

## **Chapter IV**

### **Conclusion and Recommendations**



## CHAPTER-IV

### CONCLUSION AND RECOMMENDATIONS

#### 4.1 Conclusion

The system allowed generation of E-Way bills by non-filers of returns and taxpayers whose registrations were cancelled which resulted in leakage of revenue.

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.

The system could not distinguish between inter-state and intra-state movements of goods by composition taxpayers and permitted generation of E-Way bills in both cases.

The taxpayers were able to generate EWBs for outward supply even after filing Nil return resulting in leakage of revenue.

The taxpayers, identified based on the EWB transactions, did not report invoices in GSTR-1 return and vice versa, raising concerns about accurate tax reporting. Furthermore, a notable number of inward supplies exceeding ₹50,000 lacked E-Way Bills.

The taxpayers, identified based on the EWB transactions, showed mismatch of Input Tax Credit between GSTR-3B and GSTR-2A, with a substantial number utilizing the excess credit to offset their tax liabilities. Additionally, inactive consignee taxpayers, as included in the E-Way Bills, were identified as evading tax payments.

Compliance deficiencies were noticed in respect of the taxpayers who have multiple registration with same PAN.

The Analytical Reports generated by NIC were not used by departmental officers to identify potential tax evasion cases.

The absence of online recording for both the summary and final inspection reports indicates 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 E-Way Bill verification and monitoring activities.

Department did not follow the guidelines for interception of goods in transit. The information on cases booked on interception of vehicles were not passed on to the State/ Central jurisdictional authorities for further action.


## **4.2 Recommendations**

Government may -

- address the NIC to correct the system deficiencies to prevent generation of EWBs by non-filers and Nil filers of returns, cancelled taxpayers, 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;
- 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;
- consider to issue 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;
- prescribe guidelines for verification of EWBs and scrutiny of returns of taxpayers having multiple registrations with same PAN;
- ensure that Analytical Reports covering all Key Problem Areas are generated periodically and shared with the jurisdictional authorities concerned for initiating further necessary action;
- utilise the Analytics Reports generated by NIC to find the high-risk taxpayers and for scrutiny of returns or for investigation which would improve the efficiency of preventive functions;
- issue instructions to the Enforcement Officers to record the reports online so that the higher authorities may monitor the activities of the Enforcement Squad;

- issue instruction to the Proper Officers to create timely demand of tax and penalty in the electronic liability ledger;
- devise a mechanism to detect taxpayers who transported goods without generating EWBs;
- devise a system for using the input received from the cases booked for further investigation and passing on information to the jurisdictional authorities.

**Thiruvananthapuram,  
The 3 April 2025**

  
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**Countersigned**

**New Delhi,  
The 15 April 2025**

  
**(K. SANJAY MURTHY)  
Comptroller and Auditor General of India**

