



SUPREME AUDIT INSTITUTION OF INDIA

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on
Performance Audit on E-way Bill System
under GST**



**Government of Kerala
Report No.2 of 2025
(Performance Audit - Civil)**

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PREFACE

The Report of the Comptroller and Auditor General for the year ended March 2022 has been prepared for submission to the Governor of Kerala under Article 151 (2) of the Constitution of India, for being laid before the State Legislature.

This Report contains the results of Performance Audit on E-way bill system under GST in Kerala covering the period from 2018-19 to 2021-22.

The instances mentioned in the Report are those, which came to notice in the course of the Performance Audit conducted during February to October 2023.

The Audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

EXECUTIVE SUMMARY

Why we did this Audit?

E-Way bill (EWB) is an electronic document required to be generated for the movement of goods capturing details of transactions relating to goods before the consignment takes place. Implementing automation and standardising the entire process was aimed to curb tax evasion and enhance revenue collection. The EWB system was introduced with effect from 1 April 2018 for all inter-state movement of goods having a value exceeding ₹50,000. For intra-state movements, EWB was made mandatory with effect from 15 April 2018.

EWBs are generated through NIC EWB Portal either by the consignor, consignee or the transporter and EWB is required to be carried by a person in charge of the conveyance carrying any consignment of goods for supply, export, import, job work or own use. The validity of the EWB is automatically set depending on the distance between the place of dispatch and the destination of goods which have to be transported. The validity could be extended based on requirement.

The Performance Audit (PA) on 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 and the audit was conducted from February to October 2023. The objectives of this Audit were to assess whether (1) the EWB mechanism is effective in protecting revenue interest of the Government and (2) the Preventive/ Enforcement activities of the Department in enforcing EWB provisions are efficient and effective.

What we found?

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.

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 EWBs in both cases. The system allowed subsequent generation of EWBs by taxpayers who filed nil Returns leading to leakage of revenue.

The system allowed generation of single EWB by clubbing multiple invoices due to lack of validation control in EWB mechanism.

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.

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.

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

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.

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

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

What we recommend?

We have made 10 recommendations as given below:

EFFECTIVENESS OF EWB SYSTEM IN PROTECTING REVENUE

Government may address the NIC to correct the system deficiencies to prevent generation of EWBs by non-filer and Nil filers of returns, cancelled taxpayers, multiple EWBs with same/ similar invoice, single EWB by clubbing multiple invoices, interstate outward supply of composition taxpayers.

Introduce a robust system to analyse the EWB data to identify and red flag high risk transactions/ taxpayers and issue guidelines to prioritise the scrutiny of returns of such high risk taxpayers;

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;

Government may consider to issue instructions to the concerned officials to prioritise the scrutiny of returns of taxpayers whose returns showed mismatch of ITC and issued EWB to consignees whose registration was cancelled;

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

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;

ENFORCEMENT FUNCTIONS

Government may 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;

Government may issue instructions to the enforcement officers to record the summary report of every inspection of goods in transit online so that the higher authorities may monitor the activities of the enforcement squad;

Government may issue instruction to the concerned officials to create timely demand of tax and penalty in the electronic liability ledger;

Government may devise a mechanism to detect taxpayers who transported goods without generating EWBs;

Government may devise a system for using the input received from the cases booked for further investigation and passing on information to the jurisdictional authorities.

Government's response to audit observations

Government while responding to the Audit observations, assured necessary corrective action wherever required. Audit acknowledges and appreciates the corrective action proposed by the Government to bring required controls to address issues pointed out in this report.

Chapter I

INTRODUCTION

CHAPTER-I INTRODUCTION

1.1 Introduction to E-Way Bills (EWBs)

Goods and Services Tax (GST), introduced with effect from 1 July 2017, ensured uniformity of tax structure throughout the country which facilitated hassle free movement of goods across the States. An E-Way Bill (EWB) is a document required for movement of goods, designed to capture details of goods before they are transported. Automation and standardisation of the entire process was intended to help check tax evasion and shore up GST collections. EWB is conceived as a shift from Government-monitored tax administration model to a self-reporting model by the taxpayer.

The EWB was introduced with effect from 1 April 2018 for all inter-state movement of goods having value exceeding ₹50,000. EWB was made mandatory for intra-state movement of goods with value exceeding ₹50,000 from 15 April 2018.

1.2 Information Systems used for E-Way Bills

The EWB Common Portal is developed and managed by the National Informatics Centre (NIC) based in Karnataka. The portal is developed for uploading information on movement of goods in relation to supply or for reasons other than supply or due to inward supply from an unregistered person.

The Proper Officers¹ can 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 Mobile App. The functions performed by the Proper Officer are verification of EWBs, unblocking of EWBs, viewing and accessing MIS reports etc.

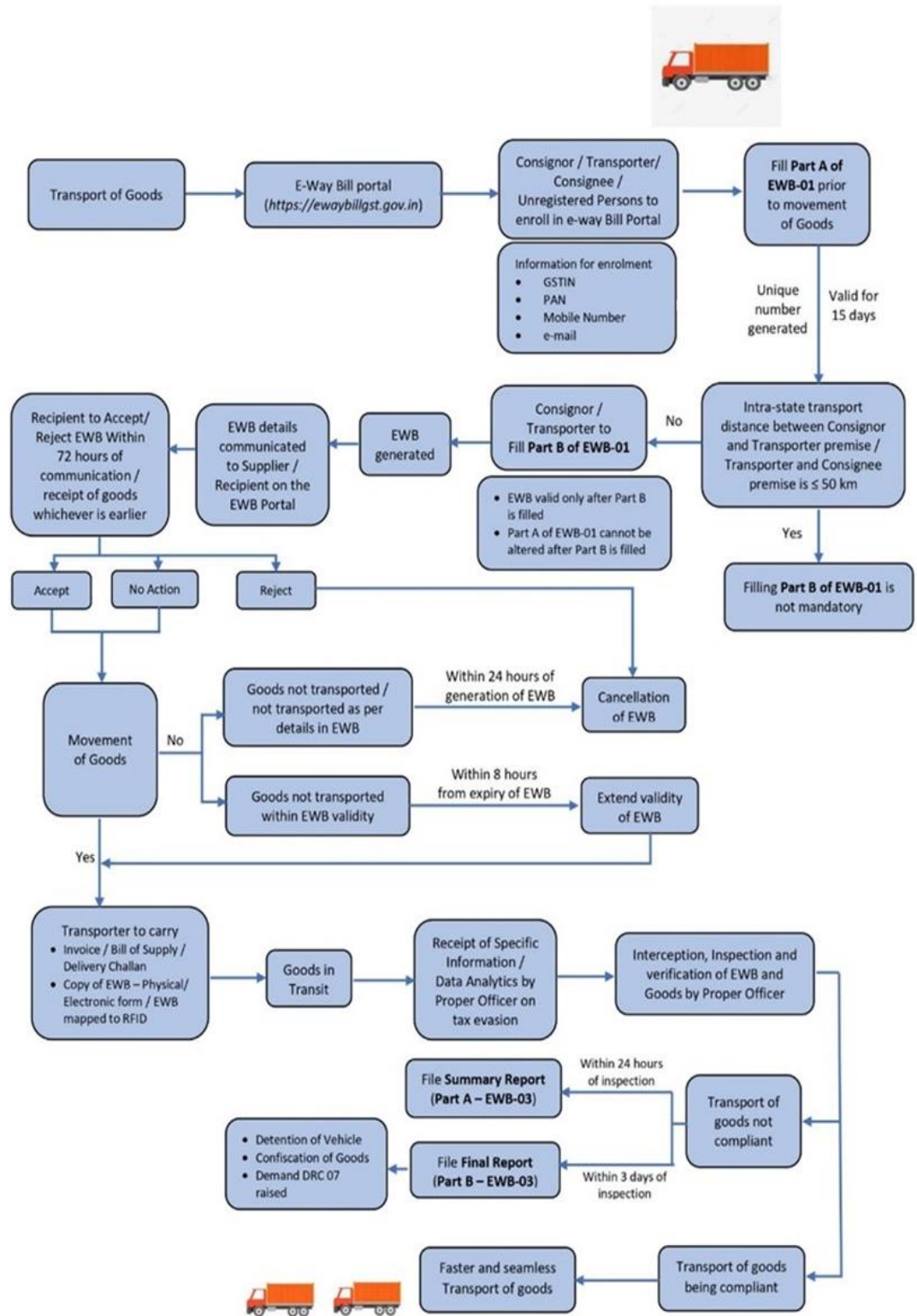
1.3 Processes involved in the E-Way Bill System

Rule 138 of the State Goods and Services Tax Rules (SGST Rules), 2017, (amended from time to time) provides for the EWB mechanism. The EWB system includes various processes such as the enrollment of the required persons in the portal, Generation of E-Way bill, Extension, Cancellation and Rejection of the EWBs generated etc. The entire process flow of E-Way bill system under GST is depicted in **Figure 1.1**.

