

CA SUDHIR HALAKHANDI

GST BY CA SUDHIR HALAKHANDI

(English Version)



GOODS AND SERVICE TAX- FOR TAX PAYERS

(SMALL TRADERS AND MSMEs EDITION)

98280-67256

(USE ONLY FOR WhatsApp)

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PART -3

1.CST AND GST

2. ELECTRONIC WAY BILL UNDER GST

PART-A

1. CENTRAL SALES TAX ACT AND GST

THE PROMISE OF REMOVAL OF CST

When Vat was introduced in India in 2006 the CST was considered as the biggest hurdle and it was promised that CST will be reduced by 1% every year and ultimately it will be abolished. After reducing from 4 to 3 and 3 to 2% this promise was not followed and since last several years it is there with 2%. The last reduction of the CST rates was done w.e.f. 1st. June 2008 but after that the promised reduction and ultimate removal of CST was not done.

NOW THERE WILL BE NO CST IN GST

The practical problems attached with “C forms” are the result of this broken promise. Here it should be noted that the collection from CST i.e. tax on interstate sales is the part of revenue of the supplier stage or Manufacturing stage.

Now what will happen with CST in GST may be a question in the mind of Trade and Industry. In GST there will be no place for CST hence manufacturing states which are generating huge revenue in this respect will lose the same. There will be a mechanism in GST to control the trade between two states and that mechanism will be called IGST- “Integrated Goods and Service Tax” and through this mechanism ultimate tax will go to the consumer state. IGST will not be a another (Third Tax) but it will be a complex mechanism that will ensure that one part of tax is received by Centre and other part of tax to consumer state and that will make GST a perfect destination based tax.

Now the revenue loss of the states will have to be compensated by the Central Government.

We have already explained How IGST will work in GST in Part-2 of our submission on GST under the Head IGST.

PART-B

2. WHAT WILL HAPPEN TO ROAD PERMITS

NOW e-way BILL WILL BE THERE

In pre GST regime i.e. at present when movement of Goods takes place from one state to another state there is a need of Road. In some states it is applicable on all the commodities and in others on selected commodities. The road permit is generated electronically in almost all the states but trade and Industry considers there road permits as hurdles in doing business and since you are expecting simplification of procedures hence it was expected that Road permits will be removed in GST but recently our lawmakers have introduced the Draft rules for Electronic Way bills and as per these rules you will find that Road permits are not only here to stay in GST but their scope will also be increased and it will be a very negative sign for simplification and against the expectation of Trade and Industry .

Let us try to understand the provision of Electronic Way bills in the form of Questions and Answers which we are receiving since introduction of these Draft Rules:-

ELECTRONIC WAY BILL- e-Way Bill



Question:-

Is e-Way Bill is just like Road permit which are applicable at present? Is it applicable on Inter-State supply only or it will be applicable on Intra-State supply also? Please Answer.

-Yes you can equate it with road permit and it will be generated from the common GST portal but its scope is too wide. It will be applicable on movement of inter-state as well as Intra-state supply of Goods.

Further it will be applicable on all the commodities and Goods instead of certain or notified Goods.

Question:-

On which amount the e-Way Bill is required?

-Yes, e-Way Bill will be applicable on every consignment of over Rs. 50000.00 where movement of Goods is involved.

Question:-

Will it apply on each supply of Goods exceeding Rs. 50000.00?

-Not only supply, it will be applicable on every movement of Goods which is occasioned by the Following:-

- | |
|---|
| (I). in relation to a supply; or |
| (ii). for reason other than supply; |
| (iii). Due to inward supply from an unregistered person. |

Hence it will be applicable on every movement of Goods.

Question:-

Where the details for e-Way Bill will be filed and from where e-Way Bill will be generated.

-It will be generated from the GST common portal and the details of the same will be filed by the consignor and in case of unregistered dealer supply by the consignee and with the help of the information filed abovementioned person the Consignor/consignee or transporter, as the case may be, will generated the e-Way Bill from the common GST Portal.

Question:-

Will there be a system of checking of vehicles on road?

-Yes it will be there and it is specifically provided that in one state the goods will be checked only once. The second checking in the same state will only be taken when there will be specific information of 'Tax evasion' with the department.

It can be checked in each state from where the goods cross during the movement of Goods.

Question:-

Is there any check on wastage of time due to checking of e-way bill?

- Yes if a vehicle is stopped for checking for more than 30 Minutes then the dealer can upload this fact on the GST common portal. What will be the result of this information on common portal is not

known but it will have a moral check on the officials engaged in such checking to release the vehicle in stipulated time.

This seems to be a good major since wastage of time while checking the documents with the goods carriage vehicle in very common.

Question:-

Is their time limit for using these e-way bills after their generation from the GST common portal?

- There will be a specify time limit for using the e-way bill and let us see what is the time limit fixed for the validity of the e-way bill :-

S.NO.	Distance between the place from which movement starts and	Validity of the e-way bill
1.	Less than 100KM	1 Day
2.	From 100 KMs To Less than 300 KMs.	3 days
3.	From 300 KMs To Less than 500 KMs.	5 days
4.	From 500 KMs To Less than 1000 KMs.	10 Days
5.	1000 KMs or More	15 days

This validity time will sometime create a genuine problem to dealers and transporters but on the other hand it will cast extra duty on the transporters to deliver the goods within schedule time and avoid unnecessary delays.

Question:-

Once an e-way bill is generated from the common portal of the GST and selling transaction is cancelled/rejected due to any reason then this e-way bill can be cancelled?

- Yes e-way bill can be cancelled within 24 hours from its generation from the GST common portal.

Question:-

What is RFID technique and is it necessary for every goods transport vehicle?

- If transporter has the hard copy of e-way bill then there is no need to have the RFID technique on every vehicle but the hard copy is not there then the e-way bill have to be checked through this technique.

There is one more provision in this respect for mandatory RFID technique by which the commissioner has the power to issue a notification for specific type of transporters to have this technique with the vehicles mandatory.

The RFID technique is Radio-frequency identification technique which can be explained as under:-

RFID stands for Radio-Frequency Identification. The acronym refers to small electronic devices that consist of a small chip and an antenna. The chip typically is capable of carrying 2,000 bytes of data or less.

The RFID device serves the same purpose as a bar code or a magnetic strip on the back of a credit card or ATM card; it provides

a unique identifier for that object. And, just as a bar code or magnetic strip must be scanned to get the information, the RFID device must be scanned to retrieve the identifying information.

Question:-

One Last question on e-way bill. You are studying the GST since last several years. The type e-way bill was in your expectations in GST procedures?

- In my expectations, simplification should be the first priority of GST but as the procedures are there, simplification is totally missing hence these type of provisions are inevitable. If you want an e-way bill on Rs.50000.00 then I think the Coming days of GST will be tougher for Trade and Industry with more such provisions.

It should be made applicable to interstate supply/movement of goods and the Rs.50000.00 Limit should be increased to Rs. 5.00 Lakhs.

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Note

The material has been prepared keeping in mind the requirement of Small Traders and MSME Industries. Please submit your comment and suggestions to 9828067256 through WhatsApp.

-Ca Sudhir Halakhandi

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