



GST

E-Invoicing

E-INVOICING



INTRODUCTION

- GST Council has approved introduction of 'E-invoicing' or 'Electronic Invoicing' in a phased manner for reporting of business to business (B2B) as well as Business to Customer (B2C) invoices to GST System
- GST Council approved the standard of e-invoice in its 37th meeting held on 20th Sept 2019 and the same along with schema has been published on GST portal.
- Till date, CBIC has issued five Central Tax notifications i.e. 68/2019-CT, 69/2019-CT, 70/2019-CT, 71/2019-CT, 72/2019-CT dated 13th December, 2019 in relation to above.
- This Alert aims to give insights on E-Invoicing system being introduced under GST

IMPORTANT ABBREVIATION USED IN PPT

- IRN – Invoice Reference Number – this will be a unique reference number for each invoice
- IRP – Invoice Registration Portal – special website which will handle the work of registering E-invoices
- QR Code – Quick Reference Code which will be generated on IRP

WHO SHALL ISSUE E-INVOICE

For Supply to Registered Persons (B2B Transactions only)

Voluntary from
1.01.2020

Business having
Gross Turnover
above **100 cr** in a
FY

Mandatory from
1.04.2020

WHO SHALL ISSUE E-INVOICE

For Supply to Unregistered Persons (B2C Transactions only)

Voluntary from
1.01.2020

Business having
Gross Turnover
above **500 cr** in a
FY

Mandatory from
1.04.2020

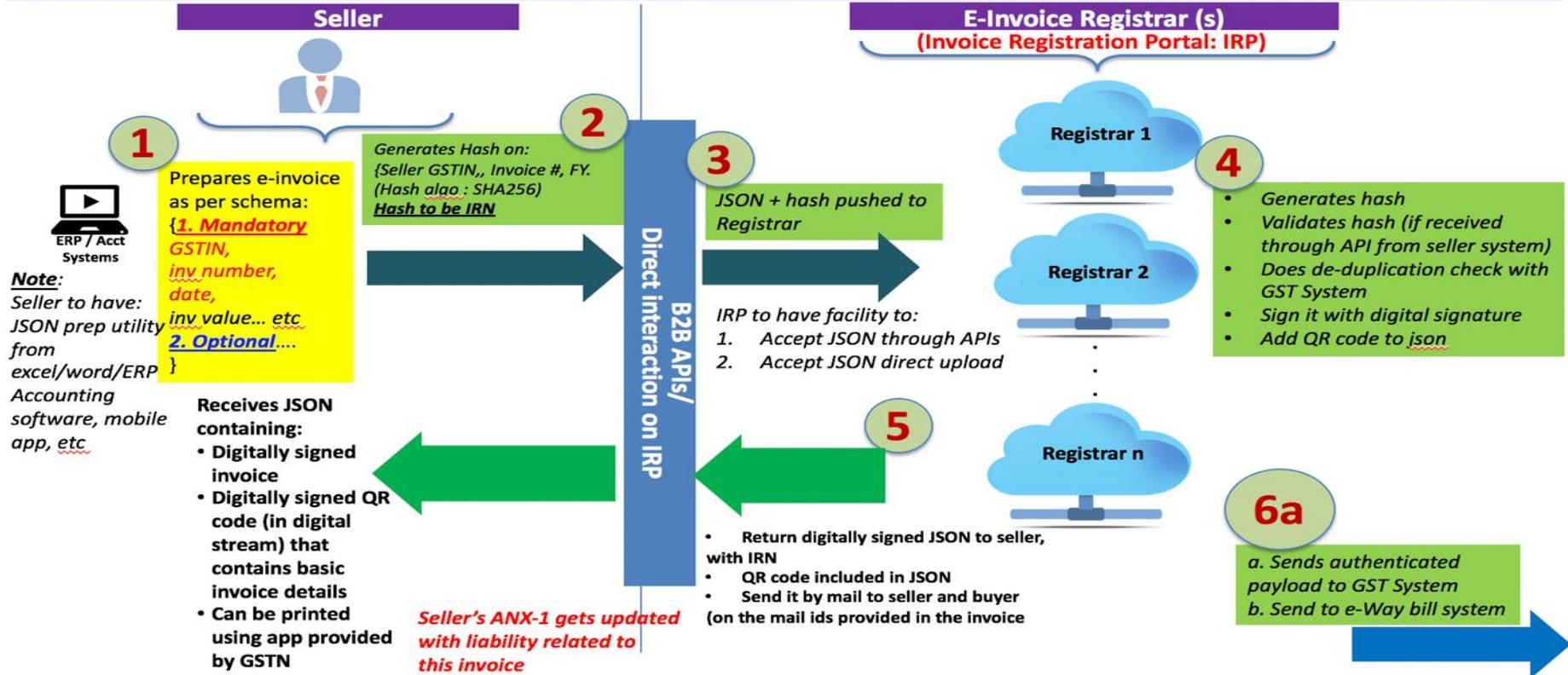
Supplier will have to put a Quick Response (QR) Code on
B2C invoice

