Chapter 1
Excise and Taxation Department
SSCA on E-Way Bills System under Goods and Services Tax

CHAPTER 1

Subject Specific Compliance Audit

1. E-Way Bills System under Goods and Services Tax

1.1 Introduction

Goods and Services Tax (GST) was introduced with effect from 1 July 2017, subsuming a wide range of indirect taxes based on the paradigm of 'One Nation One Tax'. One of the intended objectives of GST regime was to improve efficiency in movement of goods and services by reducing process-related time delays.

To safeguard revenue which is the key objective of the Government, the E-Way Bills (EWB) was introduced w.e.f. 1 April 2018 for all inter-State movement of goods having value exceeding ₹ 50,000. For the intra-State movements, EWB was made mandatory with the threshold limit of ₹ 50,000 for Haryana State. EWB is a document required for movement of goods and was designed to capture details of goods before being moved. EWB was also designed to reduce the non-trade barriers, so that transit time would be reduced, and supply chain efficiency would also be improved.

Rule 138 of Haryana Goods and Services Tax Rules (HGST Rules), 2017 (amended from time to time) provides for the EWB mechanism. The information on the consignment was to be furnished prior to the movement of goods and generation of EWB. Every registered person who causes movement of goods of consignment exceeding fifty thousand rupees whether in relation to supply or for reasons other than supply or due to inward supply from an unregistered person shall before commencement of such movement, furnish information relating to the said goods as per specified form electronically on the common portal with such other information as may be required on the common portal and a unique number will be generated on the portal.

1.2 System set up

The information systems and the process systems used for EWBs are explained briefly as under:

(i) Information systems used for EWBs

The EWB Common portal is managed by National Informatics Centre (NIC) based in Karnataka. In February 2020, EWB portal has been integrated with the VAHAN system of the Ministry of Road Transport & Highways, so that vehicle registration number could be validated at the time of generating EWB. FASTag system has been integrated with the EWB system w.e.f. 1 January 2021. On the

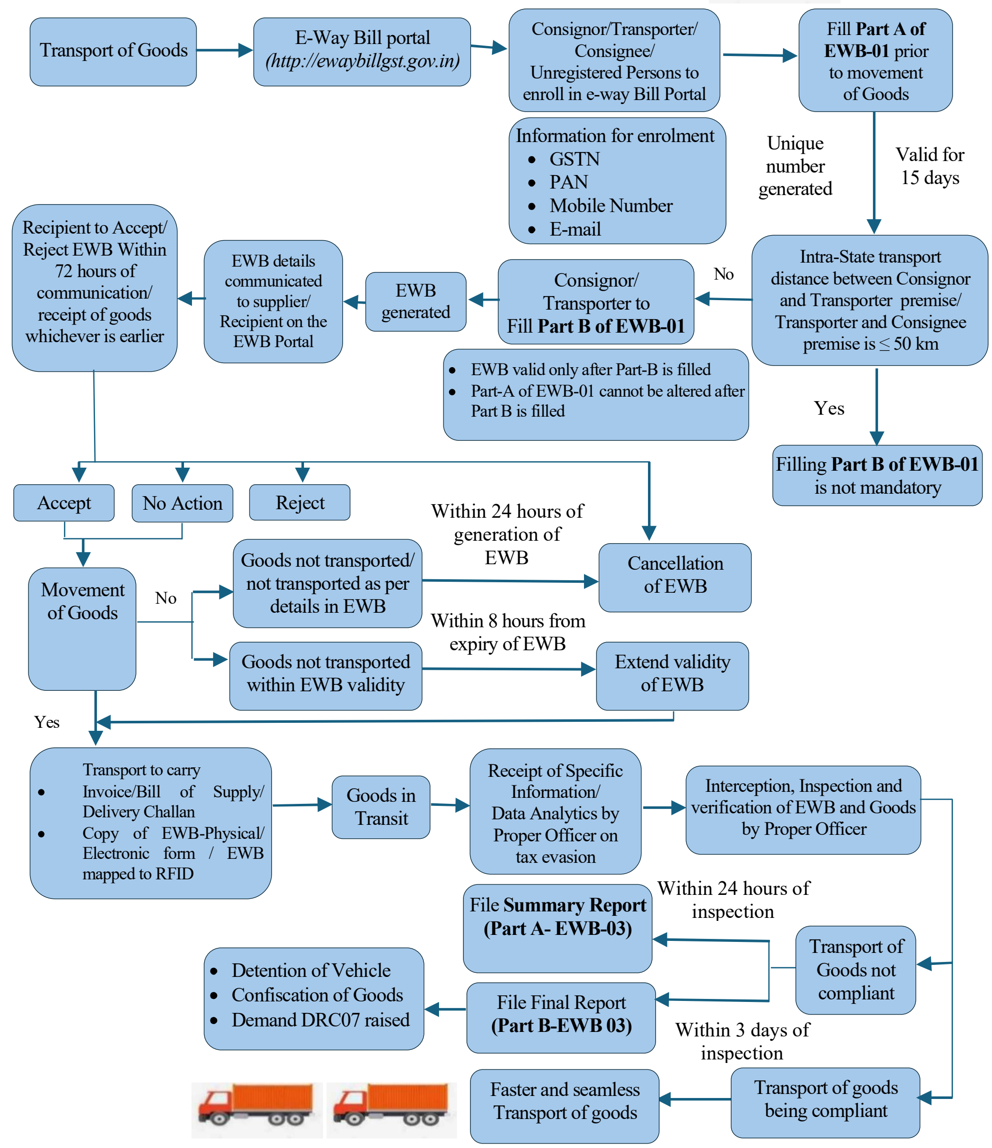
EWB Common Portal, one-time registration of the taxpayers was required for the purpose of generation, extension, cancellation and rejection of EWBs.

The Proper Officers (both Centre and State) could access the EWB Portal through two means: - (i) Logging into EWB Common Portal through a web browser using the login credentials provided or (ii) Logging into the GST EWB System through Mobile App. The functions performed by the proper officer were verification of EWBs, unblocking of EWBs, viewing and accessing Management Information System reports (MIS reports) etc.

(ii) Process involved in the EWB System

The EWB system includes various processes such as the enrolment of the required persons in the portal, generation of EWB, extension, cancellation and rejection of the EWBs generated etc. The entire process flow of EWB system under GST is depicted below.