¹ Proper Officer is an officer who is assigned any function to be performed under the SGST Act, 2017.

Figure – 1.1

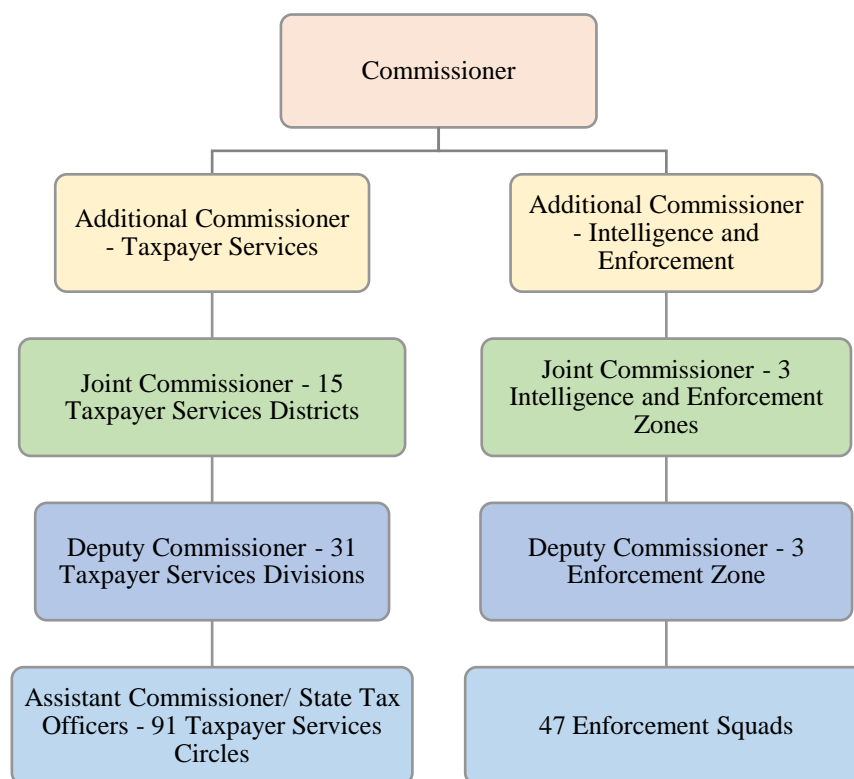
E-Way Bill Mechanism – Process Flow Chart



1.4 Organisational Structure of the Department

The State Goods and Services Tax Department (SGSTD) working under the aegis of Taxes department, Government of Kerala is administering GST in the State. The Commissioner of State Taxes is the head of the SGSTD. The structure² of department in relation to Taxpayer Services functions and enforcement functions are as shown in **Figure – 1.2**.

Figure – 1.2
Structure of department



1.5 Audit Objectives, Criteria, Scope and Sampling Methodology

1.5.1 Audit Objectives

This Performance Audit (PA) on EWB System under GST was conducted to ascertain:

- whether the EWB mechanism is effective in protecting revenue interest of Government.
- whether the Preventive/ Enforcement activities of the department in enforcing EWB provisions are efficient and effective.

² Vide Order No. CT/7520/2022-C1 dated 07 January 2023.

1.5.2 Audit Criteria

The criteria to assess the performance of EWB System were derived from

- » State Goods and Services Tax Act, 2017 (SGST Act),
- » State Goods and Services Tax Rules, 2017 (SGST Rules),
- » Notifications/ Circulars/ Instructions authorised by GST Council and issued by SGSTD and
- » Advisories/ Standard Operating Procedures issued by NIC and SGSTD.

1.5.3 Audit Scope

E-Way bill transactions of the persons registered in the EWB portal pertaining to the period between 01 April 2018 and 31 March 2022 were covered in the Audit. EWB data generated for the Audit period have been extracted from Goods and Services Tax Network (GSTN) and analysed. Movement of conveyances by roadways alone have been considered for this Audit. Railway/ Airway/ Seaway EWBs have been excluded from the scope of this Audit.

The scope of Audit also includes evaluation of the preventive functions of department with reference to EWBs viz., interception of vehicles, verification of documents, inspection of goods and action taken thereof.

1.5.4 Audit Sampling and methodology

A Problem-centric approach has been attempted for this PA 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 were evolved based on the Key Problem Areas (KPAs)/ Risk Dimensions identified. The KPAs that constrain revenue realisation for Government are provided in **Appendix - I**. A total of 80 E-Way Bills pertaining to 56 taxpayers in 32 Taxpayer Services Circles³ (TPSC) were taken as sample for Audit Objective-1. Wherever discrepancies were noticed within the selected sample of 56 taxpayers, all E-Way Bills generated by these taxpayers were scrutinised to verify compliance.

Audit Objective-2 evaluated the problems associated with enforcement/preventive activities viz., Operational preparedness, effectiveness of Anti-Evasion measures and intra-department and inter-department coordination. For Audit Objective-2, out of the 15 offices of the Deputy Commissioner (Intelligence) 50 *per cent* of the offices i.e., eight offices⁴ were taken as sample using stratified sampling method. From the eight offices, 200 EWB-03-Part B⁵ booked cases were taken for detailed audit using stratified sampling method.

³ Out of 94 Taxpayer Services Circles and 3.29 crore EWBs for outward supply for 2018-2022.

⁴ Kollam, Pathanamthitta, Kottayam, Ernakulam, Palakkad, Kannur, Kasaragod and Wayanad.

⁵ Verification Report by the Enforcement Officers on interception of consignment.

1.5.5 Acknowledgement

An Entry conference was held with the Principal Secretary, Taxes department and Commissioner of State Taxes in February 2023 wherein the Audit objectives and the sampling were discussed. The audit was conducted between February 2023 to October 2023. The Exit conference was conducted with the Joint Secretary, Taxes department, Commissioner of State Taxes and Special Commissioner, SGST department in April 2024. The findings of the Performance Audit were discussed in detail with the Commissioner and Joint Secretary. The views/ comments of the department during the Exit conference have been incorporated in the relevant paragraphs wherever applicable.

Audit acknowledges the co-operation and assistance extended by Additional Chief Secretary (Taxes department), Commissioner of State Taxes, Special Commissioner (SGST department) and other District and field level functionaries during the course of the Performance Audit.

1.6 Audit Findings

Audit findings have been categorised into two broad perspectives *viz.* effectiveness of EWB system in protecting the revenue and the shortfalls noticed in the enforcement functions of department.

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.

Chapter III

Enforcement Functions of the Department

CHAPTER-III

ENFORCEMENT FUNCTIONS OF THE DEPARTMENT

Compliance verification is of high importance in a self-declaration model like EWB system. However, 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 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 E-Way Bill verification and monitoring activities. Guidelines for interception of goods in transit were not followed. The information on cases booked on interception of vehicles was not passed on to the State/ Central jurisdictional authorities for further action.

3.1 Enforcement Functions of the Department

EWB system is a self-declaration model wherein by way of a digital interface the person causing the movement of goods uploads the relevant information prior to the commencement of movement of goods and generates an authorisation for transportation of the said goods. The self-declaration model emphasises the need for a compliance verification mechanism which can be done through verification of EWBs.

Audit verified the functions viz., operational preparedness, effectiveness of anti-evasion measures and inter and intra departmental co-ordination in monitoring E-Way bill related transactions. For this purpose, Audit selected eight offices³⁰ of the Deputy Commissioner (Intelligence) out of the 15 offices.

Shortcomings noticed on verification of records relating to the period 1 April 2018 to 31 March 2022 are discussed below:

3.2 Operational Preparedness

The check posts operated manually during the pre-GST regime were abolished consequent to introduction of GST. EWB System was introduced with effect from 1 April 2018 to track both inter-state and intra-state movement of goods having value above ₹50,000. Enforcement Squads were deployed to verify the EWBs by intercepting the vehicles.

3.2.1 Notification for embedding RFID on vehicles

As per Rule 138A(4) of the SGST Rules, 2017, the Commissioner may, by notification, require a class of transporters to obtain a unique 'Radio Frequency Identification Device' (RFID) and get the said device embedded on to the conveyance and map the EWB to the RFID prior to the movement of goods. Through this, the transaction genuinely covered by EWB is duly recorded/

³⁰ Kollam, Pathanamthitta, Kottayam, Ernakulam, Palakkad, Kannur, Wayanad and Kasaragod.

mapped to RFID and could be verified without loss of time avoiding the possibility of harassment.