PRE-REQUISITES FOR E-INVOICING

- E-invoice will be a Normal Tax Invoice issued in Standard format **GST INV-01** and **will have Invoice Reference Number (IRN) generated from GST portal.**
- Generation of E-invoice in a standard format will be the responsibility of the Registered Supplier who will report the same to Invoice Registration Portal ('IRP') of GST and obtain unique invoice reference number ('IRN'), digitally signed e-invoice and QR code from IRP.
- E-invoice shall include following documents
 - Invoice by Supplier
 - Credit Note by Supplier.
 - Debit Note by Supplier.
 - Any other document as required by law to be reported by the creator of the document.
- **Software from which Invoices are issued will have to be updated with the E-Invoicing standards. Government will issue free software for issuing of invoices, one may use to same as well.**

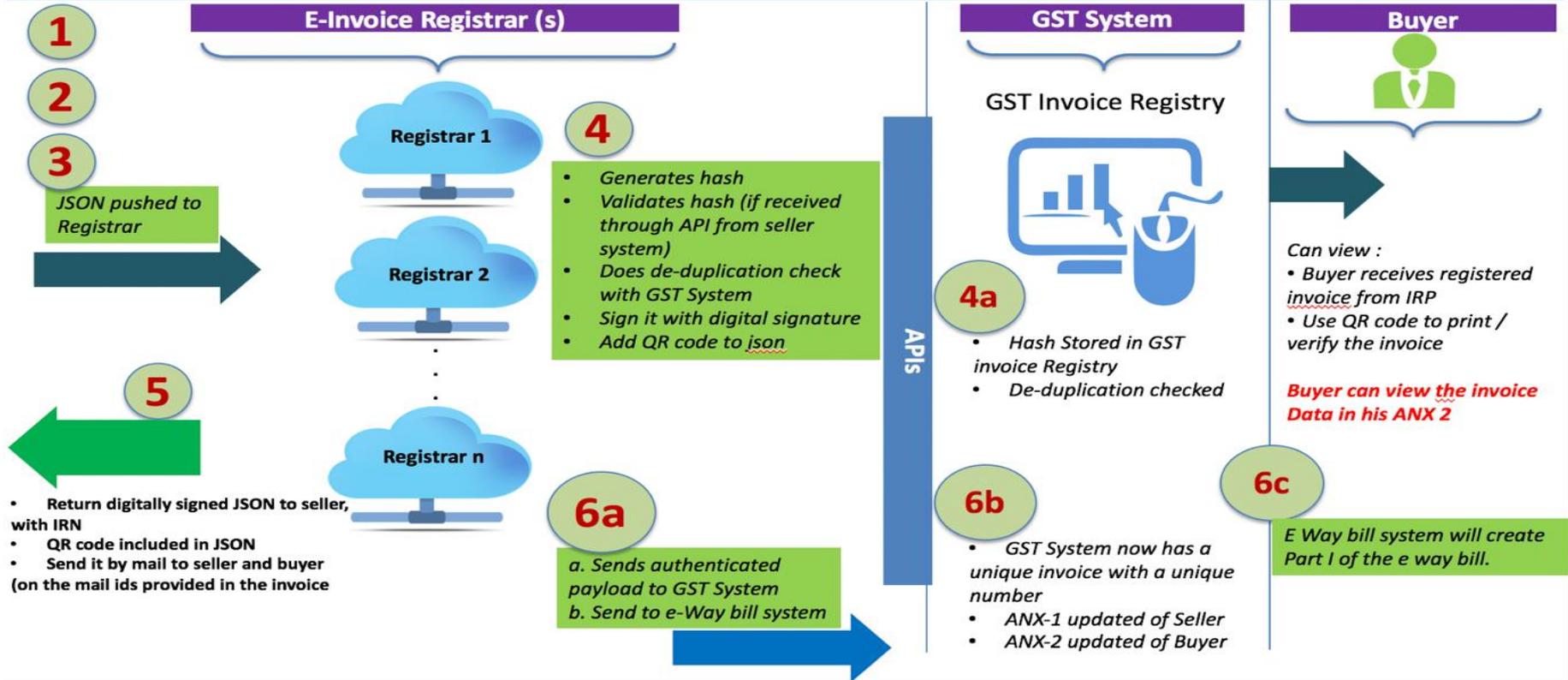
PROCESS FLOW - SUPPLIER to IRP

A. SELLER – REGISTRAR (IRP) FLOW OF ACTIVITIES

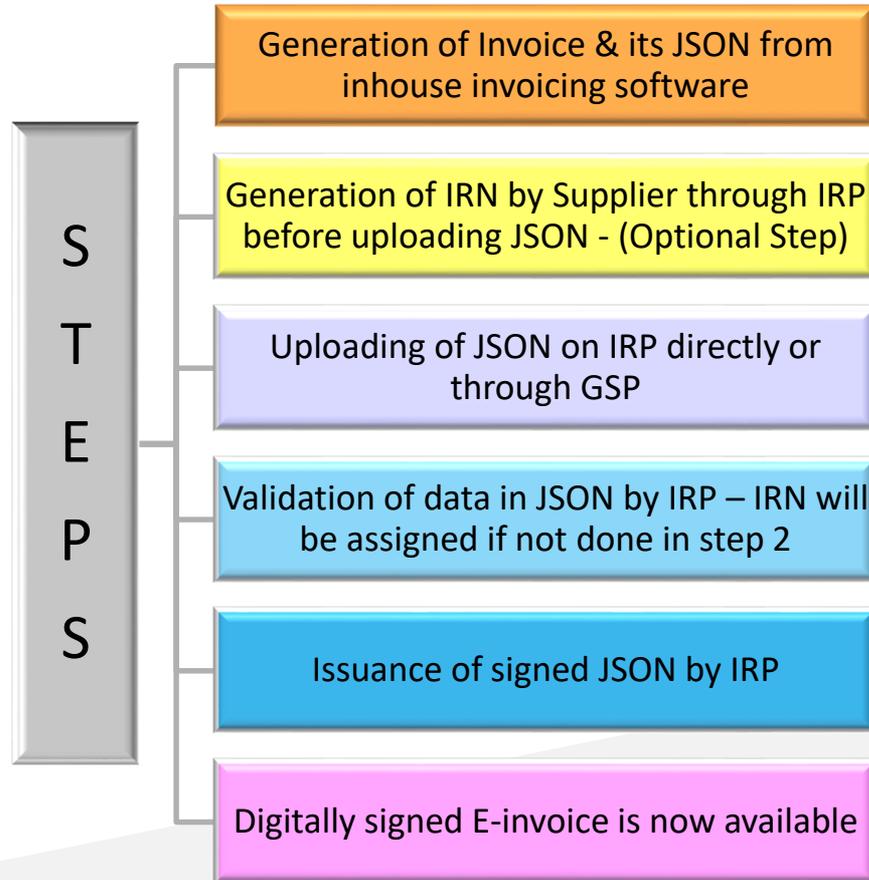


PROCESS FLOW - IRP to GSTN/BUYER

B. REGISTRAR (IRP) – GST SYSTEM FLOW OF ACTIVITIES



STEPWISE PROCESS FOR GENERATING E-INV



IMPORTANT POINTS

- Unique Invoice Reference Number ('IRN') can be generated by the supplier on the basis of 4 parameters like Supplier GSTIN, invoice number, financial year and document type. **Generation of IRN before uploading JSON file of Invoices is an optional step.** The seller can generate IRN and upload it along with invoice data. In case this step is skipped, IRN will be anyways generated by the IRP upon upload of JSON.
- IRP will generate IRN OR **validate IRN of JSON (if already generated and uploaded by the supplier).** IRP will add signature on the invoice data as well as QR code to the JSON.
- Supplier will download digitally signed JSON with IRN along with a QR code.
- In case while making the Invoice in step 1, if email ID of the buyer is provided, IRP will email digitally signed E-invoice to him immediately
- Once E-invoice is issued, IRP will update the details of the same on the E-way bill portal as well as on Anx 1 form which is GSTR 1 in the new return scheme.
- E-invoice so issued can be cancelled within 24 hours of its issuance and not later. Amendment of E-invoice is not allowed, it can be only be cancelled within 24 hrs. However cancellation or amendment of E-invoice can be done on the GST portal before filing of returns.

