

GST Alert 12/2020-21

Date 24.02.2021

Clarifications issued on E-invoicing for B2C transactions

Central Board of Indirect Taxes has issued certain clarifications on the issue of B2C e-invoicing requirements with respect to Dynamic QR code. Before we go into these clarifications we would like to explain the back ground in which these clarifications have been issued:

1. Background on B2C E-invoicing

E-invoicing on businesses having turnover above 500 cr was made mandatory from 1st Oct 2020, both for B2B and B2C transactions. Notification 14/2020-CT dated 21.03.2020 notified that businesses having turnover above 500 cr were required to have a Dynamic Quick Response Code (**DQRC**) in every B2C invoice from 1st October 2020 onwards. However, due to representations from Industry, this requirement was extended by 2 months to 1st December 2020 vide notification 71/2020-CT. To ease compliance burden, vide Notification 89/2020-CT dated 29.11.2020, complete waiver of penalty payable u/s 125 (general penalty) has been given for the period 1.12.2020 to 31.03.2021.

However, it is pertinent to note 2 issues with regards to this waiver of penalty

- a. This waiver is of penalty u/s 125 only which is a residuary provision for penalties, it does not waive penalty payable u/s 122. An officer may take a stand during assessment that this notification is for waiver of penalty only for 125 and not for 122 and he may levy a penalty under 122.
- b. Further, this notification comes with a rider, it says that penalty is waived **subject to the fact to the condition that we comply with the provisions of DQRC from 1.04.2021 onwards. Lets assume we unintentionally miss having DQRC on few invoices after April 2021, assessing officer will then take a stand that because we have not complied with the requirements of DQRC from April 2021 we have violated the condition mandated by 89/2020 and therefore penalty for past will also apply.**



So amongst many other question regarding e-invoicing of B2C transactions, this question whether one can avoid having DQRC on B2C invoices till 31.03.2021 begged an answer.

2. Clarification issued

CBIC has come out with Circular no. 146/02/2021-GST dated 23.02.2021 and clarified certain issues as under:

No.	Issues	Clarification
1.	<p>E-invoicing is applicable to which invoices vide Notification No 14/2020- CT?</p> <p>Would this requirement be applicable on invoices issued for supplies made for Exports?</p>	<p>This notification is applicable to a tax invoice issued in case of B2C transaction by a supplier whose annual aggregate turnover exceeds 500 Cr rupees in any of the financial years from 2017-18 onwards. However, the said notification is not applicable to an invoice issued by following suppliers:</p> <ol style="list-style-type: none"> Insurer, banking company or an NBFC GTA Passenger Transportation Services Multiplexes OIDAR supplies made by any registered person to an unregistered person. <p>E-invoicing norms are required to be followed for supplies made for exports in terms of Notification no. 13/2020-CT treating them as B2B supplies and therefore norms as per Notification no. 14/2020- CT will not be applicable to them.</p>
2.	<p>What parameters/ details are required to be captured in the Quick Response (QR) Code?</p>	<p>Dynamic QR Code, is required to contain following information: -</p> <ol style="list-style-type: none"> Supplier GSTIN number Supplier UPI ID Payee's Bank A/C number and IFSC Invoice number & invoice date, Total Invoice Value and GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc. <p>Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.</p>



3.	<p>If a supplier provides / displays Dynamic QR Code, but the customer opts to make payment without using Dynamic QR Code, then will the cross reference of such payment, made without use of Dynamic QR Code, on the invoice, be considered as compliance of Dynamic QR Code on the invoice?</p>	<p>If the supplier has issued invoice having Dynamic QR Code for payment, the said invoice shall be deemed to have complied with Dynamic QR Code requirements.</p> <p>In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice: -</p> <ul style="list-style-type: none"> i. Using any mode like UPI, credit/ debit card or online banking or cash, with or without using Dynamic QR Code, and the supplier provides a cross reference of the payment (transaction id along with date, time and amount of payment, mode of payment) on the invoice ; or ii. In cash, without using Dynamic QR Code and the supplier provides a cross reference of the amount paid in cash, along with date of such payment on the invoice; <p>The said invoice shall be deemed to have complied with the requirement of having DQRC.</p>
4.	<p>If the supplier makes available to customers an electronic mode of payment like UPI Collect, UPI Intent etc, where though DQRC is not displayed, but the details of merchant as well as transaction are captured, how can the requirement of DQRC be complied with?</p>	<p>In such cases, if the cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of DQRC.</p> <p>However, if payment is made after generation of invoice, the supplier shall provide DQRC on the invoice.</p>
5.	<p>Is generation/ printing of Dynamic QR Code on B2C invoices mandatory for prepaid invoices i.e. where payment has been made before issuance of the invoice?</p>	<p>If cross reference of the payment received either through electronic mode or through cash is made on the invoice, then the invoice would be deemed to have complied with the requirement of DQRC.</p> <p>In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide DQRC on the invoice.</p>
6.	<p>Once the E-commerce operator (ECO) or the online application has complied with the DQRC requirements, will the suppliers using such e-commerce portal or application for supplies still be</p>	<p>The provisions of the notification shall apply to each supplier separately, if such person is liable to issue invoices with DQRC for B2C supplies (having turnover above 500 cr). In case, the supplier is making supply through the Ecommerce portal or application, and the said supplier gives cross references of the payment received in respect of the said supply on the invoice,</p>



	required to comply with the requirement of DQRC?	then such invoices would be deemed to have complied with the requirements of DQRC. In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide DQRC on the invoice.
--	--	--

3. Conclusion:

Above clarifications are issued under the power of section 168 of the CGST Act, which grants them legal sanctity and therefore are welcome. But 3 crucial questions have still not been answered:

- Is requirement for DQRC been practically waived till 31.03.2021 due to waiver of penalty.
- Waiver of penalty is only for section 125, does this mean no other penalty is leviable for non-compliance of e-invoicing norms
- Would any small mistake post 1.04.2021 in complying with DQRC would invite penalty for the past period

Formulated by:

N J Jain & Associates

Chartered Accountants

CA Nitesh Jain

Managing Partner

CA Praveen Maheshwari

Partner

CA Gaurav Khetan

Partner

CA Jay Dalwadi

Partner

Disclaimer

This GST Alert is only for the purpose of information and does not constitute or purport to be an advise or opinion in any manner. The information provided is not intended to create advisor-client relationship and is not for advertising or soliciting. N J Jain & Associates do not intend in any manner to solicit work through this Tax Alert. The Tax Alert is only to share information based on recent developments and regulatory changes. N J Jain & Associates is not responsible for any error or mistake or omission in this Tax Alert or for any action taken or not taken based on the contents of this Tax Alert. Business decisions are best taken in close consultation with the advisors.