Audit noticed that department did not notify the class of transporters for obtaining RFID in Kerala.

On this being pointed out (March 2024), Government stated (May 2024) that though RFID implementation is outlined in Rule 138A(4) of SGST Rules, 2017, it is a discretionary provision. Kerala has effectively utilised an Automatic Number Plate Recognition (ANPR) System for monitoring goods movement. It enables the verification of all vehicles, regardless of the commodities they transport, thereby ensuring comprehensive monitoring of tax compliance. The utilisation of the ANPR system showcases a proactive and effective approach to monitoring goods movement, contributing to enhanced tax compliance and administrative efficiency.

The response of Government is inadequate since ANPR cameras were being rolled out in 23 locations only covering inward vehicle movement into the State and 18 of these locations only are operational. Further, in the six locations³¹ identified by department for ANPR camera installation as a digital wall, the cameras were not installed. This makes it impossible to verify all vehicles. Enabling monitoring of vehicle movements throughout the State is crucial for tracking commodities such as timber, iron and steel, plywood and arecanut, identified by the State as prone to evasion. Introducing RFID devices would assist the enforcement team in intercepting vehicles transporting these evasion-prone commodities.

3.2.2 Use of EWB Officer module by departmental officers

The EWB Officer Module aims to automate verification and monitoring activities to enhance transparency and accountability among departmental officers, provide insightful MIS and Analytical Reports to aid in tax evasion identification and improve efficiency by minimizing routine paper-based tasks, allowing officers to focus on more strategic intelligence work.

Audit observed that departmental officers were not using the EWB Officer module extensively as discussed below:

- **MIS Reports for departmental officers**

As on 31 March 2022, 1,318 users³² have registered in the officer's module. However, analysis of the information revealed that during March 2022, 539 users out of 1,318 users have logged in to the application. 277 users (21.02 *per cent*) have logged into the application more than 20 times in the month. 166 users (12.59 *per cent*) were logged in for less than 10 times. This indicates that the registered users were not using the module regularly.

³¹ Kuridikkad, BPL Junction, Sathrapady Junction near NIDA Kanjikode, Parapirivu Junction near NIDA Kanjikode, Wise Park Road and Chemanampathy State Boarder (Letter dated 9 November 2020 of the Deputy Commissioner (Intelligence) SGSTD Palakkad).

³² Generated from J3 Usage of Reports by Officers.

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

- **Comprehensive Analytics Reports on EWBs**

The Comprehensive Analytics Reports on EWB provides a unified view of all analytics and reports. There were 104 reports³³ available in the portal.

As of March 2022, only 36 users registered for access into Comprehensive Analytics Reports. Out of the 36 users, in addition to the State Nodal Officer, only one Deputy Commissioner and one State Tax Officer viewed the Analytics Reports. The details of usage of Analytical Reports on EWBs by departmental officers are given in **Appendix-XIV**.

Audit noticed that 91 *per cent* of the officers registered in the system did not access the Analytics Reports which indicate underutilisation by departmental officers.

On this being pointed out (March 2024), Government stated (April 2024) that to prevent excessive load on the servers, NIC issues only limited number of login credentials. The reply is not specific to the Audit point as audit observed that out of 36 officers with login credentials, only two officers relating to assessment were using the Analytics Reports.

3.2.3 Discrepancies undetected due to non-usage of MIS Reports

Audit generated six Analytics Reports from the portal and the observations are illustrated below:

3.2.3.1 EWBs generated by Citizen (H5 Report)

“EWBs generated by Citizen (H5 Report)” provides details of EWBs generated by unregistered persons who can generate EWBs by registering their mobile phone number in the EWB common portal. Under Section 22 of the SGST Act, 2017, suppliers exceeding prescribed aggregate turnover³⁴ are liable for registration in their supplying state. Rule 16 of SGST Rules, 2017, prescribes that if the Proper Officer finds that a liable person has not registered, they may issue temporary registration with effect from the date of order.

Audit noticed that during the period from 2018-19 to 2021-22, 1,094 unregistered persons had generated 3,114 EWBs. Of these, 258 unregistered persons have generated EWBs with value more than the threshold limit of ₹40 lakh in a year. Though this report is available in Comprehensive Analytics Report, Audit noticed that the report is not used by the Intelligence and Enforcement units for widening the tax net.

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

³³ As on 19.10.2023.

³⁴ Exceeding twenty lakh rupees for services or forty lakh rupees for goods.

3.2.3.2 Taxpayers with high values based on constitution of business and HSN (C-11 Report)

C-11 Report provides detailed insights into taxpayers with significant values of EWBs categorized by type of supply, HSN code and registration status. Audit generated one such report viz., outward supply report for the year 2021-22 with respect to cancelled Taxpayers (proprietorship) engaged in trading of arecanut (HSN code 0802).

Audit noticed that a taxpayer in Taxpayer Services Circle, Palakkad East, who generated 10 EWBs during September 2021 for an assessable value of ₹11.25 crore, did not discharge the tax liability. Despite this, department did not initiate any action to complete the assessment and to create the tax liability. The tax and penalty payable are ₹1.12 crore.

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

3.2.3.3 High risk patterns in generation of EWBs (C8, C9, C10 and O11 Report)

Audit verification of the reports generated for the period 2021-22 revealed certain high-risk patterns and variances in generation of EWBs, which need to be examined by the department as discussed below:

Cancellation of EWB

- In the case of 856 users (as supplier) 100 *per cent* of their EWB were shown as cancelled. For 363 users (as supplier), more than 50 *per cent* of the EWB generated were shown as cancelled³⁵.
- In the case of 2,941 users (as recipient), 100 *per cent* of the EWB generated against them, as recipient, were shown as cancelled. For 770 users (as recipient), more than 50 *per cent* of the EWB generated against them, as recipient, were shown as cancelled³⁶.

Rejection of EWB

- For 40 users, 100 *per cent* of EWB supplied to them were shown as rejected³⁷. For two users (as recipient), more than 50 *per cent* of EWB supplied to them were shown as rejected.
- For four users (as suppliers), 100 *per cent* of the EWB generated have been rejected³⁸.

³⁵ C8 – Taxpayers with high cancelled EWB.

³⁶ C10 – Taxpayers (recipients), with high cancelled EWB.

³⁷ O11 – Taxpayers rejecting high number of EWB.

³⁸ C9 – Taxpayers with high rejections of EWB.

Audit observed that the EWB Analytics Reports generated by NIC were not utilised by either the enforcement squads or by Taxpayer Services Circles or by the investigation wing.

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

Recommendation 6:

Government may 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.

3.3 Effectiveness of Preventive Functions

3.3.1 Non recording of summary report and final report on interception of goods in transit

Under Rule 138C of the SGST Rules, 2017, a summary report of every inspection of goods in transit shall be recorded online by the Proper Officer in Part A of FORM GST EWB-03³⁹ within twenty-four hours of inspection and the final report in Part B of FORM GST EWB-03 shall be recorded within three days of such inspection.

Audit collected the information regarding the cases booked during 2018-19 to 2021-22 in relation with the EWB from all the three JC (Intelligence and Enforcement) offices and cross verified the same with the EWB-03 verification report generated from the EWB MIS portal. The number of cases booked and the number of cases in which summary and final inspection report recorded were as given in **Table- 3.1**.

Table- 3.1
Details of cases booked, summary and final inspection report recorded

Period	Number of cases		
	Booked	Summary report recorded	Final inspection report recorded
2018-2022	21,699*	6,655 [#]	6,172

* Number from monthly diaries of enforcement officers.

[#] Generated from E-Way bill portal.

Audit observed that -

- In 15,044 booked cases, which comes to 69.33 *per cent* of the total cases booked, summary report and final inspection report were not recorded online.

³⁹ Verification Report by the Enforcement Officers.

- Out of the 6,655 cases where summary report on inspection was recorded in 483 cases, the final inspection reports were not recorded.

The lack of recording of verification report shows that prescribed procedures were not followed during the interception of goods in transit and higher authorities did not monitor the process. This non-recording of records online defeats the automation of the complete EWB verification and monitoring activities to bring transparency and increase accountability of departmental officers.

On this being brought to notice (March 2024), Government stated (November 2024) that the department has issued strict instructions to concerned proper officers in charge of the Enforcement squads through the Zonal Joint Commissioners (Intelligence & Enforcement) to comply with the recommendations of Audit.

Recommendation 7:

Government may issue instructions to the Enforcement Officers to record the reports online and the higher authorities may monitor the activities of the Enforcement Squad.

