



GST

E-Invoicing

E-INVOICING



INTRODUCTION

- GST Council had 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 in its 37th meeting held on 20th Sept 2019
- Till date, CBIC has issued several notifications, latest being 13/2020-CTR, 14/2020-CTR and 61/2020-CTR dated 30.07.2020
- E-Invoicing which was to come from 1.04.2020 became mandatory for businesses having turnover above 500 Cr from 1.10.2020 and for more than 100 Cr from 1.01.2021
- **It is now being mandatory for businesses having turnover above 50 Cr from 1.04.2021**

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)



Such supplier will have to print IRN and QR Code on the invoice, any invoice without these 2 mandatory information will be treated as invalid document

WHO SHALL ISSUE QR CODE INVOICE

For Supply to Unregistered Persons (B2C Transactions only)

Having Turnover above
500 Cr

- Mandatory from **1st April 2021**

Supplier having turnover above designated limits supplying goods on B2C basis **will not be required to issue E-invoice** but they **will need a dynamic Quick Response (QR) Code** for such B2C invoices which can be used for payment

HOW TO CALCULATE TURNOVER

- Turnover of 500 or 50 cr will have to be considered as under:
 - Other than regular turnover one will have to add Inter-State turnover between branches also
 - In case Turnover in any FY starting 2017-18 to FY 2019-20 if the turnover was above 50 cr then that taxpayer will become eligible to issue E-Invoice
 - Exempted Turnover will have to be added
 - Exports turnover will also have to be added
 - GST charged on the invoices will not form part of the turnover
 - Value on which company is paying GST under RCM will not be considered

WHO SHALL NOT ISSUE E-INVOICE

- Following persons are **NOT** required to issue E-Invoice
 - Persons having turnover below Rs. 50 Cr (per PAN at all India level) from 1.04.2021
 - SEZ Units (for B2B)
 - Insurer, Banking company, financial institution, including a non-banking financial company
 - Goods Transport Agency
 - Person providing Passenger Transportation Service
 - Multiplexes

RELAXATION FOR FIRST MONTH

- Considering the fact that e-invoice is new system, it will take time for people to understand the extensive procedure government chose to give relief for first month
- Vide notification 73/2020-CT dated 1.10.2020, government said that for all Tax invoices issued by taxpayers (who are above 500 cr) between 1.10.2020 to 31.10.2020 will get 30 days time to get IRN from the date of invoice, it would not be mandatory for them to generate IRN at the time of making the invoice.
- In other words if a person generates Tax invoice on say 18.10.2020 then he will have to get the IRN thereof by 17.11.2020 for keeping the invoice valid. He will be allowed to transport the goods under cover of tax invoice (without IRN)
- In case invoice is generated on 31.10.2020 then he will get time till 30.11.2020 to get the IRN thereof.
- This relaxation was for the tax invoices issued in the month of October 2020 only.

RELAXATION FOR B2C (QR Code)

- Considering the fact that B2C QR Code is new system, it will take time for people to understand the extensive procedure government chose to give relief till 31.03.2021
- Vide notification 71/2020-CT dated 30.09.2020, government has extended the due date for Mandatory generate QR code at the time of making B2C invoice issued by taxpayers (who are above 500 cr) to 01.12.2020
- To further ease compliance burden, vide Notification 89/2020-CT dated 29.11.2020, conditional waiver of penalty payable u/s 125 (general penalty) has been given for the period 1.12.2020 to 31.03.2021, if the dealer complies with the provision of QR Code for B2C with effect from 1st April 2021

PRE-REQUISITES FOR E-INVOICING

- You can check your eligibility for generation of IRN by going to the e-invoice portal (<https://einvoice1.gst.gov.in>) and selecting 'e-invoice status of Tax Payer' under Search option. On entry of the GSTIN, the system will indicate whether your GSTIN is activated for e-invoicing. If it is enabled, then you are mandatorily required to generate E-Invoice.
- 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`

