

NON-GENERATION OF TRANSPORTER ID ON E-WAY BILL: GTA OR RENTING OF MOTOR VEHICLES?

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In an effort to streamline and enhance transparency in the movement of goods, the implementation of the Goods and Services Tax (GST) brought about significant changes to the existing taxation system in India. The implementation of the GST E-Way Bill system in India marked a significant milestone in simplifying the movement of goods across state borders. One of the important issues which the industry is facing is the generation of Transporter identification (ID) over E-way bill wherein the transporters are shirking away from generating the transporter ID thereby raising the ambiguities over the nature of the transaction. If the transporter is not generating the transporter ID then it can be interpreted that service of goods transport agency (GTA) was not provided rather a service of renting of motor vehicle is provided which attracts a higher rate of tax under forward charge mechanism. Presently, a tax rate of 5% is charged on the GTA services under reverse charge mechanism whereas in the case of renting of motor vehicle tax rate of underlying goods will be charged which will be 28% plus cess. In the absence of transporter ID, it will be difficult to substantiate that the transaction is of goods transport agency instead of renting of motor vehicles where e-way bill is generated under sub-rule 2 of rule 138 of the CGST Rules, 2017 with respect to the cases where the conveyance is hired. The introduction of this system aimed to address various challenges, including tax evasion, document forgery, and delays in goods transportation. Hence, this was one of the crucial aspects of the GST framework which requires the reporting of transporter (ID) details. With this backdrop, it is important to analyze the governing provisions in detail.

Any supplier/agent is transporting goods where the consignment value greater than fifty thousand is required to generate and produce this e-way bill. It comprises of two parts and they are:

Part A request for the details such as recipient GSTIN, place of delivery, invoice or challan number and date, HSN code, goods value, transport document number (Goods Receipt Number in the case of road transport) and reasons for transportation.

Part B comprises of transporter details (Vehicle number and transporter ID). The part B containing transport detail is used to generate the e-way bill.

It is pertinent to mention here that generation of transporter ID is an industry level issue and most of the tax professionals are not aware about the mandatory generation of transporter ID over E-way bill. The transporter ID is a unique identification number assigned to transporters registered under the GST regime. It ensures that transportation services are properly documented and linked to the relevant stakeholders involved in the movement of goods. The transporter ID helps in tracking and validating the movement of goods and serves as an important tool to prevent tax evasion and unauthorized transportation. Transporter ID is a 15-digit unique number generated by the EWB system for transporters who have not registered themselves under GST. A Transport ID acts similar to GSTIN, and once a transporter enrolls on the e-way bill portal, the GST portal provides a transport ID for the said goods. Small transporters not having GSTIN or GST registration can enroll on the e-way bill portal and obtain a Transport ID for the purposes of complying with the e-way bill regulations and transporting the goods with the e-way bill. With the implementation of GST, reporting the transporter ID on the E-way bill has become mandatory. Every registered taxpayer involved in the transportation of goods, whether as a consignor, consignee, or transporter, must provide the transporter ID while generating the E-way bill. This requirement ensures transparency and enables the tax authorities to monitor the movement of goods more efficiently. The Transporter ID is crucial in ensuring the accountability and authenticity of the transportation process. With this backdrop, it is important to analyze the provisions governing the mandatory generation of transporter ID over e-way bill.

Section 35 of the CGST Act, 2017 provides that every transporter irrespective of the fact that it is registered or not is required to maintain records. The relevant extract of the provision is reproduced below-

“Section 35 of CGST Act

(1) ****

(2) *Every owner or operator of warehouse or godown or any other place used for storage of goods and **every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consigner, consignee and other relevant details of the goods in such manner as may be prescribed.***”

“Rule 138 of the CGST Rules

1. ****
2. Where the goods are transported by the registered person as a consignor or the recipient of supply as the consignee, whether in his own conveyance or a hired one or a public conveyance, by road, the said person shall generate the e-way bill in FORM GST EWB-01 electronically on the common portal after furnishing information in Part B of FORM GST EWB-01.
3. where the e-way bill is not generated either by the consignor or consignee and the goods are handed over to a transporter for transportation by road, the registered person shall furnish the information relating to the transporter on the common portal and the e-way bill shall be generated by the transporter on the said portal on the basis of the information furnished by the registered person in Part-A of Form GST EWB-01.”