3.3.2 Guidelines for interception of goods in transit

Tax and penalty levied on interception of conveyance under Section 129(1) of the SGST Act, 2017, will be recorded in the electronic liability ledger. Commissioner of State Taxes issued⁴⁰ guidelines for interception of conveyance, detention, seizure and release of goods. For unregistered persons, a temporary ID will be created by the Proper Officer on the common portal to record the liability.

Audit scrutinised 200 orders of the Enforcement Squads in the selected eight offices in respect of offences booked during the movement of goods and the observations noticed are detailed below:

- In nine cases (**Appendix - XV**) even though the consignor and consignee were having GST registration number under Kerala jurisdiction, the demand and settling of tax and penalty were made by creating temporary registration in the common portal.
- In seven cases (**Appendix - XVI**), the tax and penalty of ₹0.07 crore was not added to the electronic liability ledger.

⁴⁰ Circular No. 17/2018 dated 29 June 2018.

On this being pointed out (March 2024), in respect of creation of temporary ID, Government stated (May 2024) that in one⁴¹ case, the taxpayer remitted the penalty demanded and hence no further action is required. In respect of non-credit of tax and penalty in the electronic liability ledger, Government stated (May 2024) that in three⁴² cases, temporary ID was created because the consignees come under central jurisdiction and in all three cases demands were paid. The reply is not acceptable as the creation of temporary ID is permitted only for unregistered person and if temporary ID created for registered taxpayer, the offences would not get recorded in the profile of such taxpayer in GSTN. Reply in the remaining cases has not been received (December 2024).

Recommendation 8:

Government may issue instruction to the Proper Officers to create timely demand of tax and penalty in the electronic liability ledger.

3.4 Inter and intra Departmental Co-ordination in monitoring E-Way Bill related transactions

The Preventive Units are entrusted with enforcement functions related to EWB and the taxpayers discharge tax liability through periodic returns subject to scrutiny by jurisdictional authorities. To ascertain the inter and intra departmental co-ordination, Audit verified 200 offence cases booked by selected eight offices and the findings are discussed below.

3.4.1 Non-identification of taxpayers who failed to generate E-Way bills

Under Rule 138 of the SGST Rules, 2017, an E-Way bill must be generated and carried along during transportation of goods, if the value of the consignment exceeds ₹50,000.

The number of cases booked by the enforcement wing in the State and the number of cases booked due to non-generation of EWBs are given in the following **Table- 3.2**.

Table- 3.2
Details of cases of booked due to non-generation of EWB

Year	Number of cases booked	No. of cases due to non-generation of EWB	Percentage of cases due to non-generation of EWB
2018-19	5,041	2,654	52.65
2019-20	3,920	2,389	60.94
2020-21	6,184	3,612	58.41
2021-22	6,554	3,882	59.23
Total	21,699	12,537	57.78

Source: Monthly diary of Enforcement Wing.

⁴¹ OR No.VC/111/165/2019-20.

⁴² OR No.05/2019-20, OR No.94/2019-20 and OR No.32/2020-21.

From the table, it can be seen that the percentage of cases due to non-generation of EWBs increased from 52.65 *per cent* in 2018-19 to 59.23 *per cent* in 2021-22, indicating that the concept of generation of EWB had not taken roots completely. Department failed to identify taxpayers not generating EWBs and did not scrutinize records of those penalised for non-compliance.

Audit scrutiny of the records of an offence case⁴³ by Enforcement Squad revealed that a taxpayer under TPSC, Kuthuparamba did not generate EWBs for any of the invoices raised during 2018-19. During 2018-19, the taxpayer had generated 92 invoices having assessable value more than ₹50,000. The total assessable value was ₹0.89 crore with GST of ₹0.16 crore.

On this being pointed out (March 2024), Government stated (May 2024) that in the GST scenario, intelligence-based investigation activities are yielding more revenue and have a deeper and sharper impact. Hence devising a system by sparing more officials in Enforcement wing was not rational and will likely result in a decline in state revenue. It was also mentioned that a high number of verifications of E-Way bills and checking of vehicles were undertaken by the current Enforcement squads and E-Way bill reports were widely used by the intelligence units. The Government further stated (November 2024) that the Enforcement Squad operations, including intensified vehicle checking, are in place. Further, ANPR cameras installed at various border areas detect vehicles without EWBs and in such instances, an alert is sent to the nearby Enforcement Squad prompting them to detain the vehicle.

However, the reply did not specifically address the issue raised.

Recommendation 9:

Government may devise a mechanism to detect taxpayers who transported goods without generating EWBs.

3.4.2 Non-pursuance of Intelligence based enforcement action on the taxpayers with Central tax administration

Officers of both Central and State taxes are authorised to initiate Intelligence based enforcement action on a taxpayer irrespective of the administrative assignment of the taxpayer to any authority⁴⁴.

Audit verified three cases booked by the Enforcement Squads of the State on three taxpayers administered by the Central Tax Authorities and noticed that department did not initiate action for further investigation. Audit verified the records of all the three taxpayers and evasion of tax was noticed as given below:

- Goods transported by a Taxpayer registered under Ottappalam Range, were intercepted three times (3 November 2020, 27 January 2021 and 30 January 2021) leading to offense cases. Audit verified the records of the taxpayer and found that 365 EWBs for an outward supply of ₹16.42 crore

⁴³ OR No.12/2020-21 of Mobile Squad Thaliparamba.

⁴⁴ CBIC DO F.No. CBEC/20/43/01/2017-GST (Pt.) dated 5 October 2018.

were generated during 2020-22. Audit noticed that the taxpayer reported a tax liability of ₹3.62 crore in GSTR-1 but only discharged ₹2.47 crore through GSTR-3B, resulting in a shortfall of ₹1.15 crore. Furthermore, the taxpayer filed a NIL GSTR-1 for July 2021 and did not submit subsequent returns, even though four EWBs were generated from July 2021 onward for an assessable value of ₹0.36 crore and a GST liability of ₹0.06 crore, leading to non-discharge of tax liability of ₹1.21 crore.

- Goods transported by another Taxpayer registered under Ottappalam Range, were intercepted on 28 July 2020, resulting in an offense case. Audit noticed that the taxpayer generated EWBs for 16 invoices in 2020-21 with an assessable value of ₹2.75 crore and IGST of ₹0.49 crore, which were not included in GSTR-1 and discharged tax liability.
- Goods transported by a Taxpayer registered under Thamarassery Range, were intercepted on 15 October 2021, leading to an offense case. Audit noticed that the taxpayer generated 80 EWBs for an outward supply of ₹21.20 crore with GST of ₹1.03 crore in 2021-22. However, they filed returns for August 2021 only, discharging a tax liability of ₹0.17 crore, resulting in a short discharge of tax liability of ₹0.86 crore.

Audit observed that no follow up action was taken by the State Tax Authorities against the taxpayers, on the basis of the offence cases booked by the Enforcement Squad, though empowered and found that these information were not shared with Central Tax Authorities. Had the information on booking of offence was used properly, the tax evasion could have been mitigated.

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

3.4.3 Passing of information on booked cases to the Taxpayer Services Circles

Section 17(5) of the SGST Act, 2017, states that ITC cannot be claimed for any tax paid on interception of goods in transit. According to Section 37 of the Act, *ibid*, all outward supplies must be reported in GSTR-1 and these reports will auto-populate in the consignee's GSTR-2A. Further, Section 61 of the Act, *ibid*, requires the Proper Officer to review taxpayer returns for accuracy and address any discrepancies.

Audit verified 200 booked cases pertaining to eight selected offices and noticed that department did not have a system for passing the information of booked cases to the jurisdictional authorities or to the investigation wing for further verification and scrutiny. Audit scrutiny of the records of the taxpayers revealed the following discrepancies:

- (a) In 92 cases (**Appendix - XVII**), the ITC on the transactions for which tax of ₹0.27 crore was collected under Section 129 of the SGST Act, 2017, has been passed on through GSTR-1. However, there was no system to pass the information of booked cases to the Proper Officers.

On this being pointed out (March 2024), the Government stated (October 2024) that in one case under TPSC Kollam ASMT-10 has been issued.

(b) In 27 cases (**Appendix - XVIII**), the tax and penalty were imposed for transportation of excess quantity, the value of the excess quantity was not reported in GST returns. Consequently, subsequent recipients would not assess the excess quantity. The value determined on the excess quantity was ₹0.27 crore with GST of ₹3.75 lakh. The information was not passed on to the jurisdictional officers of the recipients of goods.

On this being pointed out (March 2024), Government stated (May 2024 and November 2024) that in two⁴⁵ cases the taxpayer paid the tax and penalty demanded and as per Section 129(5) of the SGST Act, 2017, action was deemed to be concluded. Further in two cases⁴⁶, verification of the cases are under process and detailed reply will be furnished. Reply in the remaining cases have not been received (December 2024).