Figure 1: E-Waybill Mechanism – Process Flow



1.3 Organisational set up

The State Tax Department is headed by Excise and Taxation Commissioner (ETC), who is assisted by four Additional Excise and Taxation Commissioners (AETC) including one AETC (Enforcement) at headquarters. At district level Assistant Excise and Taxation Officers (AETO) lead the enforcement units and Excise and Taxation Officers (ETO) are in charge of the wards under the supervision of Deputy Excise and Taxation Commissioner (DETC).

EWBs (effected for supplies) were typically accounted under the Return GSTR-1 and GSTR-4/GST-CMP-08 by the normal and composition taxpayers respectively and were required to be verified by the proper officers at district level at the time of scrutiny of returns. Within each district, there are dedicated enforcement formations i.e. enforcement formations which perform wider anti-evasion duties, including verification of EWBs.

1.4 Audit Objectives

The SSCA was conducted to assess whether:

1. EWB mechanism was effective in protecting revenue interest of the Government; and

2. The enforcement activities of the Department in enforcing EWB provisions were efficient and effective.

1.5 Scope and Methodology of audit

A problem-centric approach has been attempted for this SSCA as EWB generation under GST is a necessary condition to precede any movement of goods subject to the threshold limit. Samples for Audit Objective-1 evolved based on the key problem areas (KPAs)/ risk dimensions identified. The KPAs that may constrain revenue realisation for the Government were provided in ***Appendix-1.1***.

Audit Objective-2 evaluated the problems associated with enforcement activities viz. operational preparedness, effectiveness of anti-evasion measures and intra/inter Department coordination.

Sampling for Audit Objective-1: A sample of 80 EWBs ***(Appendix-1.2)*** for audit objective-1 were selected according to the risk model involving allocation of weightage for various KPAs.

Sampling for Audit Objective-2: Out of 27 Enforcement Units viz. one in each Revenue district, 14 (*50 per cent* of the 27 Enforcement Units) Enforcement Units were selected through stratified sampling covering the period from 2018-19 to 2021-22. In each selected enforcement unit, 10 cases per enforcement unit were selected for test check where GST-EWB-03[1] (part B) had been issued and in case of National Capital Region (NCR), it was doubled to 20 cases per enforcement unit and accordingly 176 cases were selected from 14 enforcement units[2]. It was observed that even though enforcement activities were undertaken by Mewat Enforcement Unit, the documents and details pertaining to such enforcement were not uploaded on the portal.

The SSCA was conducted between April and November 2023, covering the activities like examination of the overall performance of EWB system in the GST regime, analysis of EWB data extracted from GSTN, movement of conveyances by roadways alone have been considered. Railway/airway/seaway EWBs have been excluded from the scope of this Audit. The scope of audit also involved evaluation of the enforcement functions of the Department with reference to EWBs, viz., interception of vehicles, verification of documents, inspection of goods and action taken thereof.

An entry conference was held on 24 April 2023 with the Excise and Taxation Department, Government of Haryana in which the audit objectives, audit criteria and scope of methodology of audit were discussed. An exit conference was held on 20 November 2024 with Principal Secretary, Excise and Taxation Department, Government of Haryana. The replies were submitted by the Department on 20 November 2024 and on 17 January 2025 to the draft report. The replies have been suitably incorporated in the relevant paragraphs.

1.6 Audit criteria

The audit criteria were drawn from the following sources:

- Sections 10, 17, 25, 29, 37, 39, 44, 68, 73, 74, 129, 130, etc. of HGST Act;
- Rules 59, 60, 61, 62, 80, 138, etc. of HGST Rules;
- Advisories/Standard Operating Procedures issued by NIC, STD; and
- Notifications/Circulars /Instructions authorised by the GST Council and issued by the State Tax Department (STD) from time to time.

1.7 Trends and Insights of EWB data

The trend on numbers of EWBs generated during the audit period in the State is depicted in ***Table 1.1*** and the number of EWBs extended, cancelled and rejected is depicted in ***Table 1.2*** as given in the succeeding paragraphs:

[1] Verification Report.

[2] Ambala: 10; Faridabad (North): 20; Faridabad (South):20; Faridabad (East): 18; Faridabad (West): 20; Fatehabad: 9; Gurgaon (West): 20; Hisar: 10; Jagadhri: 10; Jhajjar: 10; Palwal: 9; Panipat: 10; Panchkula: 10 and Mewat: zero.

1.7.1 Trend of generated EWBs

The data on generated EWBs during the years 2018-19 to 2021-22 is as below:

Table 1.1: Details of EWBs generated for outward and inward supplies

Year	Outward Supplies		Inward Supplies	
	No. of Unique GSTINs	No. of EWBs	No. of Unique GSTINs	No. of EWBs
2018-19	1,15,224	2,72,51,697	21,415	5,47,054
2019-20	1,19,244	3,13,57,397	18,544	4,63,774
2020-21	1,14,221	3,24,68,265	16,351	2,86,037
2021-22	1,14,302	3,85,96,097	16,441	2,34,257

Source: GSTN data

There is an overall increasing trend in the total number of EWBs generated over the years and the increase was 42 *per cent* from 2018-19 to 2021-22. Total number of EWBs generated for inward supplies, however, showed a decrease of 57 *per cent* over the year from 2018-19 to 2021-22.

1.7.2 Trend of extended, cancelled and rejected EWBs

The data on extended EWBs (where the validity of EWBs was extended); cancelled EWBs (where EWBs were cancelled after generation); and rejected EWBs (where EWBs were rejected by the recipients) is as below:

Table 1.2: Details of extended, cancelled and rejected EWBs

Year	Extended EWBs		Cancelled EWBs		Rejected EWBs	
	No. of Unique GSTINs	No. of EWBs	No. of Unique GSTINs	No. of EWBs	No. of Unique GSTINs	No. of EWBs
2018-19	8,782	1,63,330	46,624	5,08,270	3,309	6,952
2019-20	14,701	3,30,879	47,687	4,82,802	2,638	4,446
2020-21	20,641	3,33,823	45,403	4,32,286	1,859	2,903
2021-22	28,199	4,72,204	46,998	4,29,814	1,323	2,112

Source: GSTN data

As seen from the above table, the number of EWBs being extended has constantly been increasing over the years from 2018-19 to 2021-22. The trend of cancellation of EWBs was on decreasing side and have decreased by 15 *per cent* over 2018-19 to 2021-22. The rejection of EWBs has also shown a decreasing trend with numbers ranging between 6,952 and 2,112 showing a declining percentage of 70 *per cent*.

