

Chapter II

Effectiveness of E-Way Bill System in Protection of Revenue

CHAPTER-II

EFFECTIVENESS OF E-WAY BILL SYSTEM IN PROTECTION OF REVENUE

E-way bill (EWB) has been introduced for quick and easy transport of goods. However, the lack of effective coordination between EWB common portal and GST common portal led to failure of automated validation controls. The system allowed generation of EWBs by non-filers of returns and taxpayers whose registrations were cancelled, multiple EWBs for the same invoice number and EWB generation for outward supply even after filing Nil return⁶, which resulted in leakage of revenue. Lack of distinction between inter-state and intra-state movements of goods by composition taxpayers and thus permitted generation of EWBs in both cases. The taxpayers, identified based on the EWB transactions, did not report invoices in GSTR-1⁷ return, and *vice versa*, raising concerns about accurate tax reporting. Furthermore, a notable number of inward supplies exceeding ₹50,000 lacked EWBs. The taxpayers, identified based on the EWB transactions, shows a mismatch of Input Tax Credit between GSTR-3B⁸ and GSTR-2A⁹, with a substantial number utilizing the excess credit to offset their tax liabilities. Additionally, inactive consignee taxpayers, as included in the EWBs, were identified as evading tax payments. Compliance deficiencies were noticed in respect of the taxpayers who have multiple registration with same PAN.

2.1 Effectiveness of E-Way Bill System in protection of revenue

EWB is a document required for movement of goods and is designed to capture details of goods before being moved. The EWBs generated for outward supplies are supported by invoices and the invoice details are required to be reported in their GST returns.

As on 31 March 2022, there were 4,00,869 taxpayers¹⁰ under the jurisdiction of the SGSTD. The total number of EWBs generated for outward supply¹¹ during the period from 2018-19 to 2021-22 is given in **Table 2.1**.

Table 2.1
Total number of EWBs generated by the taxpayers for the period 2018-22

| Year | Outward supply | |
|---------|--------------------------|---------------------|
| | Number of EWBs generated | Number of taxpayers |
| 2018-19 | 70,49,056 | 51,383 |
| 2019-20 | 83,12,920 | 54,408 |

⁶ Filing of returns without taxable outward supply.

⁷ Monthly details of outward supplies of goods or services by the normal taxpayer.

⁸ A self-declared summary GST return to be filed every month by the taxpayers.

⁹ Details of outward supplies furnished by the supplier shall be auto-populated to the concerned registered persons (recipients).

¹⁰ Source: Administration Report for the year 2021-22.

¹¹ No. of EWBs generated for inward supply during 2018-2022 was 6,68,026.

| Year | Outward supply | |
|--------------|--------------------------|---------------------|
| | Number of EWBs generated | Number of taxpayers |
| 2020-21 | 79,83,568 | 52,320 |
| 2021-22 | 95,97,599 | 53,943 |
| Total | 3,29,43,143 | 2,12,054 |

Source: Data from GSTN.

2.2 Results of Audit

Audit selected 56 taxpayers for conducting Substantive Audit¹². **Table - 2.2** below brings out the extent of deficiencies and consequent revenue impact noticed during the detailed scrutiny of sampled cases.

Table – 2.2
Details of observations in sampled cases

| Sl. No. | Nature of Observation | No. of taxpayers | Tax involved (₹ in crore) |
|---------|---|------------------|---------------------------|
| 1 | Non/ short discharge of tax liability by the taxpayers identified as non-filers | 9 | 5.15 [#] |
| 2 | Non/ short discharge of tax liability by the taxpayers who had generated EWBs after cancellation of registration | 13 | 1.43 [#] |
| 3 | Short discharge of tax liability by the taxpayers identified as having multiple EWBs using same/ similar invoices | 2 [*] | 0.02 |
| 4 | Non/ short discharge of tax liability by Composition taxpayers | 1 | 0.36 |
| 5 | Non/ short discharge of tax liability by the taxpayers identified as Nil filers | 17 | 3.92 [#] |
| 6 | Generation of single EWBs by clubbing multiple invoices | 3 | -- |
| 7 | Invoices in EWBs not reported in GSTR-1 return | 9 | 26.43 [#] |
| 8 | Non-generation of EWBs for invoices included in GSTR-1 return | 12 | -- |
| 9 | Inward supply not supported by EWBs | 4 | -- |
| 10 | Mismatch in availing Input tax credit | 11 | 38.98 |
| 11 | Non discharge of tax liability by taxpayers who issued EWBs to inactive consignees | 1 | 2.22 [#] |

Source: compiled by AG (Audit II).

