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PRESENTS*

***E-invoicing-
A Game Changer***

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What is e-Invoicing?

Electronic invoicing or e-Invoicing is a system of raising invoices, under which invoices generated by one software can be read by any other software, eliminating the need for any fresh data entry or errors. In simpler words, it is an invoice generated using a standardized format, where the electronic data of the invoice can be shared with others, thus ensuring interoperability of data.

E-Invoicing- Definition :

E-invoicing refers as per Rule 48(4) of CGST Rules, notified class of registered persons have to prepare invoice by uploading specified particulars of invoice (in FORM GST INV-01) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN)

Notified Persons:

A registered person, other than an SEZ unit*, Insurance Company, banking company, financial institution including non-banking financial institution, GTA, supplier of passenger transportation service, supplier of services by way of admission to exhibition of cinematograph films in multiplex screens,

whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds INR 500 crores [Rs 100 crores w.e.f. 01.01.2021] would be required to prepare invoice and other documents prescribed under sub-rule (4) of rule 48 in respect of the supply of goods or services or both to a registered person or for Exports.

Why e-invoicing?

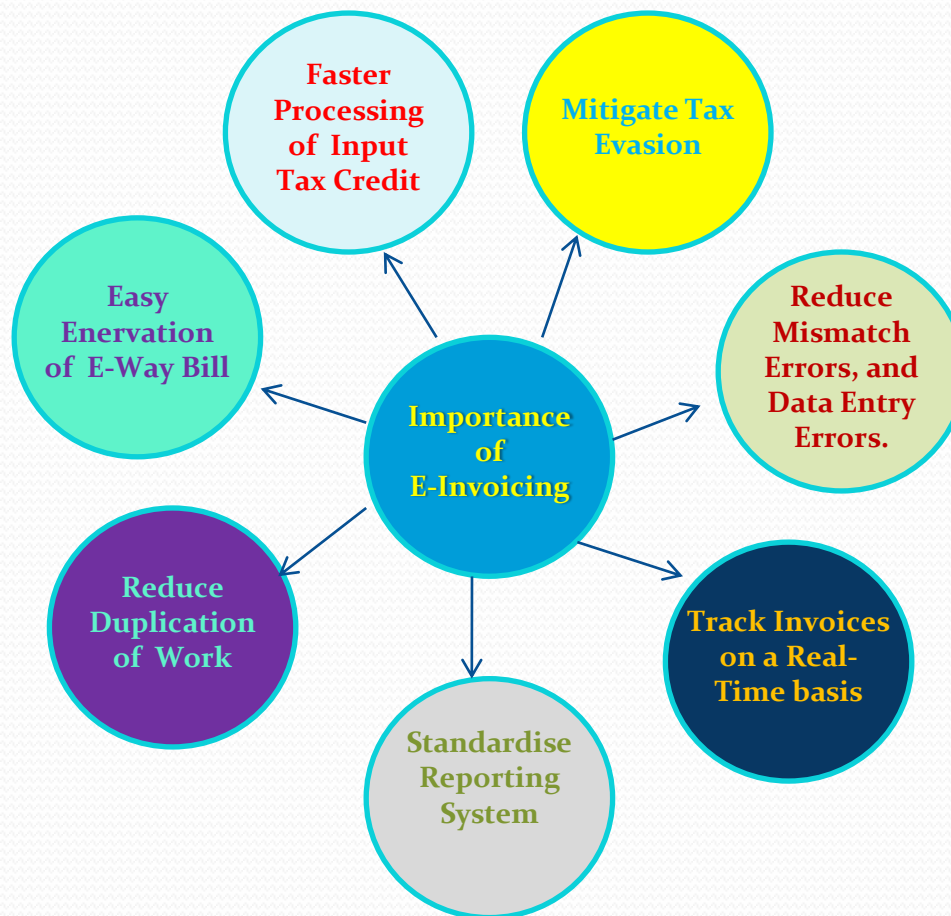
We need to understand there are two parties- Govt. and taxpayers. Since last 3 years since introduction of GST, Govt. has lost Rs 120,000 crore rupees only on fake invoices. Lot of tax evaders are availing ineligible credit and govt. has lost this particular amount; hence govt. has introduced e-invoice. It is good for govt. and taxpayers as once he is in the ambit of e-invoice, his outward supply gets auto populated in R1 and then in 3B for payment of tax and corresponding credit will come in real time basis in transparent manner in recipient 2A. This will automatism electronic return filing and will ease the business.