Audit findings

1.8 Scope limitation due to documents not produced

Section 16 of the CAG's DPC Act 1971 lays down the mandate of the CAG regarding Audit of Receipts. Further, Section 18 (2) of the CAG's DPC Act 1971 imposes a statutory duty on offices/ Department to comply with the requests for information in as complete as far as possible and with all reasonable expedition.

During audit, the information and records related to EWBs and GST returns for the period 2018-19 to 2021-22 were sought from the Department. Further, additional records of sampled taxpayers like detail of outwards supplies, month-wise inward, outward EWBs, books of accounts, details of refunds, truck receipts/lorry receipts etc. to check various aspects were also sought. Audit had requested the Department to issue user id to access EWB portal but the Department rejected the request (November 2023) stating that there is no provision in the HGST Act to provide access to the EWB portal to the officers other than the proper officers of Excise & Taxation Department. Hence, the user id and password were not provided to the Audit.

The taxpayer-wise listing of non-production of specific records is given in ***Appendix-1.3***. The jurisdiction-wise details of non-production of records were summarised in the following ***Table 1.3***.

Table 1.3: Non-production of specific records

Sr. No.	Jurisdictional Zone	Sample (Number of taxpayers)	Non-production of specific records (Number of taxpayers)
1	Faridabad (West)	5	5
2	Gurugram (North)	3	3
3	Gurugram (South)	5	5
4	Panipat	6	4
5	Sonipat	13	11
Total		**32**	**28**

During exit conference held in November 2024, the Department confirmed the facts and replied in January 2025 that documents were available on BOWeb portal in respect of 11 taxpayers and would be shown when required by Audit. The Department further stated that they had issued show cause notices/ DRC 01/07 in respect of 13 taxpayers and in respect of four taxpayers it was stated that the documents could not be retrieved due to technical glitch.

1.9 Effectiveness of EWB mechanism in protecting revenue interest of the Government

The results of substantive audit are given in the following Paragraphs 1.9.1 to 1.9.10.

1.9.1 Ineligible taxpayers continuing under Composition Scheme

Under Section 10 (1) of the HGST Act, a registered person whose aggregate turnover in the preceding financial year did not exceed the threshold limit[3] may opt to pay tax under composition levy scheme. Under section 10 (3) of the HGST Act, the option availed by a registered person for composition levy scheme shall lapse with effect from the day on which his aggregate turnover during a financial year exceeds the specified limit.

[3] ₹ One crore for the period between Apri1 2018 to January 2019 and ₹ 1.5 crore thereafter.

Further, Section 10 (2) (c) of the HGST Act provides that the person would not be eligible to opt for composition levy scheme if it was engaged in making any inter-State outward supplies of goods.

During the course of audit, it was observed that two[4] taxpayers were continuing under Composition levy Scheme despite having undertaken inter-state outward supply of goods. These taxpayers were required to be brought out of the Scheme as they were liable to pay tax at normal rate with effect from the date of effecting inter-state supply at first instance.

On this being pointed out (July 2023), the ETO (Panipat) confirmed the facts and stated (December 2024) that show cause notice is being issued to the taxpayer; and reply for the remaining case pertaining to Sonipat DETC was awaited.

1.9.2 Generation of EWBs by the taxpayers who had filed Nil Returns

Under Section 61 of the HGST Act, various returns filed by the taxpayers have to be scrutinised by the proper officer (ETO) to verify the correctness of the returns, and suitable action has to be taken on any discrepancies or inconsistencies reflected in the returns.

During test check of 80 EWBs pertaining to 32 taxpayers, falling under five[5] DETCs, it was observed that 10 taxpayers had effected outward supplies of ₹1.99 crore through 16 EWBs ***(Appendix-1.4)***. Out of these 10 taxpayers, eight taxpayers had not shown any transaction in GSTR-1 but had generated 13 EWBs. The remaining two taxpayers who had generated three EWBs, passed on ITC through GSTR-1 but did not file GSTR-3B.

On this being pointed out (November 2023), the Department stated (December 2024) that the para pertains to system improvement and that a letter was sent to GST policy wing informing the issue. It was proposed to automatically cancel/suspend registration of such taxpayers to prevent loss to the Government exchequer. The Department also stated that the concerned DETCs have been directed to take appropriate action on such taxpayers.

1.9.3 Generation of EWBs by Non-Filers of GST Returns

Under Section 29 of the HGST Act, the proper officer may cancel the registration of the taxpayer when a composition taxpayer has not furnished returns for three consecutive tax periods; or any other registered person has not furnished returns for a continuous period of six months.

Under Section 62 of the Act ibid, where a registered person fails to furnish the returns even after the service of a notice, the proper officer may proceed to assess the tax liability of the said person to the best of his judgement taking

[4] Panipat & Sonipat DETC.

[5] Panipat, Sonipat, Faridabad (West), Gurugram (North) and Gurugram (South).

into account all the relevant material which is available or which the person has gathered and issue an assessment order.

Further, Section 63 of the HGST Act, 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.

Under Section 30 (1) of the said Act, any registered person whose registration is cancelled, may apply for revocation of cancellation of the registration in the prescribed manner within thirty days from the date of service of the cancellation order.

Rule 138 E of HGST Rules imposes restriction on persons including consignors, consignees, transporter or an E-Commerce operator or a courier agency to generate EWBs in respect of a registered person who has not filed relevant GST Returns for prescribed consecutive periods[6]. The blocking functionality has been enabled on the EWB Common Portal with effect from December 2019.

(i) During audit it was observed that five normal taxpayers ***(Appendix 1.5)*** registered with four[7] DETCs had not filed returns for consecutive two tax periods but effected outward supplies by generating 36 EWBs.

This indicated that the coordination between two agencies viz EWB Common Portal and the GST Common Portal was not sufficient for effective validation controls in EWB Common Portal to block the EWB generation facilities for these taxpayers.