WHERE & WHEN TO GENERATE E-INVOICE

- **Below mentioned websites are notified for the preparation of E-Invoice: -**
 - www.einvoice1.gst.gov.in to www.einvoice10.gst.gov.in
(The front end access to these web pages are still not active)
- Multiple modes will be made available so that taxpayer can use the best mode based on his/her need. The modes given below are envisaged at this stage under the proposed system for e-invoice, through the IRP (Invoice Registration Portal):

Web based	API based	SMS based
Mobile app based	Offline tool based	GSP Based

- **Time of Generation of E-Invoice:** Ideally it will have to be generated before or at the time of issuance of regular invoice, legally there will be no change in the timing of generation E-invoice; it will be same as per section 31

PRINTING OF INVOICE

- **Printing of Invoice: -**
 - Taxpayer can continue to print his paper invoice as he is doing today including with logo and other information. E-invoice schema only mandates what will be reported in electronic format to IRP.
 - It is important to understand the difference here, E-invoicing system is only a reporting tool by which a regular invoice will have to be mandatorily reported to the IRP without which the regular invoice will not be valid. Taxpayer has a choice whether he wants to print the IRN as well as QR code generated through IRP on the regular tax invoice.
 - If the normal Invoice details are uploaded (in JSON format) on IRP and E-invoice is registered there, then the taxpayer can issue the regular invoice to its customer as he does currently.
 - How this symphony of interlinking between on ground working and electronic system work, is yet to be seen and tested.

MANDATORY FIELDS OF E-INVOICE

Sr. No.	Category	Particulars
1.	General	Version number (Tax schema) Invoice reference number, Code for invoice type, Invoice number , Invoice date
2.	Supplier	Legal name (Name appearing in PAN), GST number, Address, State name, Pin code
3.	Buyer	Legal name, GST number (in case of B2B), State code, Address, State name, Pin code
4.	Payment	Payee name, Account number, Payment mode, IFSC code
5.	Delivery	Company name, Address, State name, Pin code (Applicable in case of stock transfer/ sale of goods)
6.	Invoice item	Serial number, Quantity, Item rate, Net amount, GST rate, GST Amount, Batch number for manufactures
7.	Document Total	Total invoice value, Total tax amount, Amount paid in advance, Amount due
8.	Extra	Tax scheme
9.	Ship to	Company name, GST number, Address, Pin code, State name, Supply Type, Transaction mode

FAQs

- **Can IRP reject the submitted Invoice JSON :** IRP will validate for GSTIN existence (of seller and buyer) and de-duplication of the invoice. If non-existent GSTIN and/or a duplicate invoice is found, the invoice will be returned with relevant error codes, without registering it.
- **What validations will IRP be performing :** IRP will validate for only GSTIN correctness and whether invoice already exists in the GST system. This validation of existence in GST system will be based on the
 - GSTIN
 - Invoice Number
 - Type of document
 - FY combination
- **Is the supplier required to digitally sign JSON before submitting it to the IRP :** It is optional
- **Will the IRP return both signed JSON and signed PDF? Or just JSON :** IRP will return the signed JSON. No PDF will be returned.
- **Whose digital certificate will be used to sign the approved invoice :** The signature will be of IRP.
- **What will IRP be email distributing to the buyer- JSON or PDF or both :** No mailing of the e-invoice will be done by IRP.

FAQs

- **Do Invoices or Delivery challans for exempt supplies require IRN** : No, exempt supplies done under the cover of Bill of Supply or Delivery challan do not require to follow e-invoicing system
- **Does it apply to Importers** : Importers don't have to follow e-invoicing system for imports as Bill of Entry is issued by Customs
- **What happens when IRP system is down** : There will be more than 1 IRP to ensure continuity of business. All IRPs will use a common set of APIs to ensure compatibility and interoperability from businesses.
- **Will businesses be allowed to push invoice JSONs in bulk** : Yes, this service will be available through private software
- **Company LOGO on E-invoice** - Company Logo will not be sent to IRP. It will not be part of JSON file to be uploaded on the IRP. However, Software Company can provide LOGO in the billing/accounting software so that it can be printed on invoice.
- **Validity of invoice without Invoice Reference No. (IRN)**: - Invoice will be valid only if it has IRN.
- **Line item of E-Invoices** - The maximum number of line items per e-invoice is 100. GSTIN should increase this limit. It may impact some of big companies.

