

RECONCILIATION OF OUTWARD SUPPLY WITH E-WAY BILL PORTAL

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Reconciliation – Overview

- Reconciliation is the systematic process of matching data across multiple records to ensure accuracy and completeness.
- It ensures consistency between returns filed in GSTR-1, data available on the E-Way Bill portal, and the books of accounts.
- It facilitates early identification and rectification of discrepancies before departmental scrutiny or notices.
- It plays a critical role in audit preparedness and helps maintain a strong GST compliance rating.

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Reconciliation – Overview

- Of late, the GST authorities have booked avoidable cases against assesses, alleging short payment of GST made in monthly returns, compared to E-way bill portal data available with them.
- While mere difference between E-way bill portal value and GSTR-1/GSTR-3B value cannot automatically result in GST demand, it becomes imperative to ensure that the figures/data/category of movement is recorded correctly while preparing E-way bills, to ensure there is no avoidable demand raised against the assessee.
- It is also essential to ensure there is no excess supply reported in E-way bill portal, due to clerical error / duplication etc., to avoid such huge demands.

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➤ Outward Supply as per section 2(83) of the CGST Act,2017

- "outward supply" in relation to a taxable person, means supply of goods or services or both, whether by sale, transfer, barter, exchange, licence, rental, lease or disposal or any other mode, made or agreed to be made by such person in the course or furtherance of business;
- Outward supply refers to the supply of goods or services made by a registered taxpayer in the course or furtherance of business.
- It forms the basis for determining the taxpayer's output tax liability under GST.
- As per section 2 (82) of the CGST Act, 2017 "output tax" in relation to a taxable person, means the tax chargeable under this Act on taxable supply of goods or services or both made by him or by his agent but excludes tax payable by him on reverse charge basis;
- Details of outward supplies are required to be reported in GSTR-1.

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➤ E-Way Bill :

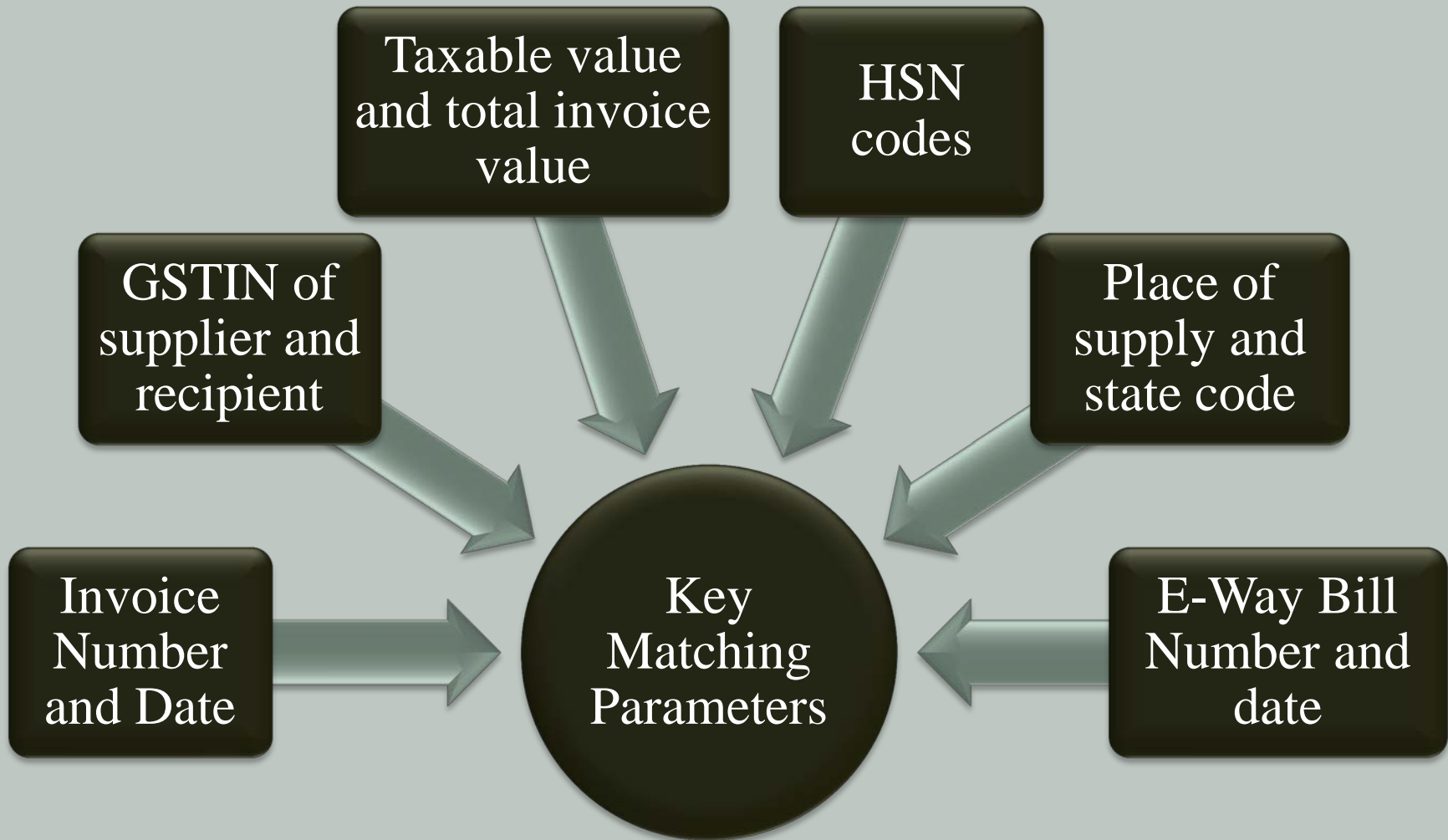
- A mandatory electronic document required for the movement of goods exceeding the prescribed threshold limit under GST.
- Generated online through the E-Way Bill portal prior to the commencement of movement.
- Comprises two parts:
 - Part A: Details of supplier, recipient, and invoice
 - Part B: Transporter details and vehicle information
- Enables real-time tracking of goods movement and helps in preventing tax evasion and ensuring compliance.