Importance of e-invoicing

Implementation of e-invoice under GST will be a game-changer for the businesses across all sectors in India, which can help in driving positive results for our economy.

It will gradually help realize the original design and concept of GST.

This reformation will encourage more businesses to digitize and formalize business transactions.



Who is to generate e-invoice?

- Any registered person **whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds INR 500** needs to generate e-invoice from 01.10.2020.
Now, from 01.01.2021, registered persons whose turnover is over Rs 100 crores in any financial year starting from 2017-18 onwards is to generate e-invoice.
- The aggregate turnover to be compared in **any** preceding financial year from 2017-18 onwards.
- Where turnover was exceeding Rs 500 crores in previous FY from 17-18 then e-invoicing would be applicable from 01.10.2020.
- In case of Rs 100 crores was exceeding in any previous FY from 17-18 then e-invoicing from 01.01.2021.
- Where turnover of Rs 100 crores was not exceeded in any previous FY and exceeding in current year then e-invoicing from 01.04.2021.
- No e-invoicing is not applicable in current FY as turnover in any preceding year was less than Rs 100 crores. E-invoice would be applicable in succeeding FY onwards.

Illustration for e-invoicing applicability in the year

Applicability of E-invoicing threshold Rs 500 crores till 31.12.2020, thereafter

Rs 100 crores

Scenario – 1

Financial Year	Turnover	Applicable from which year?
2017-18	600	No
2018-19	350	No
2019-20	250	No
2020-21	450	Yes [w.e.f. 01.10.2020] *
2021-22	100	Yes

* As in FY 2017-18 turnover is more than Rs 500 crores

Scenario -2

Financial Year	Turnover	Applicable from which year?
2017-18	95	No
2018-19	75	No
2019-20	82	No
2020-21	600	No [#]
2021-22	50	Yes [w.e.f. 01.04.2021]

[#] As in any of previous FY turnover was <Rs 100/500 crores

Scenario-3

Financial Year	Turnover	Applicable from which year?
2017-18	150	No
2018-19	280	No
2019-20	109	No
2020-21	120	Yes [w.e.f. 01.01.2021] #
2021-22	60	Yes

As in previous FY turnover was more than Rs 100 crores but less than Rs 500 crores

Scenario-4

Financial Year	Turnover	Applicable from which year?
2017-18	80	No
2018-19	95	No
2019-20	98	No
2020-21	120	No
2021-22	65	Yes [w.e.f. 01.04.2021]

As in previous FY 2020-21 turnover was more than Rs 100 crores

Important Pointer:

Once e-invoicing is applicable then it would be applicable for all FYs thereafter and there is no escape from this, therefore once e-invoicing is applicable there is no need to check turnover for all succession years.

How to calculate aggregate turnover?

Aggregate turnover is to be computed on PAN India basis u/s 2(6) of CGST Act.

Example

If I have four units in four different states, aggregate turnover is to be calculated on PAN India basis. It will be the sum total of all four unit's turnover including:

- Intra and interstate supplies
- Export
- Exempted supplies either Nil rated or not taxable to GST

Who all are exempted from E-Invoicing.

Special Economic Zone Units but not SEZ developer .

Insurance Co. , banking Co. or financial institution including NBFC.

GTA in relation to goods by road

Suppliers of passenger transportation service.

Cinematograph films in multiplex screens .

Cases where e-invoice not applicable .