(ii) Further in respect of those five taxpayers it was noticed that though their registration were cancelled for failing to furnish the returns for the specified period, the Department did not initiate action to assess the tax liability as specified under section 63 of the HGST Act and thereby failed to protect the revenue interest of the Government.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated that there was no bar on EWB portal for generation of EWBs by taxpayers not filing returns. Department stated further that it had proposed to include suitable changes in the EWB portal so that such taxpayers who had not filed the returns would not be able to generate EWB. The details of such taxpayers who have not filed returns but were generating EWB have been shared with the concerned DETCs and have been directed to take appropriate action on such taxpayers

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6 Form GST-CMP-08 for two consecutive quarters in respect of persons paying tax under Section 10 of the HGST Act ibid and GSTR-3B for normal taxpayers for two consecutive tax periods as applicable.

7 Sonipat, Faridabad (West), Gurugram (North) and Gurugram (South).

and submit the Action Taken Report (ATR) in this regard. Further, the Department stated in December 2024 that show cause notice had been issued in one case of Gurugram (North).

1.9.4 Generation of EWBs by cancelled dealers

Under Section 63 of the HGST Act, 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. A cancelled taxpayer cannot generate EWBs, as he will be passing on ITC without filing of returns, resulting in non-payment of tax.

During the course of audit, 41 EWBs ***(Appendix-1.6)*** pertaining to eight taxpayers falling under five[8] DETCs were test-checked involving an assessable value of ₹ 13.49 crore and it was observed that these EWBs were generated after the effective date of cancellation of GST Registration. It was further noticed that 37 EWBs pertaining to seven taxpayers did not file any return and four EWBs pertaining to two taxpayers (including one who had not filed any return) who affected outward supplies for ₹ 35.96 lakh had not discharged their tax liability. Moreover, the Department had not assessed the tax liability under section 63 of the HGST Act and thereby failed to protect the revenue interest of the Government.

During exit conference held in November 2024, the Department confirmed the facts and stated in December 2024 that a cancelled taxpayer cannot generate EWB on the portal and summons had been issued to the three taxpayers of the Gurugram (South) and (North).

While Audit acknowledges that a cancelled taxpayer cannot generate EWBs and the cancellations have been affected retrospectively, the reply of the Department doesn’t address the fact that the proper officer should have assessed the taxpayer’s GST liability while cancelling the registration.

Recommendation 1: The Department may consider issuing suitable instructions to the proper officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax wherever applicable.

1.9.5 Generation of multiple EWBs on the strength of same/similar Invoices

Under Rule 46 (b) of HGST Rules, a tax invoice shall be issued by the registered person containing consecutive serial number, not exceeding sixteen characters, unique for a financial year.

[8] Panipat, Sonipat, Faridabad (West), Gurugram (North) and Gurugram (South).

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 in 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.

During test check of sampled cases, it was observed that four taxpayers ***(Appendix-1.7)*** had generated multiple EWBs with the support of single invoice. Audit had further scrutinised corresponding returns and observed that these taxpayers pertaining to Panipat and Sonipat DETCs either used same invoice or similar invoices (by suffixing special characters to the invoice numbers already used) to generate multiple EWBs for movement of goods.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated that it was a system deficiency and the Department had written a letter to the CEO, GSTN on August 2024 to address the issue.

Recommendation 2: The Department may consider taking up the matter with NIC to strengthen system controls in the EWB portal to prevent generation of multiple EWBs on the same invoices.

1.9.6 Generation of EWBs for the transactions effected through risky vehicles

Under Rule 138 (2) of the HGST Rules, where the goods are transported by the registered person as a consignor, whether in his own conveyance or a hired one or a public conveyance, by road, the said person shall generate the EWB in FORM GST_EWB-01 electronically on the common portal after furnishing information in Part B of FORM GST EWB-01. Where the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter on the common portal and the EWB shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part A of FORM GST EWB-01. Vehicle number is required to be provided in Part-B of EWB-01.

During test check of sampled cases through data analysis process, it was observed that 12 EWB transactions pertaining to 11 taxpayers falling under five[9] DETCs involving an assessable value of ₹ 2.78 crore ***(Appendix-1.8)*** were affected using risky vehicles i.e. theft vehicles, scrapped, surrendered, cancelled and suspended vehicles, two wheelers etc. It was further observed that the corresponding outward supplies were not reported in GSTR-1 return.

[9] Panipat, Sonipat, Faridabad (West), Gurugram (North) and Gurugram (South).

The details are given in the following ***Table 1.4***.

Table 1.4

Sr. No	Nature of risky vehicles	No. of EWBs	No. of taxpayers
1	EWBs generated using two wheelers	2	2
2	Stolen vehicles mentioned in EWBs	2	1
3	Suspended vehicles mentioned in EWB	2	2
4	Scrapped vehicles mentioned in EWB	1	1
5	Surrendered vehicles mentioned in EWB	3	3
6	Vehicles whose registration has been cancelled mentioned in EWB	2	2
Total		**12**	**11**

During exit conference held in November 2024, the Department confirmed the facts and stated in January 2025 that show-cause notices/penal action had been initiated in respect of all 10 taxpayers.

Recommendation 3: The Department may consider for taking up the matter with NIC to incorporate suitable validation controls in the EWB system to prevent use of risky vehicles for generation of EWBs and transportation of goods.

1.9.7 Extension of EWBs beyond 8 hours from the expiry of validity period

The proviso under Rule 138 (10) of the HGST Rules, vide Notification dated 28 June 2019 provides that where, under circumstances of an exceptional nature, including trans-shipment, the goods cannot be transported within the validity period of the EWB, the transporter may extend the validity period after updating the details in Part B of FORM GST EWB-01, if required. The validity of the EWB may be extended within eight hours from the time of its expiry.

During test check of sampled cases, it was observed that two EWBs ***(Appendix-1.9)*** involving an assessable value of ₹ 3.91 lakh pertaining to two taxpayers falling under Sonipat and Gurugram (South) DETCs were extended after eight hours from the time of its expiry.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated in December 2024 that summons had been issued in respect of one taxpayer and information had been called from another taxpayer which is still awaited.

1.9.8 Cancellation of EWBs beyond twenty four hours of generation of EWB

As per proviso under Rule 138 (9) of the HGST Rules, where an EWB has been generated under this rule, but goods were either not transported or were not transported as per the details furnished in the EWB, the EWB may be cancelled electronically on the common portal within twenty-four hours of generation of the EWB.

