developing the literature review, the research objectives and research plan.

### XII. Testing of hypothesis

Row Labels	Count of ID
Increases administrative workload	15
Affects cash flow management	8
Influences decision-making processes	3
Streamlines logistics and transportation	11
<b>Grand Total</b>	<b>37</b>

As Null hypothesis says Implementation of e-way bills does not reduce paperwork and administrative burdens and alternative hypothesis says Implementation of e-way bills leads to a reduction in paperwork and administrative burdens. The primary data reflects 15 respondent said waybill lead to increase in administrative workload so here the first alternative hypothesis is rejected and null hypothesis is accepted.

H0 (Null hypothesis): Compliance with e-way bill regulations has no effect on reducing tax evasion.

H1 (Alternative hypothesis): Compliance with e-way bill regulations significantly reduces tax evasion.

Result:

df = 34

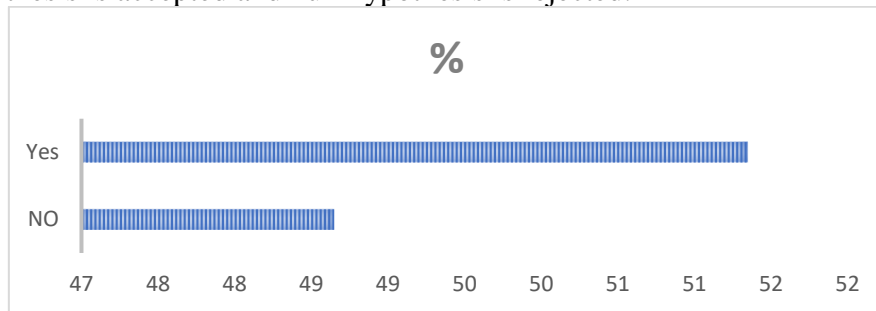
t = -3.28

One sided P = 0.0011

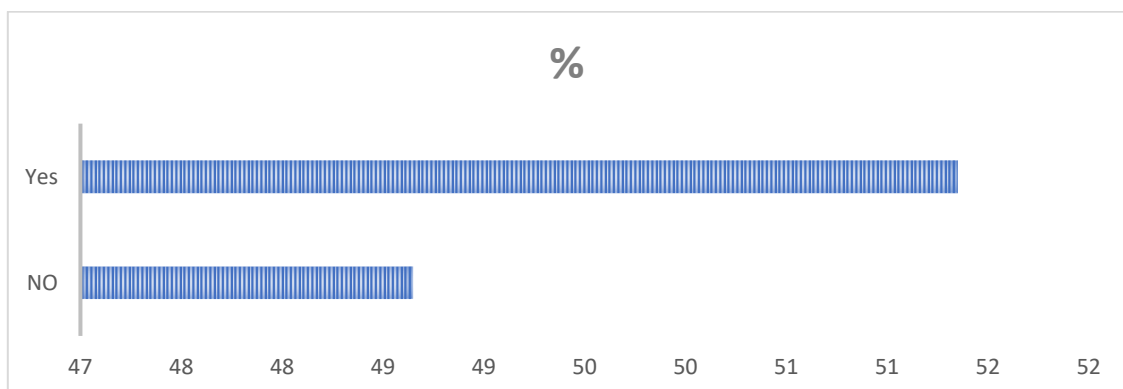
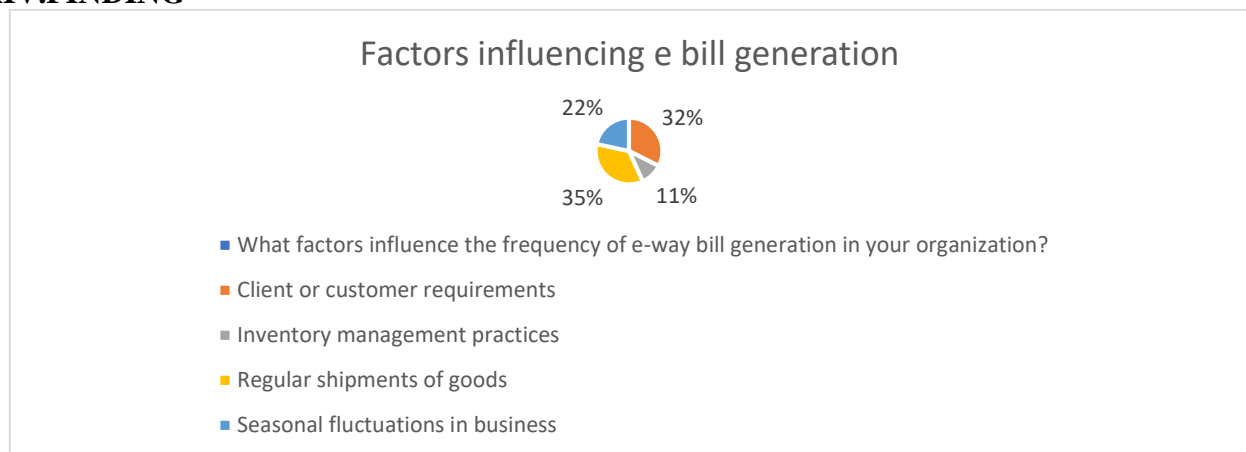
Two sided P = 0.0023

Power (for 5% significance) = 98.47%

Conclusion: Since P-Value < 0.05 null hypothesis of no difference between the means is clearly rejected; hence we conclude that there is significant difference of e-way bill and tax evasion. Here alternative hypothesis is accepted and null hypothesis is rejected.



#### XIV.FINDING



Have you faced any penalties or fines due to non-compliance with e-way bill regulations?

- Taxpayers may provide false or inaccurate information when generating e-way bills, such as reduction in total bill amount, misclassifying goods to lower tax rates, or providing fake transporter details. This allows them to evade taxes by paying less than what is actually owed

- Eway bill structure using the postal PIN codes of the source and destination locations, the system automatically determines the distance needed to move items. The user may enter the actual distance based on how his products are moved. It only permits a 10% variance, though.
- E-way bill system uses the postal PIN codes of the source and destination locations, the system automatically determines the distance needed to be covered. The user may enter the actual distance based on how his products are moved. It only permits a 10% variance in this process.
- The GST authorities have been tallying the two types of data that GSTN receives since 2019: e-way bills and GST return submissions in GSTR 1. These are compared to the estimated tax obligation summary reconciliation statements, compelling companies to provide an explanation for any disparities, including underreporting distances.
- A mechanism designed by the gst portal ensures that companies that have not filed returns for two consecutive return filing cycles, or six months, will be blocked in the centralised system to generate e-way bill

## XV CONCLUSION

Eway bill not only streamlines the tax system by combining different taxes into one frame work ,but it also establishes a digital record of transaction .Today, this is an integral part of India's tax and logistics infrastructure, playing a crucial role in facilitating the ease transport of goods and brings transparency in the movement of goods and thus curbs the tax evasion in India which further leads to economic growth in the country.

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