PRE-REQUISITES FOR E-INVOICING

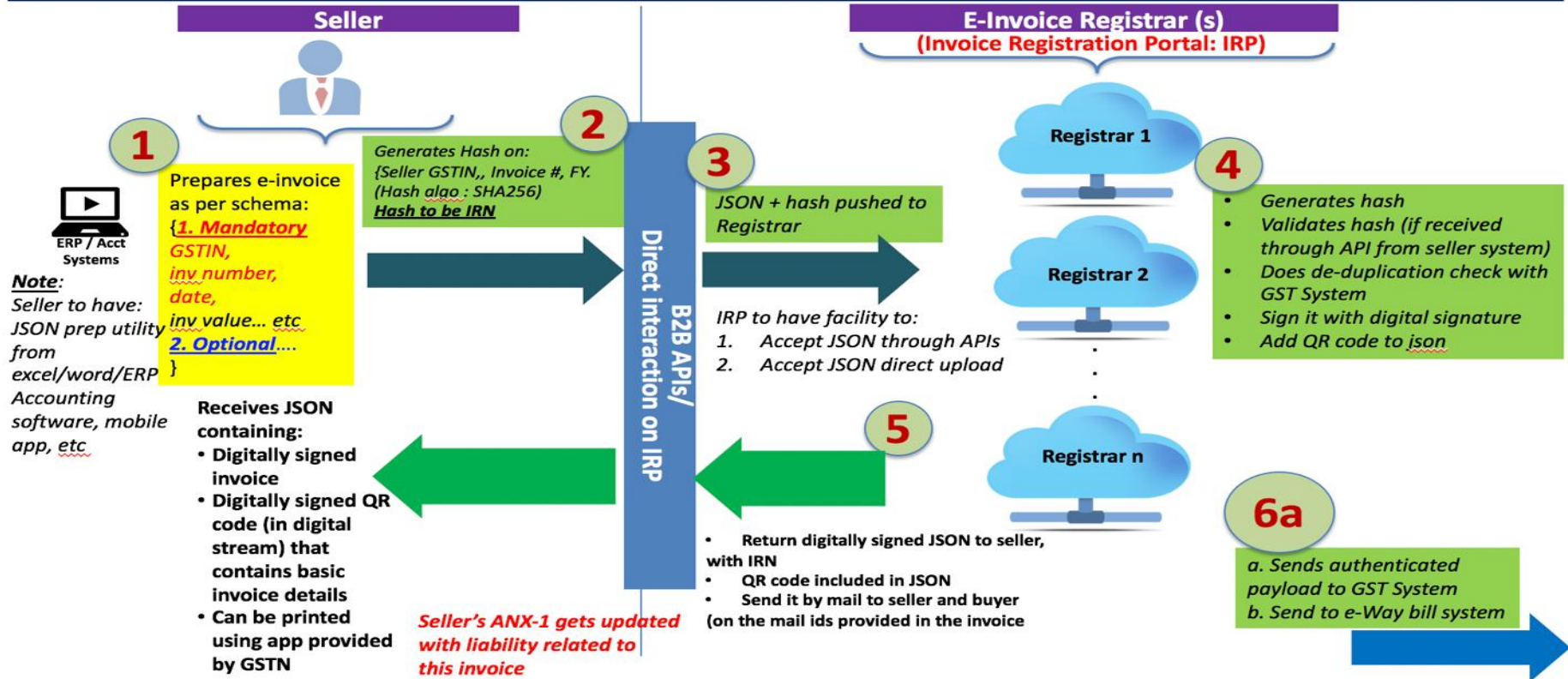
- E-invoice shall include following documents if issued by person having turnover exceeding 50 Cr
 - B2B Invoice by Supplier
 - Invoice by Exporter
 - Credit Note by Supplier.
 - Debit Note by Supplier.
 - Any other document as required by law to be reported by the creator of the document.
- IRP can reject an invoice. IRP will check whether the invoice was already reported and existing in the GST System. (This validation is based on the combination of GSTIN-Invoice No, Type of Doc, Fin Year, which is also used for generation of IRN). In case the same invoice has already been reported earlier, it will be rejected by IRP. Certain other key validations will also be performed on portal. In case of failure, registration of invoice won't be successful, IRN won't be generated and invoice will be rejected along with relevant error codes.
- **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.**

PRE-REQUISITES FOR B2C INVOICING

- E-invoicing is mandatory for Person having turnover above 50 cr only in case of B2B transactions.
- Such person when supply goods or services to an unregistered person will have to issue a normal invoice wherever required
- The QR Code is for the purpose of making payment by the unregistered person/Consumer to such registered person making the B2C supply, using UPI-based payment Apps by scanning the QR Code.
- QR code to be made available either on the Point of Sale (PoS) machine of the seller or the Invoice issued by the seller.