A FAQ issued by CBIC also provides that the transporters who are not registered under GST must enroll on e-way bill portal if they are causing any movement of goods. The relevant extract of the same is reproduced below-

“Q. Why the transporter needs to enroll on the e-way bill system?”

A. There may be some transporters, who are not registered under the Goods and Services Tax Act, but such transporters cause the movement of goods for their clients. They need to enroll on the e-way bill portal to get 15-digit Unique Transporter ID.”

Hence, in light of the supra mentioned propositions it can be succinctly derived that transporter Id is required to be generated where transporter is causing movement of goods.

As far as transporter is concerned, Section 35(2) of CGST Act, read with Rule 58 of CGST Rules state that every transporter, irrespective of whether he is a registered person or not, shall maintain records of the consignor, consignee and other relevant details of the goods, and accordingly submit the details regarding his business in FORM GST ENR-01. Even as per the FAQ issued by CBIC mandate transporter to apply for “Transporter ID” if such transporters cause the movement of goods for their clients.

This can be concluded with the following :

(a) If the transporter is unregistered: the transporter will have to get himself registered on the E-way bill portal and get the transporter ID by filing the form “Application for Enrolment u/s 35(2)”. Thus, registered person shall mention this transporter ID while generating e-way bill.

(b) If the transporter is registered: Registered person shall mention the GSTIN of transporter.

Mandatory registration ensures a systematic approach to goods transportation, reducing delays and avoiding unnecessary paperwork. It streamlines the movement of goods across state borders by eliminating the need for multiple state-specific permits. By registering transporters, the government can maintain a database of all authorized transporters. This promotes transparency, making it easier to track the movement of goods and deter tax evasion. The mandatory registration of transporters acts as a deterrent to tax evasion. It enables the tax authorities to verify the authenticity of transportation details, preventing the misuse of the system for tax evasion purposes. The mandatory registration of transporters for the GST E-Way Bill system has played a crucial role in streamlining goods transportation in India. By implementing this requirement, the government has brought greater transparency, accountability, and efficiency to the process. The system has successfully addressed various challenges associated with the movement of goods across state borders, such as tax evasion and document forgery. Overall, the mandatory registration of transporters has been instrumental in facilitating a seamless and hassle-free movement of goods, benefitting businesses and the economy as a whole. While the mandatory reporting of transporter IDs on GST E-way bills brings several benefits, it also presents certain challenges. Some transporters may not be registered under the GST system, potentially causing disruptions in the movement of goods. To mitigate this, it is essential to encourage and facilitate GST registration among transporters, offering them the necessary support and guidance. The mandatory reporting of transporter ID on GST E-way bills is a significant step towards ensuring transparency, reducing tax evasion, and simplifying logistics operations.

By implementing this requirement, the government aims to enhance compliance, improve the overall efficiency of the goods transportation system, and create a more robust tax ecosystem. As the GST framework evolves, it is crucial for businesses, transporters, and tax authorities to collaborate effectively to reap the benefits of this digital transformation in goods transportation. To enhance transparency and facilitate better monitoring of the transportation of goods, the government has made it mandatory to report the Transporter ID on the GST e-way bill. Non-generation of transporter ID is an industry level issue as most of the people are not aware of this fact and with the introduction of national logistics policy (NLP), it will be having far reaching consequences as the major goal of this policy is to move towards digitalization. Moreover, it is important to note that e-way bill generated under sub-rule 2 of rule 138 talks about the hired vehicle whereas the industry is discharging tax considering it as a GTA supply instead of hiring of motor vehicle. Hence, there is an urgent need to re-look this transaction from a wide perspective and reporting of transporter ID is the need of the hour.





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