- Receipt vouchers against advance.
- Refund voucher.
- Payment vouchers.
- Self-invoice under RCM under section 31(3) (f) of CGST Act i.e. Invoice issued by recipient on behalf of unregistered vendor enabling ITC to him when recipient is paying tax under RCM.
- Wholly exempted supplies or Nil rated supplies as Bill of supply is issued and not a tax invoice.
- Supplies by ISD (Input Service Distributor).
- Import transactions as Bills of Entry is issued.
- High Sea sales and bonded warehouse sales as these activities are neither supply of goods nor services as per schedule III of CGST/SGST Act.

However, e-invoicing is applicable to taxable supplies made to B2B SEZ units but not exempt supply to B2B SEZ units.

Documents required for compulsory e-invoicing

- B2B transactions registered supplier to registered recipient (Tax invoice)
- Debit note
- Credit note
- Export invoice issued to recipient for all supplies including exempt

Process of generation of e-invoice

There is a myth that e-invoice will be generated from GST portal. However, to the contrary, bills will be generated from our accounting or ERP software and it will continue like this.

The only change is that the particulars of information are to be furnished in standard format as **per E-invoice schema** as notified in **Form GST INV-01**. E-invoice schema is standard format for electronic invoice. E-schema is based on PEPPOL/Universal Business Language (UBL) with certain customizations to cater to Indian business practices and legal requirements.

It would be then converted into JSON file (Java Script Object Notation) and this file to be transmitted to dedicated Invoice Registration Portal (IRP). IRP is the website for uploading/ reporting of invoices as on date is www.einvoice1.gst.gov.in.

This dedicated IRP will do the following:

- Validate data as furnished
- Do duplication check
- Digitally sign the file
- Create unique IRN (Invoice Reference No) which is 64-digit Hash Alphanumeric No with QR Code (Quick Response Code)

It will then give it back to the supplier in JSON file.

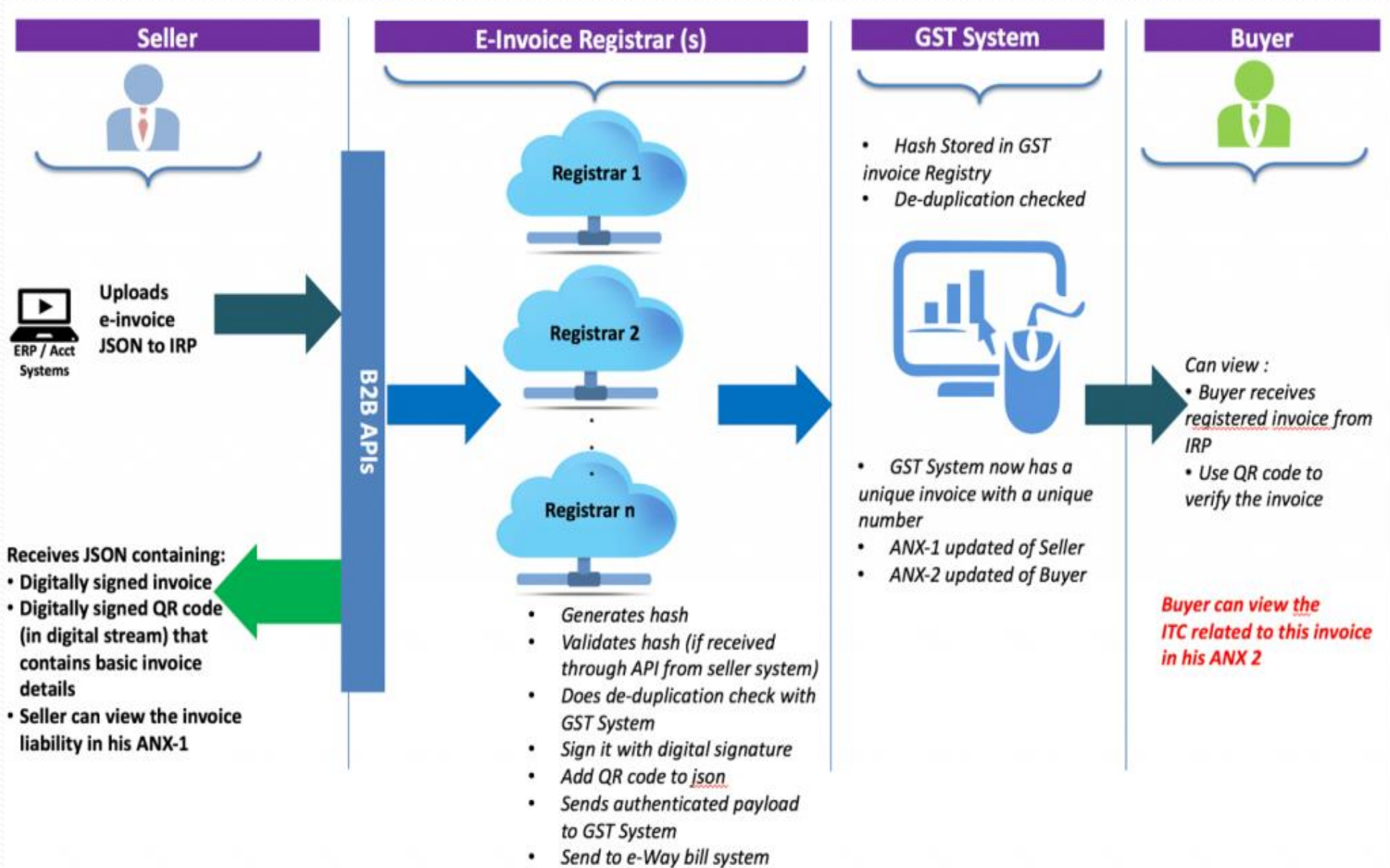
The supplier can then convert this JSON file into PDF or normal format and send it to recipient or buyer for availing credit.