* Number after removing duplicates.

Includes penalty also.

¹² Substantive Audit are cases to be pursued in detail for cause analysis and ascertain current developments.

The audit findings pertain to a sample of 56 selected taxpayers. Had the entire population of taxpayers been considered, the deviation and consequent tax involved would be much higher.

The observations are discussed in detail in the following paragraphs.

2.2.1 Non/ Short discharge of tax liability by the taxpayers identified as non-filers

Section 37 of the SGST Act, 2017, read with Rule 59(1) of SGST Rules, 2017, envisages that the details of all outward supplies in form GSTR 1 shall be furnished. Rule 138E of SGST Rules, 2017, restricts the generation of EWB in respect of a registered person who has not filed relevant GST returns for prescribed consecutive period¹³. The auto-check functionality in this regard was enabled in EWB common portal with effect from December 2019.

Audit verified the records of nine taxpayers and noticed that they had generated 263 EWBs for outward supply for an assessable value of ₹44.99 crore during the period from 01 April 2018 to 31 March 2022. Scrutiny of the records revealed that they have neither filed GST return nor discharged the tax liability (**Appendix - II**) as detailed below:

- (i) In respect of four taxpayers who generated 130 EWBs, department did not initiate action to assess the tax liability as envisaged in the Act. The tax due and penalty leviable amounts to ₹0.45 crore in respect of 97 EWBs with assessable value of ₹1.36 crore. As the quantum of tax involved was not indicated in the remaining 33 EWBs with assessable value of ₹0.21 crore, the tax liability could not be computed in Audit.
- (ii) In respect of two taxpayers who generated 78 EWBs for an assessable value of ₹23.59 crore with a GST liability of ₹1.36 crore, though ASMT-10¹⁴ notice has been issued (between January and August 2021) seeking explanation from the taxpayer, department did not take further action to demand and collect the revenue. The tax due and penalty leviable amounts to ₹2.72 crore.
- (iii) In respect of three taxpayers who generated 55 EWBs for an assessable value of ₹19.83 crore with a GST liability of ₹1.98 crore, tax liability was created, but the amount was not recovered.

Further, in one case under TPSC, Thrippunithura, the taxpayer generated EWBs after the auto-check functionality was enabled in December 2019 despite not filing GST returns for the two consecutive tax period.

This indicates lack of validation control between EWB Common Portal and the GST Common Portal to block the EWB generation facilities for non-filers of

¹³ Form GSTR-4/ GST-CMP-08 (Return of taxpayer who opted for composition scheme; from 2019-20 onwards GST-CMP-08 was introduced instead of GSTR-4) for two consecutive quarters in respect of persons paying tax under Section 10 of the SGST Act, *ibid*, and GSTR-3B for normal taxpayers for two consecutive tax periods as applicable.

¹⁴ Scrutiny notice intimating discrepancies in GST return along with tax, interest and penalty.

GST returns, as envisaged in the statute which lead to short discharge of tax liability.

On this being pointed out (March 2024), Government stated (April 2024) that the issue of generation of E-Way bills by non-filers existed only upto 2021 and since then the GSTN system is automatically blocking the generation of EWBs by non-filers. Government further stated that the system deficiency issues would be brought to the notice of the NIC for requisite remedial action. Further, in one case under TPSC, Vypin, the assessment has been completed vide order dated 14 February 2024, in one case under TPSC, Chavakkad, show-cause notice has been issued under Section 73 of SGST Act, 2017, demanding IGST of ₹1.11 crore and in another case under TPSC, Ollur, proceedings under Section 62 of the SGST Act, 2017, has been initiated to assess the tax liability. Reply in the remaining cases have not been received (December 2024).