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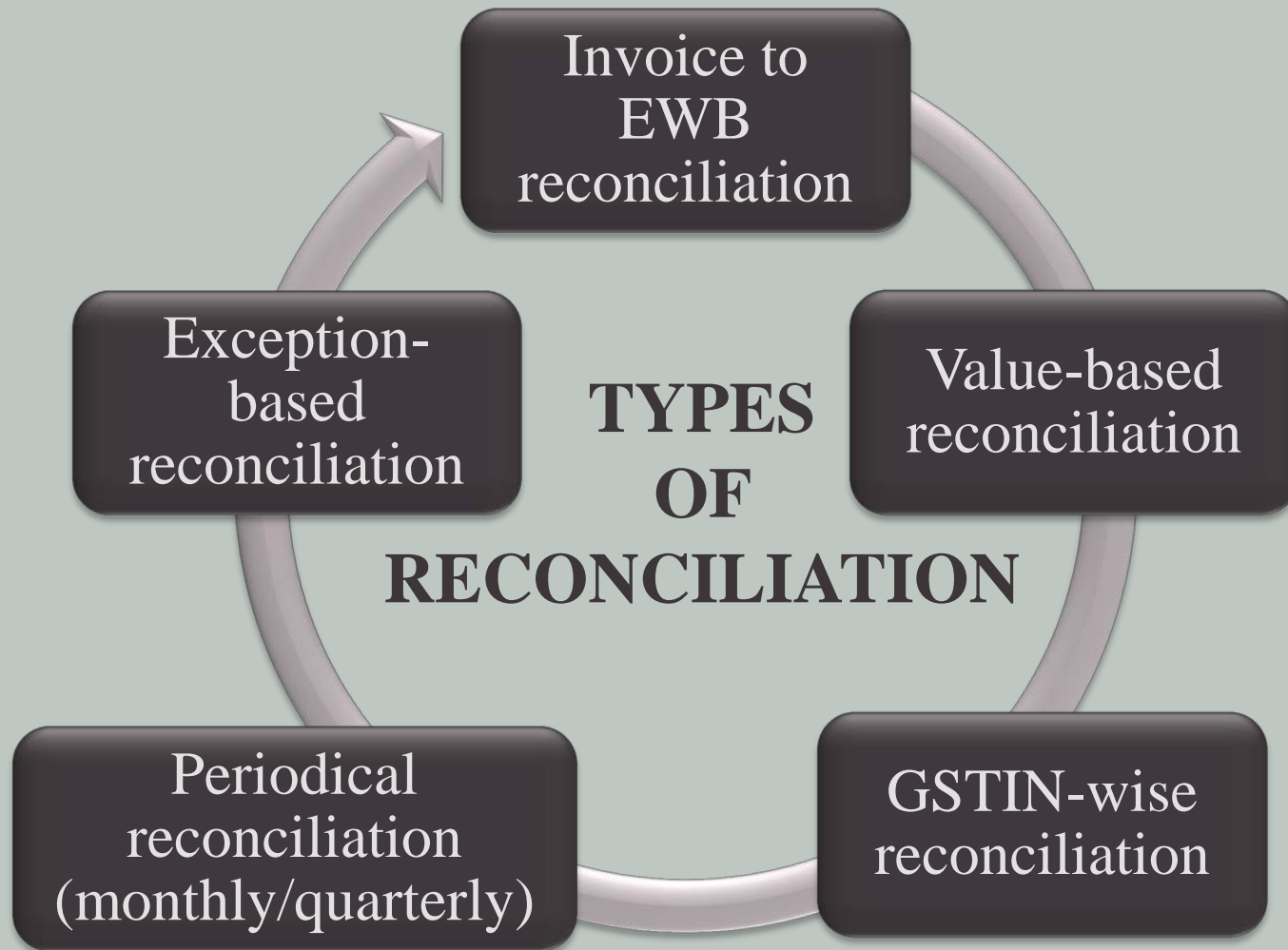
Key Data Sources for Reconciliation:

- GSTR-1 return data (invoice-wise outward supply)
- E-Way Bill portal reports (EWB register)
- Sales register from accounting system
- ERP or internal MIS reports
- Additional documents like delivery challans

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➤ Common Mismatches in Outward Supply and E-Way Bill Data:

E-Way Bill Generated but Invoice Not Reported in GSTR-1:

This occurs when goods are dispatched and an E-Way Bill is generated, but the corresponding invoice is not reported in GSTR-1. It may happen due to omission, timing differences, or clerical errors.

Invoice Reported in GSTR-1 but No E-Way Bill Generated:

Arises when an invoice is recorded in GST returns, but no E-Way Bill is generated. This may be due to non-compliance, exemption cases, or incorrect assumption that E-Way Bill is not required.

Mismatch in Taxable Value / Invoice Value

Differences between the value declared in the invoice and the E-Way Bill. This can occur due to partial shipments, incorrect data entry, or inclusion/exclusion of freight, insurance, or other charges.

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Incorrect GSTIN of Recipient or Supplier

Errors in entering GSTIN in either GSTR-1 or E-Way Bill lead to mismatches and may affect the recipient's Input Tax Credit (ITC).

Mismatch in Place of Supply / State Code

Incorrect state code or place of supply can result in wrong tax treatment (IGST vs CGST/SGST) and inconsistency between records.

Duplicate E-Way Bills

Multiple E-Way Bills generated for the same invoice due to system or manual duplication, causing reconciliation differences.

Cancelled or Expired E-Way Bills Not Updated

E-Way Bills that are cancelled or expired may still appear in reports if not properly reconciled, leading to discrepancies.

Timing Differences

E-Way Bill generated in one tax period while invoice is reported in another, causing temporary mismatches during reconciliation.

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❑ E-waybill generated for job work

When generating an E-Way Bill (EWB) for Job Work, the movement is recorded under a Delivery Challan (DC) rather than a Tax Invoice, as no sale has occurred. On the E-Way Bill portal, the 'Supply Type' must be marked as 'Outward' and the 'Sub-supply Type' specifically selected as 'Job Work'. This ensures the movement is linked to your Job Work transactions (which is not supply per se) and is not flagged as an unreported sale in GSTR-1. The valuation should represent the actual value of the goods, and for the return journey, the job worker (if registered) or the principal generates a new EWB using the 'Inward' and 'Job Work' sub-type to ensure proper reporting of transactions and movement.

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❑ E-way bill generated through delivery challan

The primary issue when generating an E-Way Bill (EWB) through a Delivery Challan (DC) is a persistent reconciliation mismatch between your logistics data and your tax returns. Since the EWB portal records the movement of goods but GSTR-1 only tracks taxable sales (Invoices), your total "outward movement" value will always appear higher than your "outward supply" value. This discrepancy often triggers automated system alerts from the GST department, as they may suspect the Delivery Challan is being used to mask actual sales or that goods sent for Job Work haven't returned within the statutory timeframe (1 year). To avoid penalties, businesses must maintain a meticulous Job Work Register (ITC-04) and ensure that every "DC-based" E-Way Bill is eventually linked back to either a return movement or a Tax Invoice, as the case may be.

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Departmental Notices and Scrutiny → Mismatches may trigger inquiries, audits, or notices from GST authorities.

Financial Exposure due to Penalties → Non-compliance can result in monetary penalties for incorrect or incomplete reporting.

Interest Liability on Short Payment of Tax → Any underreporting or delay in tax payment may attract interest liability.

Blocking of E-Way Bill Generation Facility → Persistent non-compliance may lead to suspension of E-Way Bill generation.

Adverse Impact on Compliance Rating → Inconsistencies may affect the taxpayer's compliance profile and credibility.

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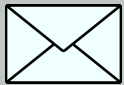
- Keep a habit of informing jurisdictional authorities, in case of any error is made on E-way bill portal, which cannot be rectified/corrected.
- Advisable to prepare and maintain reconciliation working sheet, in case of any difference in outward movement mentioned in E-way bill portal qua actual supply value and outward supply mentioned in GST returns
- File periodic returns and reflect correct details in GSTR9 and GSTR9C, in accordance with financial records.



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YOU**