Office of the Accountant General (Audit II), Kerala

Press Brief

The Report of the Comptroller and Auditor General of India on Performance Audit of the of E-way Bill system under GST – Government of Kerala (Report No 2 of 2025) has been laid on the table of the Kerala Legislature on **9th October 2025** in accordance with Article 151(2) of the Constitution of India.

The Performance Audit (PA) on E-way Bill (EWB) System under GST was undertaken to examine effectiveness of EWB mechanism in protecting revenue interest of the Government and the efficiency and effectiveness of the preventive activities of the Department in enforcing EWB provisions. EWB transactions pertaining to the period from 1 April 2018 to 31 March 2022 were covered in this PA. Some of the major observations are as follows:

- The system allowed generation of EWBs by non-filers of returns and by taxpayers whose registrations were cancelled which resulted in leakage of revenue due to shortcomings in system design.

  (Para 2.2.2)
- The system allowed generation of multiple EWBs for the same invoice number due to lack of validation control in the E-Way Bill common portal.

  (Para 2.2.3)
- The system could not distinguish between inter-state and intra-state movements of goods by composition taxpayers and permitted generation of EWBs in both cases. The system allowed subsequent generation of EWBs by taxpayers who filed nil Returns leading to leakage of revenue.

  (Para 2.2.4 & 2.2.5)
- The system allowed generation of single EWB by clubbing multiple invoices due to lack of validation control in EWB mechanism.

  (Para 2.2.6)
- The discrepancies noticed extended to instances where invoices related to EWBs were not reported in GSTR-1, and vice versa, raising concerns about accurate tax reporting. Furthermore, a notable number of inward supplies exceeding ₹50,000 lacked EWBs.

  (Para 2.2.7)
- The returns of the taxpayers identified based on EWB transactions, revealed a trend of mismatch of ITC and a substantial number of taxpayers utilizing the excess credit to set off their tax liabilities. Additionally, taxpayers who issued EWBs to inactive consignee taxpayers were identified as evading tax payments. Compliance deficiencies were noticed in respect of the taxpayers who are having multiple registration with same PAN.

  (Para 2.2.8, 2.2.9 &2.2.10)

- The Analytical Reports generated by NIC were not used by departmental officers to identify potential tax evasion cases. This led to the non-detection of tax compliance cases like movement of goods by unregistered persons, taxpayers dealing high value transactions and high risk patterns in generation of EWBs.

(Para 2.3)

- The absence of online recording for both the summary and final inspection reports indicate a deviation from the prescribed rules in intercepting goods in transit and a lack of monitoring by higher authorities. Failure to record reports online, hinders the automation of EWB verification and monitoring activities.

(Para 3.3.1)

- The department did not follow the guidelines for interception of goods in transit.

(Para 3.3.2)

- The information on cases booked on interception of vehicles was not passed on to the State/ Central jurisdictional authorities for further action.

(Para 3.4.3)