During test check of sampled cases, it was observed that two EWBs ***(Appendix-1.10)*** involving an assessable value of ₹ 4.59 crore pertaining to a taxpayer falling under DETC Sonipat were cancelled beyond twenty-four hours from the time of generation of the EWB.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated that it was a system deficiency and the Department had written a letter to the CEO, GSTN in August 2024 to address the issue.

1.9.9 Rejection of EWBs beyond seventy-two hours of EWB details being communicated

As per proviso under Rule 138 (11 and 12) of the HGST Rules, the details of the EWB generated will be communicated electronically to the consignee on generation. The consignee is required to communicate his acceptance or rejection of the goods being transported. If the consignee does not communicate his acceptance or rejection within seventy-two hours of the details being communicated to him or the time of delivery of goods whichever is earlier, the EWB shall be deemed to have been accepted.

During test check of sampled cases, it was observed that two EWBs ***(Appendix-1.11)*** pertaining to two taxpayers falling under Panipat and Gurugram (North) DETCs involving an assessable value of ₹ 12.51 lakh were rejected beyond seventy-two hours from the time of generation.

In these cases, it was further observed that necessary validity controls were not available in NIC-EWB Portal to prevent extension/cancellation/rejection of EWBs beyond the prescribed time limit.

On this being pointed out (November 2023), during exit conference held on November 2024, the Department confirmed the facts and stated in January 2025 that action had been initiated against the taxpayers of Panipat and Gurugram (North).

Recommendation 4: The Department may consider to follow up the matter with NIC for strengthening system controls in the EWB portal to enforce adherence to timelines for EWB validity extensions, cancellations and rejections.

1.9.10 Generating EWBs

(i) Taxpayers having disproportionate inward-outward supply ratio

As per proviso under Rule 138, every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees; (i) in relation to a supply; or (ii) for reasons other than supply; or (iii) due to inward supply from an unregistered person, shall, before commencement of such movement, furnish information relating to the said goods in Part A of FORM GST EWB-01, electronically, on the common portal.

During data analysis, disproportionate inward-outward supply ratio was observed in case of four taxpayers falling under Sonipat, Panipat and Gurugram (South) DETCs ***(Appendix-1.12)***. Due to lack of further records and non-provision of access to EWB portal, Audit was unable to point out the tax impact.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated in December 2024 that in one case DRC-01 A had been issued by DETC Panipat.

(ii) Taxpayers with only outward supply EWBs

During data analysis, in case of 10 taxpayers ***(Appendix-1.13)*** it was observed that the taxpayers only had outward supply EWBs. Due to lack of further records and non-provision of access to EWB portal, Audit was unable to establish the tax impact.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated in December 2024 that after being pointed out by Audit, it was observed that one taxpayer during validity of its registration, i.e. from 6 January 2020 to 16 February 2020, had generated 123 EWBs for an assessable value of ₹ 33.43 crore without paying any tax and without filing any GST returns. The Department further stated that DETC Gurugram (North) had initiated (December 2024) proceedings against that taxpayer under Section 74 of the Act.

(iii) Generation of EWBs for risk prone activities

During test check of selected samples, it was observed that 50 EWBs (68 cases) involving an assessable value of ₹ 36.30 crore were generated by 12 taxpayers who fell in the following categories:

1. High value EWBs generated within six months of registration ***(Appendix-1.14 A)***.
2. EWBs with high distance from PIN to PIN ***(Appendix-1.14 B)***.
3. EWBs belonging to Ministry of Corporate Affairs (MCA) defaulters ***(Appendix-1.14 C)***.
4. EWBs of Directorate General of Foreign Trade (DGFT) blacklisted entities ***(Appendix-1.14 D)***.
5. Parties booked for offences by Directorate General of Analytics and Risk Management (DGARM) ***(Appendix-1.14 E)***.
6. EWBs using Invalid PIN-codes ***(Appendix-1.14 F)***.

However, the EWBs could not be further analysed due to limited access to the BOWeb portal and non-provision of the EWB portal. The desired information was then requisitioned from the Department which is still awaited.

On this being pointed out (November 2023), the DETC Gurugram (North) stated in December 2024 that proceedings against one taxpayer under section 74 of the Act has been initiated.

(iv) EWB generated by taxpayers whose registrations were subsequently cancelled

As per Section 63 of HGST Act 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. A cancelled taxpayer cannot generate EWBs, as he will be passing on ITC without filing of returns, resulting in non-payment of tax.

During test check of selected samples, it was observed that six EWBs ***(Appendix-1.15)*** involving an assessable value of ₹ 92.05 lakh pertaining to three taxpayers were generated and the registrations of those taxpayers were subsequently cancelled. It was further noticed that no show cause notice was issued nor any assessment of tax liability was made against the defaulters.

Audit could not verify the inclusion of EWBs invoices in GSTR-1, in any of the above cases, due to limited access to BOWeb and EWB portal. Total number of EWB generated with only outward supply for the whole year could not be assessed and the selected samples could not be further analysed.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated that the details of these taxpayer had been shared with the concerned DETCs and they had also been directed to take appropriate action on such taxpayers and submit the ATR in this regard.

1.10 Observations detected in analysis of data of EWBs (Totality Observations)

Risk based samples were selected from the database relating to EWBs and a total of 43,276 taxpayers (including 438 composition taxpayers) falling under the jurisdiction of Haryana were selected. Audit analysed data on EWBs generated during the period from April 2018 to March 2022 on the basis of KPAs and observed that discrepancies in tax compliance by the taxpayers could be ascertained directly from certain KPAs. The data extracted under these KPAs were forwarded to the 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 the Department are discussed in the following ***Table 1.5***.

Table 1.5: Totality Observations on EWBs generated in Haryana jurisdiction

Sr. No.	Nature of Totality Observation	No. of taxpayers	Assessable Value involved (₹ in crore)	Department Response
1	Generation of Inter-State EWBs by Composition taxpayers	89	2.17	**Response yet to be received**
2	Generation of EWBs by Composition taxpayers who had crossed prescribed threshold limit	04	6.50	
3	Generation of EWBs by Non-filers of GST Returns	2,289	1,180.17	
4	Generation of EWBs by Cancelled taxpayers	1,988	2,302.29	
5	Generation of duplicate EWBs using same Invoice	23,408	1,186.98	
6	Generation of EWBs by Nil filers of GST Returns	15,265	4,877.84	

The above details had been forwarded to the Department in July 2023 and to the Government in December 2024; replies are awaited (May 2025).