2.2.2 Non/ Short discharge of tax liability by the taxpayers who had generated EWBs after cancellation of registration

As per Section 63 of the SGST Act, 2017, where a taxable person whose registration has been cancelled; but who was liable to pay tax, the Proper Officer may proceed to assess the tax liability of such taxable person to the best of his judgement.

Audit verified the records of nine taxpayers whose registrations were cancelled¹⁵. It was noticed that these taxpayers generated EWBs after the effective date of cancellation, leading to the following observations.

- In seven cases, a total number of 164 EWBs for the outward supply of ₹2.07 crore were generated after the effective date of cancellation, but the tax liability was not assessed to tax. Tax and penalty payable in respect of 164 EWBs amounted to ₹0.73 crore (**Appendix - III**).
- Three taxpayers effected outward supplies for ₹1.98 crore and passed input tax credit (ITC) of ₹0.36 crore to the recipients by filing GSTR-1 failed to discharge the tax liability. However, department did not assess the tax liability in the case of two taxpayers involving ITC passed of ₹0.09 crore and in the remaining one case, liability was created but the tax was not recovered (**Appendix -IV**).
- Three taxpayers effected inward supply of ₹1.92 crore through 72 EWBs after the effective date of cancellation as given in **Appendix – V**. Department did not initiate action to assess the tax liability of ₹0.35 crore on inward supply effected after the date of cancellation.

The system permits generation of EWBs after the effective date of cancellation even in the case of cancellation based on the application by the taxpayer. This indicates inadequate validation controls between GSTN and the EWB Common Portal, leading to short or non-discharge of tax liabilities.

¹⁵ *Suo moto* cancellation: 6, own application by taxpayer: 3.

On this being pointed out (March 2024), Government stated (April 2024) that the system deficiency issues would be brought to the notice of the NIC for requisite remedial action. Reply in the short/ non-discharge of tax liability has not been received (December 2024).

2.2.3 Short discharge of tax liability by the taxpayers identified as having multiple EWBs using same/ similar invoices

As per Rule 46(b) of SGST Rules, 2017, a tax invoice shall be issued by the registered person containing consecutive serial number, not exceeding sixteen characters, unique for a financial year. As per Para 5.1 of the User Manual issued by the NIC, the taxpayer while generating the EWB is required to enter the Document Number relating to the consignment. The Document Number entered should be unique. Invoice Number is the Document Number in respect of consignments relating to supplies. Hence, only one EWB is required to be generated based on each invoice.

Audit noticed that 20 taxpayers falling under 12 Taxpayer Services Circles¹⁶ either used same invoice or similar invoices to generate multiple EWBs for movement of goods. The number of multiple EWBs ranged from two to three on a single invoice. Two taxpayers (one under TPSC, Panampilly Nagar and one under TPSC, Vyttila), instead of disclosing all consignments, either reported a single consignment in GSTR-1 or did not report any consignment therein. Thus, there was under reporting of turnover of ₹0.25 crore in the returns and consequential short discharge of tax liability of ₹0.02 crore¹⁷.

This indicates lack of validation controls in the EWB Common Portal to restrict generation of multiple EWBs using same/ similar invoices.

On this being pointed out (March 2024), Government stated (May 2024) that in two cases under TPSC, Changanassery, multiple E-Way bills have been generated due to some technical glitches at the initial implementation of E-Way bill. The reply confirms that systemic issues persist in the system. Reply in the remaining 18 cases has not been received (December 2024).