This IRP will push data after doing needful to two different portals – GST Portal (outward supply auto populated in R1 and corresponding liability in 3B) and E-way bill portal. This is not happening as of now but GSTIN has issued clarification as they will take time. They have put responsibility on concerned supplier to check outward supplies with unique IRN.

This IRP will further auto populate data in 2A of recipient for availing credit on real time basis but again integration is pending as of now.

Further, IRP will push data to E-way bill portal for generation of E-way bill. Again, this integration is yet to be done and is in process.

This chain can be explained with the following flowchart.



What is QR Code?

QR Code is Quick Response Code. Any registered person whose aggregate turnover is above Rs 500 crores with B2C supplies (Registered to Unregistered), QR code is compulsory. It was supposed to be from 01. 12.2020 but now from 01.04.2021 and there is waiver of penalty till 01.04.2021.

The QR code will consist of the following key particulars of e-invoice:

- GSTIN of Supplier
- GSTIN of Recipient
- Invoice number, as given by Supplier
- Date of generation of invoice
- Invoice value (taxable value and gross tax)
- Number of line items permitted in an invoice is 1000
- HSN Code of main item (line item having highest taxable value)
- Unique IRN (Invoice Reference Number/hash)

It is to be noted that QR code in this case need not be generated through IRP but can be generated through your own accounting software unlike E-invoice which is generated through IRP.

As a recipient, you can check if invoice is valid or not in order to avail credit.

Cancellation / Amendment of E-invoice

- E invoice can be cancelled on IRP **within 24 hours** from the time of reporting invoice to IRP through 'Cancel API'.
- However, cancellation will not be permitted once E-way bill is generated and goods are in transit.
- Also, partial cancellation of e-invoice is not permissible.
- Once e-invoice gets cancelled, the concerned IRN cannot be used again.
- Amendments are not allowed on IRP once raised it cannot be changed/amended.
- However, one could cancel the same within 24 hours Where 24 hours are lapsed then the taxpayer do not have any other option and need to proceed with the same further when filing GSTR-1 taxpayer could amend the same in GST portal. Such above situation would result into differences between GST portal and IRP and same would be flagged and reported to concerned jurisdictional officer thereafter justification on reasonable basis to be provided to department.

Reconciliation for recipients

Some responsibility has been given to recipients too.

In case recipient is getting invoice from two different suppliers, one who is liable to generate e-invoice with unique IRN and other without e-invoice. As per 48(4) of CGST, recipient getting invoice from supplier who is liable to generate e-invoice with unique IRN, will be able to avail ITC only if there is valid e-invoice with unique IRN No. It is suggested to take a declaration from vendor on applicability of e-invoice to them.