Due to non-receipt of replies, Audit is unable to derive assurance regarding the follow up by the Department on the instances observed by audit during data analysis and whether any corrective action is being taken to deter the taxpayers.

1.11 Cross PAN analysis

(a) Non/short discharge of tax liability by taxpayers

Under Section 37 of the HGST Act 2017, every registered person other than composition taxpayers shall furnish the details of outward supplies of goods or services or both effected during a tax period in GSTR-1 and to discharge tax liability thereon in GSTR-3B. Taxpayers who have opted for composition scheme shall pay tax in GSTR-4/GST-CMP-08. Section 31 provides that a registered person supplying taxable goods shall, issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed. Further, Rule 138 of the HGST Rules 2017 provides that for generating EWB, every registered person who causes movement of goods of consignment shall furnish information relating to the said goods, electronically, on the common portal.

During scrutiny of records, Audit identified 17 cases where taxpayers had generated EWBs to supply goods to taxpayers having the same PAN in different jurisdictions, 5 taxpayers (consignors) out of these had jurisdiction in Haryana and 12 pertained to jurisdictions outside Haryana ***(Appendix-1.16-A*** and ***Appendix-1.16-B)***. Value of these cross PAN transactions involved assessable value of ₹ 197.69 crore (₹ 175.97 crore + ₹ 21.72 crore).

As 12 consignors pertained to jurisdictions other than Haryana, Audit could not scrutinize their returns further. Out of the five cases from Haryana, in one case it was observed that the taxpayer had generated EWBs showing supply of ₹168.59 crore to a taxpayer registered in Punjab but having the same PAN. Due to unavailability of the consignor's GSTR-1, Audit is unable to derive assurance whether the taxpayer has shown the supply in his outward supplies. The taxpayer has, however, paid tax on ₹ 7.29 crore taxable value.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated that the details of these taxpayer had been shared with the concerned DETCs and they had also been directed to take appropriate action on such taxpayers and submit the Action Taken Report in this regard.

1.12 Action taken on unblocking EWB requests from taxpayers

Rule 138 E of HGST Rules requires that the Commissioner may on receipt of application from a registered person in Form GST-EWB-05, on sufficient cause being shown and reasons to be recorded in writing, by order, in GST-EWB-06, allow furnishing of the said information in Part A of GST-EWB-01.

Audit requisitioned (April 2023) details of taxpayers who had applied in GST-EWB-05 for unblocking of the generation of EWB facility and the details of orders issued by proper officers regarding acceptance/rejection of the requests in GST-EWB-06. The department did not provide information for the years 2018-19 and 2019-20 and stated that 84 and 17 taxpayers had applied for unblocking of EWBs in Form GST-EWB-05 in 2020-21 and 2021-22 respectively. It was observed that against these applications only in one case of 2020-21, the proper officer had issued orders under GST-EWB-06.

During exit conference held in November 2024, the Department confirmed the facts and stated (December 2024) that EWB blocking was related to the ward officer i.e. proper officer of the ward after analysis of taxpayer and does not relate to Enforcement work.

The reply does not address the fact that out of 101 requests for unblocking of EWBs, the officer has unblocked the EWB facility for only one taxpayer. All other applications are still pending.

1.13 Enforcement function of the Department

1.13.1 Whether the enforcement activities of the Department in enforcing E-Waybill provisions are efficient and effective

There are 27 Revenue Districts in the State and in every revenue district there is a dedicated enforcement unit, undertaking roadside checking of movement of goods, under the control of Deputy Excise & Taxation Commissioner of that district. The same was the enforcement setup under Haryana Value Added Tax Act, 2003 which has now been adopted under GST. In connection with the second objective of this SSCA, Audit studied EWB related functions of the enforcement units with specific focus on (i) operational preparedness,

(ii) effectiveness of anti-evasion measures and (iii) intra-departmental coordination in monitoring EWB related transactions. For this purpose Audit selected 14 Units out of 27 enforcement units on the basis of number of EWBs verified by the Department. Audit noticed several deficiencies and shortcomings in the activities undertaken by the units, which are detailed in the following paragraphs:

1.14 Operational Preparedness of the Department

1.14.1 Lack of adequate manpower

Assistant Excise & Taxation Officer (AETO) working under Deputy Excise and Taxation Commissioner (DETC) in a revenue district is exclusively responsible for roadside checking of movement of goods. The team of AETO (Enforcement) comprises of taxation inspector, peon and the vehicle driver who are taken from common pool working under DETC at district level. It was observed that there was an overall vacancy of AETOs throughout the years, maximum being at 58 *per cent* in 2020-21 as shown in ***Table 1.6***:

Table 1.6: Manpower position in AETOs (Enforcement)

Year	Sanctioned Strength of AETOs	Working Position of AETOs	Percentage of vacancy
2018-19	65	38	42
2019-20	65	44	32
2020-21	65	27	58
2021-22	65	51	22

Source: Information provided by Excise and Taxation Commissioner Office

Due to high vacancy, manpower resources are being diverted from the executive formations for conducting the verification of EWBs. Even after having a dedicated set-up, a high rate of vacancies in staff strength may have a direct impact on EWB-related enforcement functions.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated (December 2024) that the Department has endeavoured to broaden the base of roadside checking by re-implementing the ETO-cum-Ward incharge which may be assigned duty under Section 68 of the GST Act.

1.15 Effectiveness of Anti-Evasion Measures

1.15.1 Scope limitation due to Documents not produced

Section 16 of the CAG's DPC Act[10] 1971 lays down the audit mandate of the CAG regarding Audit of receipts. Further, Section 18(2)[11] of the CAG's DPC Act, 1971 imposes a statutory duty on Offices/Departments to comply with the requests for information in as complete as far as possible and with all reasonable expedition.

During the course of audit, the information and records related to enforcement activities with reference to EWBs was called for. The units did not produce the records in respect of 47 out of 176 booked sample cases ***(Appendix-1.17)***. Audit could not authenticate the selected sample cases resulting in reliance only upon the valuation and physical verification report made by the Enforcement Officer without any documentary proof of valuation like videography or photography proof of physical verification.