Government further stated (November 2024) that the issues highlighted in the para has been addressed, the relevant data on such cases has been shared with the Jurisdictional authorities (Taxpayer Services Circles). It was further stated that the department has initiated two operations, Anti Fake Invoice drive and Anti Bogus Registration drive to identify taxpayers who are in the practice of irregular passing of Input Tax and using bogus registrations.

Recommendation 10:

Government may devise a system for using the input received from the cases booked for further investigation and passing on information to the jurisdictional authorities.

⁴⁵ OR No.161/2019-20 and OR No.84/2020-21.

⁴⁶ OR No.153/2019-20 and OR No.11/2021-22.

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**


**(VISHNUKANTH P B)
Accountant General
(Audit II), Kerala**

Countersigned

**New Delhi,
The 15 April 2025**


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

APPENDICES

Appendix - I
Key Problem Areas
(Refer Para 1.5.4)

Sl. No.	Key Problem Areas
1	Composition taxpayers generating EWBs for inter-State supplies.
2	Composition taxpayers generating EWBs for outward supplies exceeding threshold limit.
3	Taxpayers with only outward supplies supported by EWBs in any given year.
4	Taxpayers who effect disproportionate outward supplies compared to inward supply (EWBs supported) in any given year.
5	Taxpayers who had generated EWBs using duplicate invoices.
6	Generation of EWBs by Nil Filers of Return.
7	Generation of EWBs by Returns Defaulters (Non-Filers).
8	Taxpayers who have generated EWBs after effective date of cancellation.
9	Taxpayers who have generated EWB whose registration was subsequently cancelled.
10	Taxpayers who had generated EWBs and had cancelled subsequently.
11	Taxpayers who had generated EWBs and were subsequently rejected by the recipients.
12	Taxpayers who had generated disproportionate supplies supported by EWBs on the inward side compared to outward side in any given year.
13	Extension of EWBs by taxpayers.
14	EWBs generated using risky vehicles i.e., 2 wheelers.
15	EWBs generated using theft vehicles.
16	High value of EWBs in first 6 months of registration.
17	EWBs using invalid Pin codes.
18	EWBs generated using suspended, scrapped, surrendered and cancelled vehicles.
19	E-Way Bills generated by defaulter list of MCA.
20	EWBs generated by income tax defaulters.
21	EWBs generated by DGARM-identified/ Other agencies-identified taxpayers.
22	EWBs generated by DGFT-blacklisted exporters.

Appendix - II
Non/ Short discharge of tax liability by the taxpayers identified as non-filers
(Refer Para 2.2.1)

Sl. No.	TPS Circle	No. of EWBs	Assessable Value (₹)	Total Tax (₹)	Penalty leviable (₹)	Total amount due (₹)
Cases on which no action initiated						
1	Thrippunithura	15	34,71,290	4,16,555	4,16,555	8,33,110
2	Ernakulam North ⁴⁷	31	42,58,469	5,19,594	5,19,594	10,39,188
3	Aluva	36	52,70,216	9,37,407	9,37,407	18,74,814
4	Kaloor	48	27,37,711	3,56,479	3,56,479	7,12,958
	Total	130	1,57,37,686	22,30,035	22,30,035	44,60,070
Cases on which ASMT 10 Notice issued						
5	Chavakkad	51	22,20,43,050	1,11,02,153	1,11,02,153	2,22,04,306
6	Ollur	27	1,38,22,045	25,22,837	25,22,837	50,45,674
	Total	78	23,58,65,095	1,36,24,990	136,24,990	2,72,49,980
Cases on which liability created but not recovered						
7	Palarivattom	1	1,13,983	20,517	20,517	41,034
8	Pattambi	53	19,78,00,185	98,29,964	98,29,964	1,96,59,928
9	Vypin	1	3,59,727	58,112	58,112	1,16,224
	Total	55	19,82,73,895	99,08,593	99,08,593	1,98,17,186
	Grand Total	263	44,98,76,676	2,57,63,618	2,57,63,618	5,15,27,236

Source: Departmental records.

⁴⁷ In 6 EWBs with assessable value ₹13,71,836 in Ernakulam North, in one EWB with assessable value ₹53,500 in Aluva and in 26 EWBs with assessable value ₹7,26,663 in Kaloor, quantum of tax involved was not indicated and tax liability could not be computed in Audit.

Appendix - III

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

(Refer Para 2.2.2)

Sl. No.	TPS Circle	No. of EWBs after effective date of cancellation	EWB Assessable Value (₹)	Tax due (₹)	Penalty (₹)	Total (₹)
1	Perumbavoor	1	4,26,667	76,800	76,800	1,53,600
2	Changanassery	42	36,34,005	6,54,121	6,54,121	13,08,242
3	Kottayam East	30	23,22,935	4,18,128	4,18,128	8,36,256
4	Kottayam Town	89	1,25,28,515	22,65,812	22,65,812	45,31,624
5	Kowdiar	2	17,95,000	2,15,400	2,15,400	4,30,800
Total		164	2,07,07,122	36,30,261	36,30,261	72,60,522

Source: Departmental records.

Appendix - IV
Details of passing of ITC after the cancellation of registration
(Refer Para 2.2.2)

Sl. No.	TPS Circle	Effective date of cancellation	Year to which return relates	GSTR-1 B2B supply value (₹ in lakh)	ITC passed (₹ in lakh)	Remarks
1	Kottayam East	30-04-2018	2018-19	19.35	3.48	Not assessed
2	Changanassery	31-03-2018	2018-19	27.99	5.04	Not assessed
3	Palarivattom	01-06-2019	2018-19 2019-20	137.29 13.14	24.71 2.37	Liability created by DRC-07
Total				197.77	35.60	

Source: Departmental records.

Appendix - V**Details of taxpayers effected EWBs for inward supply after cancellation of registration
(Refer Para 2.2.2)**

Sl. No.	TPS Circle	No. of EWBs after effective date of cancellation	EWB Assessable Value (₹)	SGST (₹)	CGST (₹)
1	Perumbavoor	35	1,37,49,363	12,37,443	12,37,443
2	Changanassery	23	49,35,001	4,44,150	4,44,150
3	Kottayam Town	14	4,86,657	47,975	47,975
Total		72	1,91,71,021	17,29,568	17,29,568

Source: Departmental records.

Appendix - VI
Non/ Short discharge of tax liability by the taxpayers identified as Nil filers
(Refer Para 2.2.5)

Sl. No	TPS Circle	No. of EWB	EWB Assessable Value (₹)	Tax (₹)	Penalty (₹)	Total (₹)
1	Thrippunithura	2	4,16,949	75,051	75,051	1,50,102
2	Kaloor	11	13,33,354	1,57,018	1,57,018	3,14,036
3	Kazhakootam	3 ⁴⁸	18,24,533	97,637	97,637	1,95,274
4	Pattom	8	26,19,857	4,50,455	4,50,455	9,00,910
5	Vyttila	3	15,73,176	0	0	0
6	Kadavanthra	1	2,11,950	38,151	38,151	76,302
7	Fort	25	73,41,170	13,21,416	13,21,416	26,42,832
8	Panampilly Nagar	23	2,60,91,921	44,13,281	44,13,281	88,26,562
9	Fort	1	2,34,279	28,114	28,114	56,228
10	Chavakkad	19	9,01,25,405	45,06,270	45,06,270	90,12,540
Total		96	13,17,72,594	1,10,87,393	1,10,87,393	2,21,74,786

Source: Departmental records.

⁴⁸ In one EWB as the quantum of tax involved was not indicated, tax liability could not be calculated.

Appendix – VII

Non/ Short discharge of tax liability by the taxpayers identified as Nil filers (Refer Para 2.2.5)

Sl. No.	TPS Circle	Tax Period	Outward supply in GSTR-1 (₹ in lakh)	ITC passed (₹ in lakh)
1	Palakkad East	01.04.2018 to 31.03.2019	9.18	0.70
2	Kottayam East	01.06.2018 to 31.03.2019	65.51	11.79
3	Ollur	01.06.2019 to 30.11.2019	49.47	7.49
4	Kakkanad	01.04.2018 to 31.03.2019	1,380.62	150.00
Total			1,504.78	169.98

Source: Departmental records.

Appendix VIII
Generation of single EWB by clubbing multiple invoices
(Refer Para 2.2.6)

Sl. No.	TPS Circle	No. of invoices	No. of EWBs clubbing multiple invoices	EWB Assessable value (₹ in lakh)	GST (₹ in lakh)
1	Kaloor	7	3	2.68	0.49
2	Kannur North	963	478	658.55	118.36
3	Thrissur	2	1	7.10	0.85
Total		972	482	668.33	119.70

Source: Departmental records.