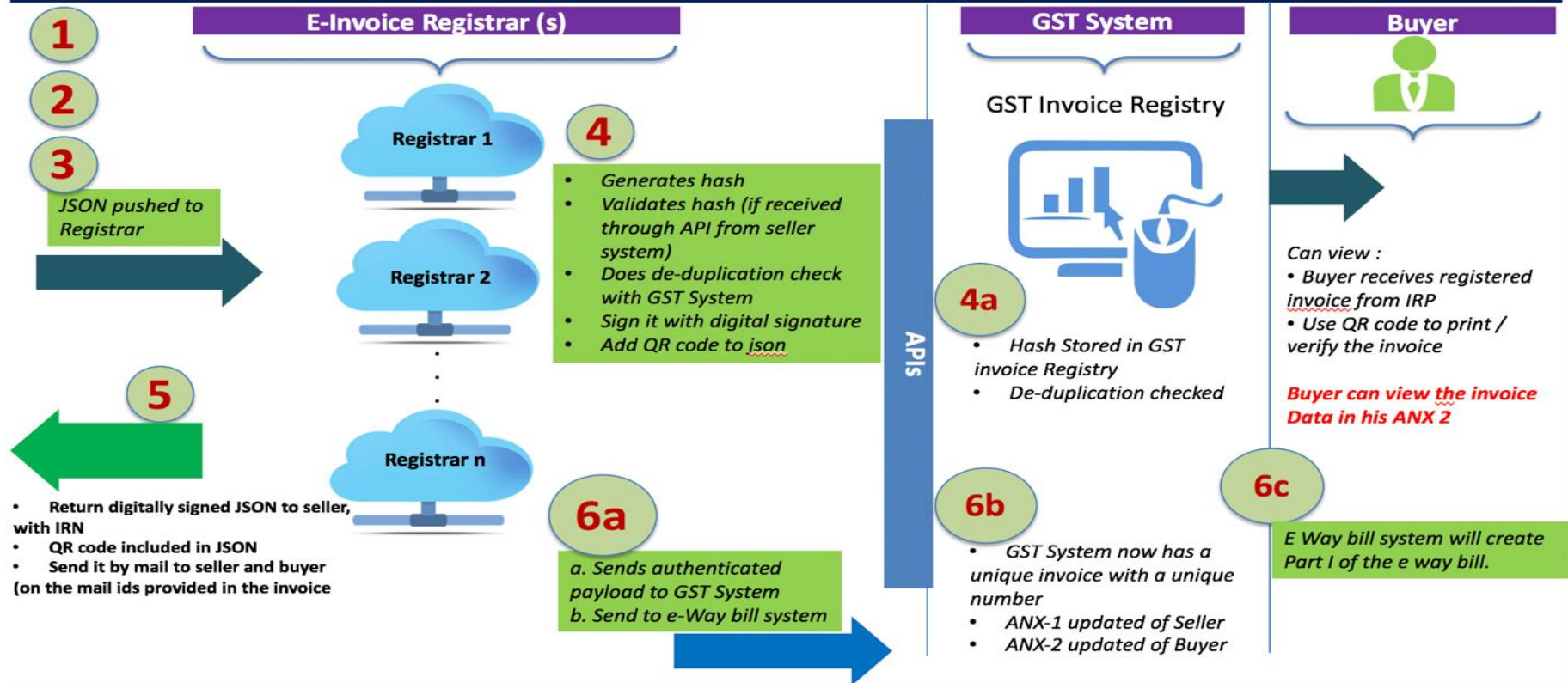
PROCESS FLOW- SUPPLIER to IRP

A. SELLER – REGISTRAR (IRP) FLOW OF ACTIVITIES

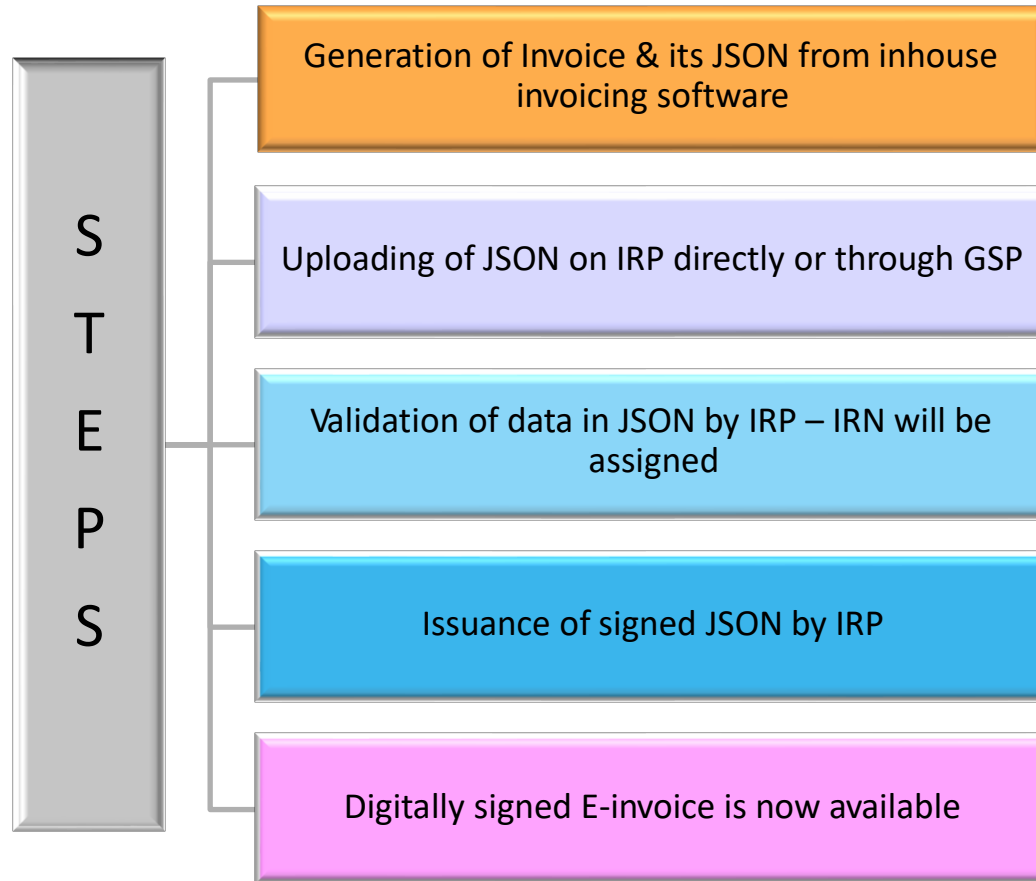


PROCESS FLOW- IRP to GSTN/BUYER

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



STEPWISE PROCESS FOR GENERATING E-INV



IMPORTANT POINTS

- E-invoice so issued can be cancelled within 24 hours of its issuance and not later.
- Once an IRN/invoice is cancelled, the same invoice number cannot be used again to generate another invoice. In case it is used again then the same will be rejected when it is uploaded on IRP.
- 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.
- 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 in GSTR 1.
- In case both Part-A and Part-B of e-way bill are provided in the e-invoice schema, the details will be used to generate e-way bill by E-Way Bill System. In case Part-B details are not provided as part of e-invoice, the same will have to be provided by the user on E-Way Bill Portal, for generation of e-way bill.

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: -**
 - Supplier has to report/upload the Invoice to IRN in Json format, after due validations IRP will send back E-invoice with IRN and QR Code in JSON format, which can be converted to PDF format by the supplier and be printed. Supplier cannot generate IRN on its own.
 - 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 will have to print the IRN as well as QR code generated through IRP on the regular tax invoice.

MANDATORY FIELDS OF E-INVOICE

| Sr. No. | Category | Particulars |
|---------|----------------|---|
| 1. | General | Version number (Tax schema) Invoice reference number, Document Type, Invoice number , Invoice date, Supply type like B2B /B2C/SEZ |
| 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)**: - B2B Invoice will be valid only if it has IRN & QR Code.

FAQs

- **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.

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 additionally.
- Substantial reduction in input credit verification issues as same data will get reported to tax department as well to buyer.
- Complete trail of B2B/B2C invoices will be available
- 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 500 Crore (100 Crores w.e.f 01.01.2021). For B2C QR code is mandatory 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 also be captured by IRP if shared by supplier, in case not given then E-way bill 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 elInvoice | 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.
- Multiplexes exhibiting movies like PVR are not required to issue E-invoices, but these multiplexes also supply many goods and services like sale of food etc. Is PVR required to issue E-invoices for these supplies, a clarification in this regards would help.

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.

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