The jurisdiction-wise non-production of records is summarised in the ***Table 1.7***:

Table 1.7: Non-production of records reported by Field Audit Offices

Enforcement unit	Sample	Non-production
	No. of Booked cases[12]	No. of Booked cases
AETO, Faridabad (West)	20	3
AETO, Faridabad (North)	20	6
AETO, Panipat	10	2
AETO, Jhajjar	10	2
AETO, Panchkula	10	3
AETO, Jagadhri	10	2
AETO, Faridabad (South)	20	20
AETO, Fatehabad	9	9
Total	**109**	**47**

Further, during scrutiny of records of the 14 selected units, it was noticed that the amount of tax and penalty on account of roadside checking was more than the amount uploaded on GSTN portal as per the information provided by ETC Office. Audit collected the consolidated figures at ETC level and differences are given in the ***Table 1.8*** :

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10 The Comptroller Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

11 Section 18(2) : The person in charge of any office or department, the accounts of which have to be inspected and audited by the Comptroller and Auditor-General, shall afford all facilities for such inspection and comply with requests for information in as complete a form as possible and with all reasonable expedition.

12 Booked cases may be explained by Lead Office.

Table 1.8: Difference between Tax and Penalty collected as per records available at GSTN portal and as provided by ETC Office

(₹ in crore)

Year	Tax and penalty (provided by ETC Office as per GST-EWB-03 Part B)	Tax and penalty (provided by ETC Office actually collected)	Difference	Percentage lesser shown GSTN
2018-19	32.97	114.75	81.78	248.04
2019-20	23.04	84.20	61.16	265.45
2020-21	16.11	80.68	64.57	400.81
2021-22	37.83	135.68	97.85	258.65

Source: Information provided by ETC Office

As seen from the above data it is evident that the enforcement officers have not been uploading the whole roadside collection data on GSTN portal. Due to incomplete uploading of the whole data (EWB-3) the scope of audit was restricted to the amount/bills uploaded on the portal instead of actual cases and amount booked.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed to the non-production of records and stated in January 2025 that most of the files are now available and would be produced as and when required and efforts would be made to trace out the remaining pending records.

The reply of the Department was, however, silent on the incomplete uploading of the tax and penalty collection records on the portal.

1.15.2 Guidelines for Interception of vehicles

The Excise and Taxation Commissioner (ETC) has provided, vide three Circulars [13], guidelines on the procedure for interception of conveyances for inspection of goods in movement, and detention, release and confiscation of such goods and conveyances. During this SSCA, Audit attempted to ascertain the extent of adherence to the procedures prescribed by the Department by the field formations. For this, out of 176 booked cases, 129 booked cases pertaining to 14 enforcement units were verified as records 47 cases were not produced. These 129 cases were selected for scrutiny and the deviations noticed are detailed in ***Table 1.9***.

13 Circular Numbers: 500-02/GST-2 dated 12.10.2018; 1761-62/GST-2 dated 4.6.2018; and 506-08/GST-2 dated 12.10.2018.

Table 1.9: Details of the deviations noticed in the selected 129 cases

Details of deviations noticed	Total No. of Booked cases	No. of Booked cases verified (out of the sampled 176 cases)	No. of Booked cases in which deficiency noticed
Statement of person in charge of conveyance has not been recorded in GST-MOV-1 when interception of conveyance has been done and EWB related documents were not available	7,109	129	3 **(Appendix-1.18-A)**
Order for physical inspection of conveyance was not issued in GST-MOV-2	7,109	129	3 **(Appendix-1.18-A)**
Inspection Report in GST-MOV-4 has not been served to the person in charge of the conveyance	7,109	129	3 **(Appendix-1.18-A)**
Final Inspection Report in GST-MOV-03 (Part-B) was pending	7,109	129	Nil
Appeal against prolonged detention of the vehicles intercepted was received in GST_EWB-04	7,109	129	Nil
Action was not initiated to confiscate goods by issuing notice in GST-MOV-11 when the amount demanded in GST-MOV-07 was not paid within seven days	7,109	129	16 **(Appendix-1.18-B)**

On this being pointed out (November 2023), the Department confirmed the facts and stated (November 2024) the following: (i) prescribed time to issue MOV-01 is short and it was time consuming to record the detailed status of vehicle incharge. (ii) All the proper officers had been directed to follow the procedure laid down in the earnest. (iii) Without sharing inspection report MOV-04, penalty cannot be deposited by the person concerned who pays penalty amount; (iv) a direction had been given to the officers to complete the process at the earliest.

The reply of the Department is, however, silent on the fact that in three cases, MOV-4 was not issued but tax and penalty was still collected.

1.15.3 Non-raising of demand for tax and penalty collected during EWB verification

According to Section 129 (1) of the HGST Act, where any person transports any goods in contravention of the provisions of this Act or the rules made thereunder, all such goods and conveyance used as a means of transport for carrying the said goods and documents relating to such goods and conveyance shall be liable for detention or seizure and after detention or seizure, shall be released, - (a) on payment of the applicable tax and penalty equal to one hundred *per cent* of the tax payable on such goods[14] and, in case of exempted goods, on payment of an amount equal to two *per cent* of the value of goods or twenty-five thousand rupees, whichever is less, where the owner of the goods comes forward for payment of such tax and penalty.

According to the Guidelines issued by the ETC[15], the order in FORM GST MOV-09[16] shall be uploaded on the common portal and the demand accrued from the proceedings shall be raised in the Electronic Liability Register.

During the scrutiny of records, Audit observed the following discrepancies in 12 booked cases pertaining to three units[17] detailed in the ***Table 1.10*** below:

Table 1.10: Details of discrepancies noticed in 12 booked cases

Details of discrepancies noticed	No. of cases	Amount involved		
		Tax	Penalty	Total
		(₹ in lakh)		
Vehicles detained during interception were released without ensuring payment of tax or penalty or both and without raising demand	Nil	Nil	Nil	Nil
Release of vehicles on payment of tax or penalty or both without raising demand for the same	4 **(Appendix – 1.19-B)**	8.36	8.96	17.32
Tax and penalty deposited but not debited in electronic cash ledger (PMT-05) through DRC-03	8 **(Appendix – 1.19-A)**	6.09	6.95	13.04

It was observed that out of eight cases where tax and penalty was deposited but not debited in electronic cash ledger (PMT-05) through DRC-3, seven cases pertained to 2018-19 and 2019-20 and only one case pertains to 2021-22. This indicates that most discrepancies happened during initial years of introduction of EWB system.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated in January 2025 that penalty of ₹41,600 including interest of ₹16,600 had been recovered in one case and further efforts would be made to recover the amount pertaining to Faridabad (North).