Appendix - IX
Invoices in EWBs not reported in returns
(Refer Para 2.2.7 (a))

Sl. No.	TPS Circle	Year	No. of EWBs generated	Assessable value (₹)	Tax (₹)
1	Kannur South	2018-19 to 2020-21	08	48,32,698	3,17,869
2	Ernakulam Central	2018-19 to 2021-22	29	1,40,25,483	25,00,794
3	Poojappura	2018-19 to 2021-22	16,719	1,30,12,08,010	26,09,87,901
4	Vyttila	2019-20 to 2021-22 2018-19	5 16	16,89,425 8,46,316	-- 62,707
5	Kazhakootam	2018-19 & 2020-21	2	13,75,716	--
6	Palakkad West	2018-19 & 2019-20	11	4,98,119	33,268
7	Thiruvananthapuram	2019-20 & 2020-21	9	32,52,726	3,54,824
Total			16,799	1,32,77,28,493	26,42,57,363

Source: Departmental records.

Appendix - X
E-way bills not generated for the invoices as included in GSTR-1
(Refer Para 2.2.7(b))

Sl. No.	TPS Circle	Year	No. of invoices	Assessable value (₹)	Tax (₹)
1	Kannur South	2018-19 to 2020-21	176	2,94,87,714	6,97,758
2	Aluva	2018-19	5	11,55,393	2,07,971
3	Ernakulam Central	2018-19 to 2021-22	273	14,77,66,142	2,61,43,389
4	Poojappura	2018-19 to 2021-22	2,374	1,02,63,78,753	23,55,47,056
5	Changanassery	2018-19	19	39,98,503	7,19,730
6	Ernakulam North	2018-19 to 2021-22	29	73,39,356	12,56,127
7	Nattika	2018-19	2	1,25,210	6,260
8	Thrissur	2020-21	15	37,22,675	4,46,720
9	Palakkad West	2018-19 to 2020-21	447	36,22,05,913	6,44,98,248
10	Kottayam East	2018-19	12	15,31,360	2,75,644
Total			3,352	1,58,37,11,019	32,97,98,903

Source: Departmental records.

Appendix - XI
Inward supply not supported by E-way Bill
(Refer Para 2.2.7(c))

Sl. No.	TPS Circle	No. of invoices	Taxable value (₹)	Tax (₹)	Invoice value (₹)
1	Pattom	1	44,080	7,934	52,014
2	Kottayam East	1	43,750	7,875	51,625
3	Ollur	1	99,534	17,916	1,17,450
4	Fort	30	66,43,323	11,95,798	78,39,121
Total		33	68,30,687	12,29,523	80,60,210

Source: Departmental records.

Appendix - XII
Mismatch in availing of input tax credit
(Refer Para 2.2.8)

Sl. No.	TPS Circle	Period	ITC as per GSTR-3B (₹)	ITC as per GSTR-2A/2B (₹)	Excess ITC (₹)
1	Vyttila	2018-19	38,37,385.32	37,29,286.02	1,08,099.30
		2020-21	1,68,817.22	68,989.19	99,828.03
2	Palakkad West	2018-19	2,62,83,831.00	2,49,70,067.92	13,13,763.08
		2019-20	1,69,50,566.44	1,63,79,720.52	5,70,845.92
		2020-21	3,03,73,779.14	2,99,48,741.85	4,25,037.29
3	Panampilly Nagar	2018-19	2,49,36,141.00	2,41,47,658.25	7,88,482.75
		2020-21	1,13,86,460.99	1,02,78,307.31	11,08,153.68
4	Poojappura	2019-20	2,94,11,36,803.00	2,72,71,02,073.55	21,40,34,729.45
		2021-22	1,82,85,32,051.47	1,80,34,37,275.54	2,50,94,775.93
5	Kazhakoottam	2018-19	56,69,089.00	51,80,375.30	4,88,713.70
		2019-20	36,29,082.00	30,83,176.29	5,45,905.71
6	Kowdiar	2019-20	1,11,56,85,664.00	1,03,03,09,365.70	8,53,76,298.30
		2021-22	1,55,34,88,438.69	1,50,23,95,821.61	5,10,92,617.08
7	Ernakulam Central	2018-19	2,39,52,050.76	2,25,06,484.99	14,45,565.77
		2019-20	1,54,57,571.59	1,48,16,129.34	6,41,442.25
		2020-21	3,12,18,243.03	3,01,86,341.32	10,31,901.71
8	Pattom	2018-19	1,37,102.02	29,390.34	1,07,711.68
9	Kannur South	2020-21	1,38,93,891.44	1,33,58,121.17	5,35,770.27
10	Kannur North	2019-20	1,67,38,741.00	1,36,56,657.73	30,82,083.27
		2020-21	3,86,19,410.00	3,77,84,537.81	8,34,872.19
		2021-22	4,01,88,219.34	3,94,40,872.32	7,47,347.02
11	Fort	2018-19	8,91,132.86	7,98,050.24	93,082.62
		2019-20	7,23,063.42	4,72,086.60	2,50,976.82
Total			7,74,38,97,534.73	7,35,40,79,530.91	38,98,18,003.82

Source: Departmental records.

Appendix - XIII
Details of utilisation of input tax credit
(Refer Para 2.2.8)

Sl. No.	TPS Circle	Period	ITC as per GSTR-3B (₹)	ITC as per GSTR-2A/2B (₹)	Excess ITC availed (₹)	Tax period in which ITC utilised	ITC utilised (₹)
1	Vytila	2018-19	38,37,385	37,29,286	1,08,099	September 2019	1,08,099
		2020-21	1,68,817	68,989	99,828	March 2021	99,828
2	Palakkad West	2018-19	2,62,83,831	2,49,70,068	13,13,763	March 2019	10,20,385
3	Panampilly Nagar	2018-19	2,49,36,141	2,41,47,658	7,88,483	March 2019	7,88,483
		2020-21	1,13,86,461	1,02,78,307	11,08,154	March 2021	11,08,154
4	Poojappura	2019-20	2,94,11,36,803	2,72,71,02,074	21,40,34,729	March 2020	18,51,75,125
5	Ernakulam Central	2018-19	2,39,52,051	2,25,06,485	14,45,566	March 2019	14,45,566
		2019-20	1,54,57,571	1,48,16,129	6,41,442	March 2020	4,50,354
		2020-21	3,12,18,243	3,01,86,341	10,31,902	March 2021	10,31,902
6	Pattom	2018-19	1,37,102	29,390	1,07,712	July 2018	1,06,864
7	Kannur South	2020-21	1,38,93,891	1,33,58,121	5,35,770	March 2021	5,28,028
Total							19,18,62,788

Source: Departmental records.

Appendix - XIV
Usage of Comprehensive Analytical reports on EWBs
(Refer Para 3.2.2)

Sl. No.	Designation	No. of users registered	No. of officers viewed the reports	No. of times reports viewed	No. of distinct reports viewed
1	Additional Commissioner	1	0	0	0
2	Deputy Commissioner	16	1	41	4
3	Joint Commissioner	6	0	0	0
4	Assistant Commissioner	4	0	0	0
5	State Tax Officer	6	1	32	1
6	State Nodal Officer	1	1	18	7
7	Secretary	2	0	0	0

Source: Departmental records.

Appendix - XV
Details of irregular payment of tax and penalty by creating temporary ID
(Refer Para 3.3.2)

Sl. No.	Name of Squad	Offence Register No.	Tax and Penalty collected (₹)	Temp ID created
1	Surveillance Squad III, Palakkad	165/2019-20	10,800	322000001113TMP
2	Mobile Squad, Thaliparamba, Kannur	90/2020-21	17,092	322000003880TMP
3		10/2020-21	16,920	322000002250TMP
4		32/2020-21	16,200	322000002758TMP
5		21/2019-20	40,320	321900002802TMP
6	Mobile Squad III, Karunagapally, Kollam	45/2019-20	38,500	321900003171TMP
7	Mobile Squad IV, Punalur, Kollam	89/2019-20	55,520	322000000636TMP
8		16/2020-21	34,200	322000002207TMP
9		27/2020-21	29,232	322000002595TMP

Source: Departmental records.