2.2.4 Non/ Short discharge of tax liability by Composition taxpayers

Section 10(1) of the SGST Act, 2017, provides that a registered person whose aggregate turnover in the preceding financial year did not exceed the threshold limit¹⁸ may opt to pay tax under composition scheme. Section 10(2)(c) of the Act, *ibid*, provides that a registered person shall not be eligible to opt for composition scheme, if he is engaged in making any inter-state outward supplies of goods. As per Rule 6 of the SGST Rules, 2017, the taxpayer is liable to pay

¹⁶ Thrippunithura, Changanassery, Ollur, Ernakulam North, Panampilly Nagar, Kowdiar, Kottayam Town, Fort, Vyttila, Thrissur City, Kakkanad, Kottayam East.

¹⁷ Taxpayer under TPSC Panampilly Nagar, 2018-19, one invoice, GST: ₹0.46 lakh. Taxpayer under TPSC, Vyttila, 2018-19, 19 invoices, GST: ₹1.76 lakh.

¹⁸ Threshold limit per year for becoming eligible for composition scheme was ₹75 lakh and enhanced to Rupee One crore with effect from 13 October 2017 and ₹1.5 crore from 1 April 2019.

tax under Section 9(1) of Act, *ibid*, from the day he ceases to satisfy any of the conditions mentioned in Section 10.

Audit verified the records of two composition taxpayers falling under two Taxpayer Services Circle¹⁹ and noticed that EWBs²⁰ were generated for inter-state outward supply. Thus, the system failed to prevent generation of EWBs for inter-state outward supply by composition taxpayers.

One taxpayer under TPSC, Ottappalam, generated EWBs for inter-state outward supply during the period 2018-19 to 2019-20. The EWB for inter-state outward supply of goods was generated first time on 25 July 2018 and hence liable to pay tax as normal taxpayer from 25 July 2018. However, department failed to assess the tax liability as a normal taxpayer, which worked out to ₹0.36 crore²¹.

On this being pointed out (March 2024), Government stated (November 2024) that in one case DRC-07 demanding ₹0.46 crore has been issued for the year 2018-19 and ASMT-10 has been issued for the year 2019-20. Reply to the remaining case has not been received (December 2024).

2.2.5 Non/ Short discharge of tax liability by the taxpayers identified as Nil filers

As per Section 37 of the SGST Act, 2017, read with Rule 59(1) of SGST Rules, 2017, regular taxpayers shall furnish the details of outward supplies in GSTR-1. Further, in accordance with Section 39 of the Act, *ibid*, they are required to furnish return in GSTR-3B declaring the details of inward and outward supplies of goods or services or both, input tax credit availed, tax payable, tax paid. Section 61 read with Section 63 of Act, *ibid*, mandates the Proper Officer for the scrutiny of returns and assess the tax liability.

Audit noticed that 12 taxpayers falling under nine Taxpayer Services Circles generated 96 EWBs for outward supply of ₹13.18 crore but filed NIL returns. However, department did not initiate action to assess the tax liability as specified under provisions of the SGST Act. The tax due and penalty leviable amounts to ₹2.22 crore in respect of 92 EWBs with assessable value of ₹12.89 crore. As the quantum of tax involved was not indicated in the remaining four EWBs with assessable value of ₹0.29 crore, the tax liability could not be computed in Audit (**Appendix - VI**).

Further, in four cases, the taxpayers conceded outward supplies of ₹15.05 crore as per return in GSTR-1 and passed on ITC of ₹1.70 crore, to their recipients. However, they did not discharge their tax liability in GSTR-3B (**Appendix VII**).

¹⁹ Ottapalam and Kottayam Town.

²⁰ EWB Nos. 531044130089, 581044310855, 511064347931 issued to Tamil Nadu and 591146156684 issued to Haryana.

²¹ Total EWB value from 25.07.2018 to 31.03.2020: ₹197.56 lakh. Commodity dealt with was 9403 – Other Furniture which attracts GST @ 18 *per cent*.

Non-reporting of EWB transactions indicates that though the EWB portal has been integrated with GSTN portal with effect from December 2019, EWB transactions are not linked with the returns filed by the taxpayers.