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14 With effect from 1 January 2022 penalty amount was increased to two hundred *per cent* of the tax payable.

15 Para 2(h) of Circular 1761-62/GST-2 dated 4th June 2018.

16 Order of Demand of Tax and Penalty.

17 Faridabad (East), Faridabad (North) and Panipat.

1.16 Intra Departmental Co-ordination in monitoring EWB related transactions

EWB is directly linked with movement of goods and the Enforcement Units were entrusted with the enforcement functions related to EWBs. NIC generates various Analytical Reports and the Enforcement Units in each District has access to those reports through NIC Portal.

During scrutiny, the Audit tried to assess the effectiveness of the usage of Analytical Reports by the Enforcement Units and to what extent Intra-Departmental co-ordination exists in the Department. Scrutiny of files relating to interception of vehicles revealed that there was no inter/intra departmental co-ordination as there was no record of communication to show that any intimation relating to interception has been sent to the concerned authority.

1.16.1 Passing on information on blocked credits

As per Section 129 of the HGST Act, whenever any discrepancies found during the interception of the vehicles, tax and penalty was leviable upto 31 December 2021. In terms of Section 17(5) of the HGST Act, ITC shall not be available on any tax paid under the provisions of Section 129. Thus, whenever any tax was collected under section 129, there should be a mechanism in GSTN to send an alert message to the recipients and the proper officer concerned. However, it was noticed that in 85 cases involving tax of ₹ 1.57 crore ***(Appendix 1.20-A*** and ***1.20 B)*** (20 cases pertained to Haryana State jurisdiction (tax amount ₹ 21.87 lakh) and 65 cases pertained other than Haryana State jurisdiction (tax amount ₹ 1.35 crore)), Audit could not authenticate whether the benefit of ITC had been availed by the recipient or not due to limited GST data access. However, it was understood that there is neither any mechanism in GSTN to send an alert to the recipients and the concerned proper officer nor the Department had sent any intimation to the concerned proper officer regarding blocked ITC under Section 17(5).

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated in January 2025 that action would be taken by the concerned jurisdiction officers in respect of 20 cases and replies in respect of 65 other than Haryana State jurisdiction cases have not been received.

1.16.2 Monitoring movement of goods by unregistered persons

NIC prepares an Analytical report named "EWBs generated by Citizens" (H5 Report) which provides details of EWBs generated by the unregistered persons. In order to verify whether these reports were used by the Enforcement Units of the Excise and Taxation Department to widen the tax net, Audit enquired the use of such reports by the selected 13 enforcement units.

During data analysis, it was observed that 163 EWBs amounting to ₹ 3,693.16 crore were generated by unregistered persons for outward supply. The value of supplies shown in the EWBs exceeded the threshold limit prescribed for registration i.e. ₹ 40 lakh in case of Haryana. The same was shared with the Department for examining and taking remedial action. The replies in this case were, however, awaited.

1.17 Non usage of MIS Reports

NIC generates analytical reports like (i) Report on Non-movement of vehicles (B-1 Report); (ii) multiple movements of same vehicle (B4 Report); (iii) multiple movements in other vehicles (B5 Report) on EWB transactions and shares with the GST Departments under Center and State formations. In order to ascertain the extent to which these Reports were being utilized by the enforcement formations for planning the verifications of EWBs, it was observed that

(i). uniform access was not provided to the Enforcement Units.

(ii). the Department is not using any MIS reports.

(iii). no enforcement unit was receiving analytical reports from DGARM or any other similar agencies (other than NIC) based on EWB.

In the absence of use of MIS reports, rationales behind planning the vehicle interception could not be ascertained.

On this being pointed out (November 2023), during exit conference held in November 2024, the Department confirmed the facts and stated that they have requested NIC to widen access to analytical reports generated by them for Haryana State Cadre.

Recommendation 5: The Department may consider enhancing operational efficiency by integrating analytical reporting tools into enforcement workflows, improving resource allocation, proactive discrepancy identification, and intra-departmental co-ordination.

1.18 Conclusions

During the Subject Specific Compliance Audit of EWB System under GST for the State of Haryana, a sample of 80 EWBs pertaining to 32 taxpayers was selected for assessing the effectiveness of EWB mechanism in protecting revenue interest of the Government. Audit observed multiple deficiencies in effectiveness of EWB system.

It was observed that the EWB system could not distinguish between inter-state and intra-state movement of goods by composition taxpayers and permitted generation of EWBs in both cases. There were instances where EWBs were generated but taxpayers filed 'nil' GSTR-1 for the respective return periods and did not discharge his tax liability. It was further noticed that EWBs were generated by non-filer taxpayers whose registrations were cancelled without settling the tax liability.

Audit observed that EWB portal permitted generation of multiple EWB on same invoice. There were also cases where it was observed that movement of goods was affected using stolen, scrapped, surrendered, cancelled, and suspended vehicles etc.

During the evaluation of the problems associated with enforcement activities, deficiencies in Operational Preparedness; Effectiveness of Anti-Evasion measures; and Intra-Department and Inter-Department coordination were noticed.

Enforcement units were not using the Analytical Reports designed by NIC for planning the vehicle's interception.

There was no provision to set off the liability in the system and vehicles were released based on the credits reflected in the cash ledger, but the liability was not created and set off.

1.19 Recommendations

The Department may consider:

1. ***Issuing suitable instructions to the proper officers for considering EWBs generated by the taxpayer before cancellation of registration retrospectively and taking action for recovery of tax wherever applicable.***

2. ***Taking up the matter with NIC to strengthen system controls in the EWB portal to prevent generation of multiple EWBs on the same invoices.***

3. ***Taking up the matter with NIC to incorporate suitable validation controls in the EWB system to prevent use of risky vehicles for generation of EWBs and transportation of goods.***

4. ***To follow up the matter with NIC for strengthening system controls in the EWB portal to enforce adherence to timelines for EWB validity extensions, cancellations and rejections.***

5. ***Enhancing operational efficiency by integrating analytical reporting tools into enforcement workflows, improving resource allocation, proactive discrepancy identification, and intra-departmental co-ordination.***