Appendix - XVI
Details of tax and penalty not credited to electronic liability ledger
(Refer Para 3.3.2)

Sl. No.	Name of Squad	Offence Register No. and Year	Tax (₹)	Penalty (₹)	Total (₹)
1	Mobile Squad III, Ernakulam	05/2019-20	7,786	7,786	15,572
2	Mobile Squad III, Ernakulam	94/2019-20	21,026	21,026	42,052
3	Squad II, Kasaragod	07/2018-19	10,800	10,800	21,600
4	Surveillance Squad I, Wayanad	28/2019-20	38,819	38,819	77,638
5	Surveillance Squad, Muthanga	49/2020-21	40,194	40,194	80,388
6	Surveillance Squad, Muthanga	184/2021-22	0	4,74,336	4,74,336
7	Squad II, Pala, Kottayam	39/2019-20	14,334	14,334	28,668
Total					7,40,254

Source: Departmental records.

Appendix - XVII
Passing of information on booked cases to the Taxpayer services Circles
(Refer Para 3.4.3)

SI No	Value of goods (₹)	Invoice/ Challan Date	Invoice/ Challan Number	Actual/ Est. value of goods (₹)	IGST (₹)	CGST (₹)	SGST (₹)	Total Tax (₹)
Palakkad								
1	1,42,857	07-12-2019	276	1,50,000	7,143	0	0	7,143
2	2,34,670	30-01-2020	45	2,46,403	11,733	0	0	11,733
3	30,000	04-01-2020	951	30,000	3,600	0	0	3,600
4	9,93,225	27-01-2020	DIP220/19-20	11,72,006	1,78,781	0	0	1,78,781
5	1,98,600	18-02-2021	HA-1101/20-21	2,34,348	35,748	0	0	35,748
6	1,56,679	23-06-2020	INV2021-0341	1,75,480	18,801	0	0	18,801
7	90,725	22-02-2020	531	1,07,055	16,330	0	0	16,330
8	3,18,980	25-12-2019	35	3,34,929	15,949	0	0	15,949
Ernakulam								
9	78,503	13-09-2018	852, 853, 921	92,633	0	7,065	7,065	14,130
10	69,098	11-07-2019	MG/IGST/19-20/4	81,536	12,438	0	0	12,438
11	2,90,550	04-01-2021	A455	3,05,078	14,528	0	0	14,528
12	50,065	19-10-2021	131	59,077	0	4,506	4,506	9,012
13	1,02,200	28-11-2019	74	1,07,310	5,110	0	0	5,110
14	19,141	19-10-2021	1116	23,929	0	2,394	2,394	4,788
15	3,93,736	29-08-2020	SA927/202021	4,13,423	0	9,843	9,843	19,686
16	83,644	12-07-2019	INV/HYPER/1758	98,700	0	7,528	7,528	15,056
Kannur								
17	92,052	25-10-2019	45	96,655	0	2,301	2,301	4,602
18	63,024	21-12-2019	50	74,368	0	5,672	5,672	11,344
19	49,485	22-10-2020	15120210189	50,960	0	1,237	1,237	2,474
20	75,546	07-11-2020	2738	79,323	0	1,889	1,889	3,778
21	86,857	24-08-2020	273	91,200	0	2,171	2,171	4,342
22	49,777	13-08-2018	3131	58,211	8,433	0	0	8,433
23	2,43,900	25-09-2020	A12	2,87,802	0	21,951	21,951	43,902
24	24,386	14-07-2020	20	28,766	0	2,195	2,195	4,390
25	3,50,397	23-10-2019	RD/1426	3,92,445	42,048	0	0	42,048

Sl No	Value of goods (₹)	Invoice/ Challan Date	Invoice/ Challan Number	Actual/ Est. value of goods (₹)	IGST (₹)	CGST (₹)	SGST (₹)	Total Tax (₹)
26	65,200	30-09-2019	GCLT19201681	76,936	0	5,868	5,868	11,736
27	12,24,000	01-03-2021	C019	12,85,200	0	30,600	30,600	61,200
28	3,36,659	26-10-2019	8240154016	3,97,258	60,599	0	0	60,599
29	1,65,200	15-08-2018	454	1,70,625	8,125	0	0	8,125
Kasargod								
30	49,788	05-09-2019	GST2588	58,750	0	4,481	4,481	8,962
31	45,630	30-01-2020	401	47,912	2,282	0	0	2,282
32	52,247	18-08-2018	G1056	61,652	0	4,702	4,702	9,404
33	55,583	01-10-2020	J-466	65,588	0	5,002	5,002	10,004
34	39,821	05-09-2020	1382 and 1383	50,972	0	5,575	5,575	11,150
35	46,596	12-12-2020	5255	54,543	0	4,193	4,193	8,386
36	1,19,850	12-02-2020	CT/1920/6115	1,41,423	21,573	0	0	21,573
37	1,48,630	31-10-2018	TX18-19/2686	1,75,383	26,753	0	0	26,753
38	2,23,200	15-12-2018	677	2,63,376	40,176	0	0	40,176
39	2,23,567	15-12-2018	GST/18-19/168	2,63,807	40,242	0	0	40,242
40	1,45,086	26-10-2018	2910075566	1,85,710	40,624	0	0	40,624
41	5,81,192	30-11-2020	582	6,85,807	0	52,307	52,307	1,04,614
Wayanad								
42	54,697	26-08-2020	SRE/0322/20-21	64,543	9,845	0	0	9,845
43	1,14,044	29-01-2019	RV2900006396	1,19,747	5,702	0	0	5,702
44	49,375	01-07-2020	SS/0215/20-21	58,263	8,888	0	0	8,888
45	1,13,562	16-10-2021	CT03465	1,27,189	13,627	0	0	13,627
46	77,376	24-08-2020	CO20010670	86,661	9,285	0	0	9,285
47	65,121	30-08-2021	860	76,843	0	5,861	5,861	11,722
48	60,800	16-10-2021	949	63,840	3,040	0	0	3,040
49	7,90,000	28-05-2021	U2/2122/FS/10 68	8,29,500	39,500	0	0	39,500
50	14,39,914	22-09-2020	997	16,99,099	2,59,185	0	0	2,59,185
51	1,04,185	19-10-2019	1445	1,16,687	12,502	0	0	12,502
52	4,78,240	02-04-2019	3	5,64,323	86,083	0	0	86,083
53	3,50,172	31-05-2019	DC527	4,13,203	63,031	0	0	63,031

Sl No	Value of goods (₹)	Invoice/ Challan Date	Invoice/ Challan Number	Actual/ Est. value of goods (₹)	IGST (₹)	CGST (₹)	SGST (₹)	Total Tax (₹)
Kottayam								
54	29,613	04-10-2019	A34478	34,705	0	2,547	2,547	5,094
55	44,188	27-06-2020	TP/20-21/3146	52,142	0	3,977	3,977	7,954
56	47,402	03-08-2020	248	55,934	0	4,266	4,266	8,532
57	95,700	24-10-2019	C65	1,02,028	0	3,164	3,164	6,328
58	43,851	06-11-2019	GF/2019-20/452	51,744	0	3,947	3,947	7,894
59	52,452	11-07-2020	KSB/Y21/TR/174	61,893	0	4,721	4,721	9,442
60	33,750	25-10-2019	SMCC2703	43,200	0	4,725	4,725	9,450
61	53,627	05-10-2020	649	63,279	0	4,826	4,826	9,652
62	60,240	26-09-2020	22	71,083	0	5,422	5,422	10,844
63	64,763	27-06-2020	TP/20-21/3149	76,420	0	5,829	5,829	11,658
64	68,266	24-08-2020	b192	80,402	0	6,068	6,068	12,136
65	57,600	19-11-2019	1757	73,728	0	8,064	8,064	16,128
66	95,312	14-12-2019	EKM-2598/19-20	1,12,469	0	8,578	8,578	17,156
67	96,415	02-07-2020	ktmR/221	1,13,770	0	8,677	8,677	17,354
68	3,56,304	17-07-2019	A504,A502	3,74,120	0	8,907	8,907	17,814
69	1,02,848	02-11-2019	F2021	1,21,361	0	9,256	9,256	18,512
70	2,16,000	16-12-2019	B101	2,54,880	0	19,440	19,440	38,880
Kollam								
71	6,52,500	24-06-2020	35	8,35,200	1,82,700	0	0	1,82,700
72	2,49,913	13-07-2020	542	2,90,810	0	20,448	20,448	40,896
73	2,94,000	09-01-2020	46	3,76,820	82,320	0	0	82,320
74	2,70,541	12-12-2020	7152	3,19,239	0	24,349	24,349	48,698
75	2,61,216	09-06-2020	139	3,08,234	0	23,509	23,509	47,018
76	2,44,343	02-02-2021	A/307	2,88,325	0	21,991	21,991	43,982
77	1,31,250	18-11-2020	405	1,68,000	0	18,375	18,375	36,750
78	7,23,200	16-03-2020	110	7,59,360	0	18,080	18,080	36,160
79	1,89,500	07-12-2019	B/197	2,23,610	0	17,055	17,055	34,110
80	1,17,449	11-12-2020	TNKS029279	1,50,334	32,886	0	0	32,886
81	3,78,476	29-01-2021	2021/8880	3,97,698	0	9,462	9,462	18,924
82	1,48,453	21-01-2021	1236	1,75,175	0	13,361	13,361	26,722