On this being pointed out (March 2024), Government stated (April 2024) that not all EWBs were related to supply, in some cases EWBs were generated for warehouse-to-warehouse transport of goods. The reply is not acceptable since Part A of E-Way bill clearly indicates whether the E-Way bill generated is against delivery challan or invoice and the cases pointed out were E-Way bills generated against invoices. Government further stated that the system deficiency issues would be brought to the notice of the NIC for requisite remedial action. In respect of short/ non discharge of tax liability, Government stated (November 2024) that in two cases (one under TPSC, Ollur and another under TPSC, Chavakkad) show cause notice in GST DRC-01 has been issued to the taxpayers. Reply to the remaining two cases has not been received (December 2024).

2.2.6 Generation of single EWB by clubbing multiple invoices

As per Para 5.1 of the User Manual issued by the NIC, only one EWB is required to be generated based on each invoice. This was clarified by the Kerala SGST department²² and CBIC²³.

Audit noticed that three taxpayers, in three Taxpayer Services Circles, clubbed multiple invoices to generate a single EWB. During the period 2018-19 to 2020-21, 482 EWBs were generated by clubbing multiple invoices and the number of invoices ranged from two to three against a single EWB as given in **Appendix-VIII**. This indicates a lack of validation controls in the EWB Common Portal to restrict generation of EWB by clubbing multiple invoices.

On this being pointed out (March 2024), Government stated (May 2024) that in one case under TPSC, Kannur North, though the generation of single EWB for multiple invoices by the taxpayer is inconsistent with the clarification issued by department, all the invoices mentioned in the EWBs are included in GSTR-1 and tax paid by filing GSTR-3B. It was added that there was no intention to suppress any supply but only a bonafide error due to lack of proper understanding of the legal provisions in generating EWBs. The fact remains that it goes against the clarification issued. Reply in the remaining two cases has not been received (December 2024).

²² Important Points uploaded on the website in April 2018.

²³ FAQs issued by the CBIC in June 2019.

Recommendation 1:

Government may address the NIC to correct the system deficiencies to prevent generation of EWBs by non-filers and Nil filers of returns, taxpayers with cancelled registration, multiple EWBs with same/ similar invoice, single EWB by clubbing multiple invoices, inter-state outward supply of composition taxpayers and introduce a robust system to analyse the E-Way bill data to identify and red flag high risk transactions/ taxpayers and issue guidelines to prioritise the scrutiny of returns of such high risk taxpayers.

2.2.7 Non-reporting of invoices and non-generation of E-Way bills for invoices by regular taxpayers

Section 37 of the SGST Act, 2017, read with Rule 59(1) of SGST Rules, 2017, specifies that all outward supplies shall be reported in form GSTR-1. As per Rule 138 of SGST Rules, 2017, EWB is required for movement of goods with value exceeding ₹50,000.

(a) Invoices in EWBs not reported in returns

Audit noticed that nine taxpayers²⁴ in seven Taxpayer Services Circles generated 16,799 EWBs but did not report the invoices in their GSTR-1. Total invoice value of these supplies amounted to ₹132.77 crore, its non-reporting resulted to tax evasion of ₹26.43 crore as detailed in **Appendix – IX**.

On this being pointed out (March 2024), Government stated (May 2024) that in one case under TPSC, Kannur South, adjudication process has been initiated and detailed reply would be furnished at the earliest. Reply in the remaining eight cases has not been received (December 2024).

(b) E-Way bills not generated for invoices as included in GSTR-1

Cross verification of E-Way bills generated by 12 taxpayers in 10 Taxpayer Services Circles with the return in GSTR-1 revealed that EWBs were not generated for 3,352 invoices²⁵ included in GSTR-1 as per **Appendix - X**. As Audit could not ascertain from the returns whether the invoices were related to supply of goods only and hence, department may verify and future course of action may be taken. Transportation of goods with value more than ₹50,000 without generating EWB is against the provisions of the Act which attracts penalty under section 122(xiv) of SGST Act, 2017, at the rate specified therein.

²⁴ Taxpayers who filed returns and paid tax.

²⁵ Business to Business invoices.