FAQs

- **Cancellation of E-Invoices:** - The e-invoice mechanism enables invoices to be cancelled. This will have to be reported to IRN within 24 hours. **Any cancellation after 24 hrs could not be possible on IRN,** however one can manually cancel the same on GST portal before filing the returns. E-Invoice can't be partially cancelled, it has to be fully cancelled.
- **Amendments to the e-invoice:** - Amendments are allowed on GST portal as per provisions of GST law. All amendments to the e-invoice will be done on GST portal only.
- **E-invoices for Export:** - The e-invoice schema also caters to the export invoices as well. The e-invoice schema is based on most common standard, this will help buyer's system to read the e-invoice.
- **E-invoice schema for reverse charge mechanism:** - E-invoice system has a reverse charge Mechanism reporting as well.
- In case a registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.
- E-invoicing is mandatory for a person having turnover above 100 crores for B2B transactions, but he is not required to issue E-invoice for B2C transaction unless his turnover exceeds 500 crores.

BENEFITS ?

- One time reporting of B2B invoice data by the supplier. It will reduce reporting in multiple Formats (i.e. GSTR-1/ E-way bill).
- E-invoicing can be further used for creating e-way bills by providing only vehicle details.
- Substantial reduction in input credit verification issues as same data will get reported to tax department as well to buyer.
- It will facilitate automatic preparation of GST (New) Returns (ANX 1 and ANX 2)
- Complete trail of B2B/B2C invoices will be available
- Invoices uploaded by suppliers for authentication will be automatically shared with Registered buyers for reconciliation.
- The system will auto-match input credit liability with output tax. E-invoice can be created for Debit/Credit Notes, Invoices and other eligible documents.

MISCONCEPTIONS

Misconception	Reality
E-invoice will be generated from govt tax portal ONLY	Invoice will be generated by the supplier in his own accounting or billing system. The invoice must have mandatory parameters and must conform to the e-invoice standard (schema) published in GST common portal
E-invoice is applicable to all GST Registered person	No, as explained above, threshold for applicability of E-Invoice system is kept very high. It is <u>mandatory</u> for B2B Transactions for taxpayers whose <u>turnover</u> in a FY exceeds 100 Crore. For B2C QR code is mandatory only if turnover is above 500 Cr
E-Invoice will replace E-way bill	E-Invoice will <u>not</u> replace E-way bill. For transportation of goods, the E-way bill will continue to be mandatory
Will updating Part B in Invoices generate E-way Bill	Part B information pertaining to E-way Bill will not be captured by IRP, hence E-way will have to be generated using the regular process.
There will be a Portal available for Taxpayers to punch-in details / manually upload JSON in order to generate elnvoice	E-Invoicing will be enabled using system interface through API process only. Currently NO front-end portal OR offline utility is available to punch-in details / manually upload JSON

CLARIFICATIONS EXPECTED

E-invoice system directly impacts supply chain, billing and working capital of the company. Invoicing/billing is an important and key factor for any business, therefore clarification on below practical aspect is required as early as possible:

- Considering holidays, weekends, time required to know the incidence for Time for Cancellation of E-invoice should be increased from 24hrs.
- Amendment of reported B2C invoice into a B2B invoice is grey area which needs to be clarified
- Taxpayers must get enough leg space for unintended human errors or mistakes which are not leading to evasion. Punishing human errors with crippling penalties do not serve any purpose.

DISCLAIMER

E-invoicing system is notified by the council and many aspects of it are made clear, however many other aspects especially in respect how the system will run and how would tax payers and their staff manage the workflow is still not clear. This alert is based on information released through official as well as certain unofficial sources. Many aspects of this new system are yet to be made known, its website is yet not put in public domain, only ASPs are testing the same currently.

We shall send final update once further clarity emerges especially on the aspect of workflow management.

— N J JAIN & ASSOCIATES —



Nitesh Jain
Managing Partner



Gaurav Khetan
Partner (GST/VAT)



Praveen Maheshwari
Partner (GST/ Excise)



Jay Dalwadi
Partner (GST/ Service Tax)

N J Jain & Associates

 407, Aaryan Workspaces, Opp. Gala Business Centre,
H.L. Commerce College Road, Navrangpura, Ahmedabad-380 009

 +91 79 400 22 628/29/30

 Web: www.njjain.com

 //fb.me/njjainandassociates

 nitesh@niteshjain.co.in