SI No	Value of goods (₹)	Invoice/ Challan Date	Invoice/ Challan Number	Actual/ Est. value of goods (₹)	IGST (₹)	CGST (₹)	SGST (₹)	Total Tax (₹)
83	1,21,572	27-12-2019	F000033	1,43,454	0	10,941	10,941	21,882
84	1,16,794	16-03-2021	PlrW/397	1,37,816	0	10,511	10,511	21,022
85	4,08,000	03-06-2020	14	4,28,400	20,400	0	0	20,400
86	1,00,230	04-02-2020	OE/19-20/08	1,18,271	0	9,021	9,021	18,042
87	41,250	22-11-2021	104	48,675	0	3,713	3,713	7,426
88	1,34,286	12-12-2021	1026/2021-22	1,50,400	0	8,057	8,057	16,114
89	88,983	17-09-2021	BB213	1,05,000	0	8,008	8,008	16,016
90	77,000	09-04-2021	4	90,860	0	6,930	6,930	13,860
Pathanamthitta								
91	1,52,542	11-02-2021	RE171/2020-21	1,80,000	0	13,729	13,729	27,458
92	12,22,590	08-02-2020	1902017137	14,42,656	2,20,066	0	0	2,20,066
Total								27,34,666

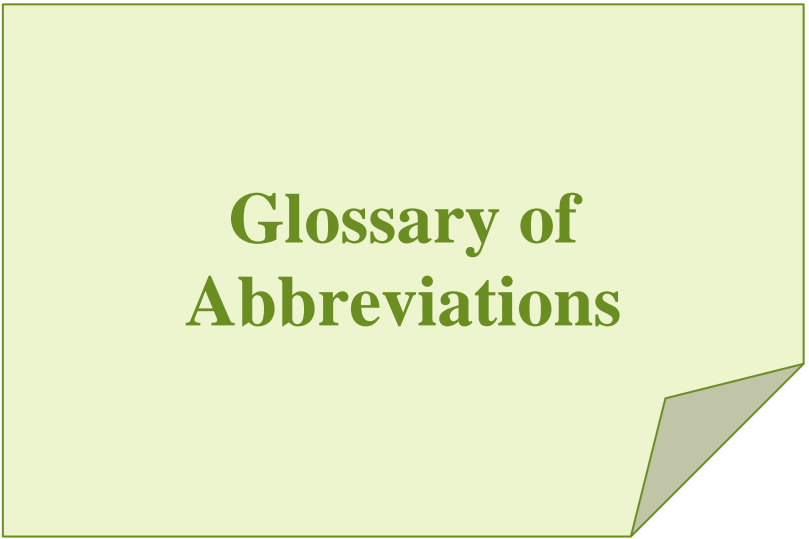
Source: Departmental records.

Appendix - XVIII
Details of cases on which excess quantity detected
(Refer Para 3.4.3)

Sl. No.	Name of Squad	Offence Register No. and Year	TPS Circle/ Jurisdiction of the Consignor/ Consignee	Value of the excess quantity (₹)	Rate of GST (%)	Tax effect (₹)
1	Mobile Squad III, Ernakulam	161/2019-20	TPSC Kunnathunadu	1,00,000	5	5,000
2	Mobile Squad III, Ernakulam	90/2020-21	TPSC Angamaly	1,00,000	5	5,000
3	Mobile Squad V, Ernakulam	181/2019-20	TPSC Ernakulam Central	75,000	18	13,500
4	Surveillance Squad, Palakkad	286/2020-21	TPSC Ernakulam Central	13,536	18	2,436
5	Intelligence Squad III, Palakkad	153/2019-20	TPSC Thrissur City	35,715	28	10,000
6	Intelligence Squad III, Palakkad	179/2019-20	Chittur Range - Central Jurisdiction	2,40,000	5	12,000
7	Surveillance Squad, Palakkad	11/2021-22	TPSC Wadakkancherry	1,12,500	5	5,625
8	Surveillance Squad I, Palakkad	121/2019-20	TPSC Palakkad West	13,950	18	2,511
9	Surveillance Squad I, Palakkad	9/2020-21	TPSC Edappally	41,035	18	7,386
10	Surveillance Squad, Palakkad	265/2020-21	TPSC Kottayam East	80,400	18	14,472
11	Mobile Squad, Payyannur	147/2020-21	Thaliparamba Range - Central Jurisdiction	60,000	18	10,800
12	Mobile Squad, Thaliparamba	21/2019-20	Thaliparamba Range - Central Jurisdiction	51,380	18	9,248
13	Mobile Squad II, Kasaragod	07/2018-19	Kasaragod Range - Central Jurisdiction	60,000	18	10,800
14	Mobile Squad II, Kasaragod	08/2019-20	Kanhangad Range - Central Jurisdiction	1,25,200	18	22,536
15	Surveillance Squad III, Kasaragod	43/2020-21	Kozhikode 1 Range - Central Jurisdiction	3,73,920	18	67,306
16	Surveillance Squad I, Wayanad	36/2021-22	TPSC Thamarasserry	60,000	18	10,800
17	Surveillance Squad II, Wayanad	35/2020-21	TPSC Kuthuparamba	71,500	5	3,575

Sl. No.	Name of Squad	Offence Register No. and Year	TPS Circle/ Jurisdiction of the Consignor/ Consignee	Value of the excess quantity (₹)	Rate of GST (%)	Tax effect (₹)
18	Surveillance Squad III, Wayanad	27/2020-21	TPSC Kunnammangalam	84,000	18	15,120
19	Surveillance Squad II, Wayanad	80/2019-20	TPSC Koyilandy	90,000	18	16,200
20	Surveillance Squad II, Wayanad	53/2019-20	TPSC Farook	83,000	18	14,940
21	Mobile Squad V, Kollam	89/2020-21	TPSC Kazhakoottam	1,65,986	18	29,877
22	Mobile Squad V, Kollam	84/2020-21	TPSC Muvattupuzha	1,24,577	18	22,424
23	Mobile Squad II, Kollam	32/2021-22	TPSC Karunagappally	1,04,676	18	18,842
24	Mobile Squad IV, Punalur	32/2019-20	TPSC Neyyattinkara	2,47,595	5	12,380
25	Mobile Squad V, Kollam	41/2020-21	TPSC Ponkunnam	30,000	18	5,400
26	Mobile Squad II, Kottarakkara	69/2021-22	TPSC Perumbavoor	80,000	18	14,400
27	Mobile Squad II, Pala	07/2019-20	TPSC Pala	70,200	18	12,636
Total				26,94,170		3,75,214

Source: Departmental records.



Glossary of Abbreviations

Glossary of Abbreviations

1	AC	Assistant Commissioner
2	ANPR	Automatic Number Plate Recognition
3	ASMT-10	Scrutiny notice intimating discrepancies in GST return along with tax, interest and penalty
4	B2B supply	Business to business supply
5	CBIC	Central Board of Indirect Taxes and Customs
6	DC	Deputy Commissioner
7	EWB	Electronic Way Bill
8	FAQs	Frequently Asked Questions
9	GST	Goods and Services Tax
10	GST REG-12	Temporary Registration Number
11	GSTIN	Goods and Services Tax Identification Number
12	GSTN	Goods and Services Tax Network
13	GSTR-2A	Details of outward supplies furnished by the supplier shall be auto-populated to the concerned registered persons (recipients)
14	GSTR-1	Monthly details of outward supplies of goods or services by the normal taxpayer
15	GSTR-3B	A self-declared summary GST return to be filed every month by the taxpayers
16	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)
17	HSN Code	Harmonized System of Nomenclature code
18	IGST	Integrated Goods and Services Tax
19	ITC	Input Tax Credit
20	JC	Joint Commissioner
21	KPAs	Key Problem Areas
22	MIS Reports	Management Information System Reports
23	NIC	National Informatics Centre
24	NIL return	Filing of returns without taxable outward supply
25	PA	Performance Audit
26	PAN	Permanent Account Number
27	RFID	Radio Frequency Identification Device
28	SGST Act	State Goods and Services Tax Act, 2017
29	SGST Rules	State Goods and Services Tax Rules, 2017

30	SGSTD	State Goods and Services Tax Department
31	STO	State Tax Officer
32	TPS Circle	Taxpayer Services Circle
33	VAHAN	VAHAN is the flagship e-Governance application under National Transport Project

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