(c) Inward supply not supported by E-Way Bill

Audit noticed that during 2018-19 to 2021-22, four taxpayers had accounted 33 invoices with value exceeding ₹50,000 relating to inward supply of ₹0.68 crore as detailed in **Appendix - XI**. However, EWBs were not generated against these invoices.

On this being pointed out (March 2024), Government stated (November 2024) that in one case under TPSC, Ollur, proceedings under Section 62 of the SGST Act, 2017, has been initiated and the final report would be provided. Reply in the remaining three cases has not been received (December 2024).

Recommendation 2:

Government may consider devising a suitable mechanism to identify taxpayers generating EWBs but not discharging tax liability and issue guidelines to prioritise the scrutiny of returns of such taxpayers.

2.2.8 Mismatch in availing of input tax credit

As per Section 16 of the SGST Act, 2017, every registered person shall be entitled to take credit of ITC charged on any supply of goods or services or both to him which are used or intended to be used in the course or furtherance of his business and the said amount shall be credited to the electronic credit ledger of such person.

During the audit of taxpayers selected for examination of EWB system, correctness of availing of ITC in respect of selected taxpayers was also verified. The claim of ITC as per GSTR-3B was correlated with ITC available under GSTR-2A returns.

Audit observed that 11 taxpayers in 11 Taxpayer Services Circles had availed ITC of ₹774.39 crore even though ITC available as per GSTR-2A was only ₹735.41 crore. Thus, there was mismatch between ITC as per GSTR-3B and GSTR-2A amounting to ₹38.98 crore (**Appendix - XII**).

Further, Audit noticed that ITC of ₹19.19 crore out of ₹38.98 crore was utilised by seven taxpayers falling under seven Taxpayer Services Circles (**Appendix - XIII**) and the same is recoverable along with interest.

On this being pointed out (March 2024), Government stated (May 2024) that in one case under TPSC, Kannur South, adjudication process has been initiated and detailed reply would be furnished at the earliest. Reply in the remaining 10 cases has not been received (December 2024).

2.2.9 Non-discharge of tax liability by taxpayers who issued EWBs to inactive consignees

Audit verified the registration status of the consignee in the EWBs generated by 30 taxpayers and found that the registration of four consignee taxpayers were inactive. In one case, deficiency in tax compliance was noticed as discussed below:

A Taxpayer registered under TPSC, Chavakkad, had transacted business between 14 December 2019 to 5 January 2020. During this period, the taxpayer generated 51 EWBs for outward supply of ₹22.20 crore with a GST liability of ₹1.11 crore in favour of two other taxpayers under the jurisdiction of Delhi and Maharashtra whose registration were cancelled with effect from 3 September 2019 and 27 January 2021 respectively. Scrutiny of the records revealed non-discharge of tax liability as detailed below.

- (a) Despite generating EWBs for outward supply, the taxpayer under TPSC, Chavakkad, did not file GST returns. Due to non-filing of return, the registration was cancelled *suo-moto* (30 April 2020) and the Proper Officer issued an assessment notice²⁶ (7 January 2021). Audit observed that department took 251 days after the date of cancellation of registration to issue an assessment notice and the assessment was not completed (May 2024). Tax and penalty involved was ₹2.22 crore²⁷.
- (b) Audit verification of GSTR-2A of both the consignees showed that the entire supply to them was made by another taxpayer, under the same TPSC, instead of the taxpayer who generated the EWBs.

Scrutiny of records of this taxpayer revealed that the taxpayer transacted business between 27 December 2019 and 8 January 2020 and generated 55 EWBs for outward supply of ₹22.17 crore with a tax liability of ₹1.11 crore. Out of this, the taxpayer reported outward supply of ₹9.87 crore in GSTR-1 for December 2019. However, the corresponding tax liability was not discharged by filing GSTR-3B. The taxpayer did not file GSTR-1 or GSTR-3B for the remaining outward supply. This resulted in non-levy of tax and penalty of ₹2.22 crore²⁸.

This was brought to the notice of department in September 2023 and to Government in March 2024. Reply has not been received (December 2024).

Recommendation 3:

Government may consider issuing instructions to the Proper Officers to prioritise the scrutiny of returns of taxpayers whose returns showed mismatch of ITC and issued EWB to consignees whose registration was cancelled.

2.2.10 Analysis of multiple registration with same Permanent Account Number

As per Section 22 read with Section 24 and Section 25(6) of the SGST Act, 2017, a person liable for GST registration in multiple states can obtain multiple GST registrations with the same Permanent Account Number (PAN) in a state or union territory. As per Schedule I(2) of SGST Act, 2017, and Section 25 of the Act, *ibid*, any supply between different GST registrations having the same

²⁶ ASMT-10 Notice under SGST Act, 2017.

²⁷ GST ₹1.11 crore, Penalty ₹1.11 crore.

²⁸ GST ₹1.11 crore, Penalty ₹1.11 crore.

PAN should be treated as supply even when made without consideration.

Audit verified the records of seven taxpayers having multiple registration with same PAN pertaining to five²⁹ Taxpayer Services Circles and noticed deficiencies in compliance as given in **Table 2.3** below:

Table 2.3

Deficiencies noticed on taxpayers with multiple registration with same Permanent Account Number

| Sl. No. | Nature of Observation | No. of EWBs/ Invoices/ ITC | Assessable value/ ITC (₹ in crore) | Tax involved/ ITC (₹ in crore) |
|---------|---|----------------------------|------------------------------------|--------------------------------|
| 1 | Invoices in EWBs not reported in returns | 799 E-Way bills | 45.10 | 2.39 |
| 2 | E-Way bills not generated for invoices as included in GSTR-1 return | 1,912 invoices | -- | -- |
| 3 | Generation of multiple EWBs using same/ similar invoices | 382 E-Way bills | -- | -- |
| 4 | Mismatch in availing of input tax credit | ITC Availed ₹36.35 crore | ITC available ₹34.77 crore | 1.58 |

Source: Compiled by AG Audit II.

These were brought to the notice of department in September 2023 and to Government in March 2024. Reply has not been received (December 2024).

Recommendation 4:

Government may prescribe guidelines for verification of EWBs and scrutiny of returns of taxpayers having multiple registrations with same PAN.

2.3 Discrepancies identified through analysis of data of E-Way Bills

Audit analysed data on EWBs generated during the period April 2018 to March 2022 based on KPAs and observed that discrepancies in tax compliance by the taxpayers could be ascertained directly from certain KPAs. In addition to the issues discussed under Para 2.2 the data extracted under these KPAs were forwarded to department as totality observations for considering further course of remedial action and summary report on action taken was called for. The details of totality observations shared with department are as given in the **Table – 2.4**.

²⁹ Pattambi, Kakkanad, Wadakkancherry, Kadavanthra and Cherthala.

Table – 2.4
Details of totality observations

| Sl. No. | Nature of Totality Observation | No. of taxpayers | Assessable value involved (₹ in crore) |
|---------|---|------------------|--|
| 1 | Generation of EWBs by Non-filers of GST Returns | 566 | 373.31 |
| 2 | Generation of EWBs by Cancelled taxpayers | 183 | 92.37 |
| 3 | Generation of duplicate EWBs using same invoice | 3,785 | 332.82 |
| 4 | Generation of inter-state EWBs by Composition taxpayers | 82 | 1.42 |

Source: Compiled by AG Audit II.

On these being pointed out (March 2024), Government stated (May 2024) that in respect of generation of duplicate EWBs, department verified 71 out of 3,785 cases pointed out, and stated that in 32 cases, the generation of duplicate EWBs was due to technical error, in 28 cases due to clerical mistakes and in 11 cases, there is no deficiency found due to generation of duplicate EWBs. The reply confirms that the system permits the generation of duplicate EWBs, which is against the provisions of the statute.

Recommendation 5:

Government may ensure that Analytical Reports covering all Key Problem Areas are generated periodically and shared with the jurisdictional authorities concerned for initiating further necessary action.