Reconciliation for suppliers

Suppliers need to see the following three portals till they are not integrated:

- E invoice portal
- GST portal
- E way Bill portal

Reconciliation needs to be done as data not auto populated as of now. Whatever data is collected in R1 need not to be considered authentic but cross checked.

B2B supplies – E invoice, Unique IRN

B2C supplies - Not required (Only QR code)

Checking whether a particular supplier is supposed to issue an e-invoice

The taxpayer needs to ensure applicability of E-invoicing r/w rule 48(4).
One can search the status of enablement of a GSTIN on e-invoice Portal.

<https://einvoice1.gst.gov.in/Others/EinvEnabled>

This listing of GSTINs is solely based on the turnover of GSTR-3B as reported to GST System. It may contain exempt entities or those for whom e-invoicing is not applicable for some other reason. So, it may be noted that enablement status on e-invoice portal doesn't mean that the taxpayer is supposed to do e-invoicing. If e-invoicing is not applicable to a taxpayer, they need not be concerned about the enablement status and may ignore it.

This information will be eventually made available through **“Search Taxpayer”/“Know Your Supplier”** Sections on GST portal also.

Few Important FAQs

Applicability

1. Whether e-invoicing is applicable for invoices between two different GSTINs under same PAN [such as branches of co located in different States]?

E-invoicing is applicable to such distinct person having different GSTINs but same PAN.

2. Whether Free Trade & Warehousing Zones (FTWZ) are exempted from e-invoicing?

Yes , SEZ unit includes Free Trade & Warehousing Zones (FTWZ) consequently exempt from E-invoicing.

3. Whether e-invoice have replaced EWB and no requirement to generate EWB?

No such proposition as on date, one needs to raise e-invoice and EWB as applicable

Manner of e-invoicing

4. Whether e-invoice to be issued to foreign unregistered?

Yes, when it is export of goods or services then e-invoice to be raised.

In some cases it may so happen that invoice is raised to foreign URD recipient which may not be exports then in such case e-invoice is not required.

5. Whether need to issue e-invoice in duplicate for services /triplicate for goods?

No there is no requirement to issue duplicate /triplicate copies of invoices when e-invoice is generated as per Rule 48(6).

6. Whether e-invoicing is applicable for financial debit and credit note?

Financial/commercial credit notes i.e., without GST is not required to reported in e-invoicing, only the credit and debit notes issued under Section 34 of CGST/SGST Act needs to be reported.

<p>7. Whether Invoice Reference Number i.e., IRN [64 characters] is mandatory when issuing e-invoice to customers?</p>	<p>IRN number is not mandatory in invoice when issuing .</p>
<p>8. Whether IRN is a replacement for invoice number in invoice issued?</p>	<p>No IRN is not a replacement to invoice number of ERP, one needs to follow its own invoice number normally, IRN would be generated by IRP and would be unique with 64 characters</p>
<p>9. Whether QR code is mandatory when IRN is already in invoice?</p>	<p>Yes, QR code is mandatory and it would be embedded with IRN in it.</p>

10.RCM registered supplier providing taxable supplies – Invoice issued by a supplier on taxable supplies which recipient is paying GST under RCM, whether he would be required to issue e-invoice?

In even such cases the registered supplier would issue normal tax invoice providing that GST to be paid by recipient under RCM, such supplier would be required to issue e-invoice. For example, a taxpayer (say, a Firm of Advocates having aggregate turnover in a FY is more than Rs 500 crores), is supplying services to a company (who will be discharging tax liability as recipient under RCM), such invoices have to be reported by the notified person to IRP. On the other hand, where supplies are received by notified person from (i) an unregistered person or (ii) through import of services, e-invoicing not applicable

11.RCM registered supplier providing exempt supplies, whether he would be required to issue e-invoice?

There is no requirement to issue e-invoice in case of exempt supplies

<p>12. Will there be any delay in generation of IRN by IRP due to many businesses?</p>	<p>IRP is only a pass-through validation portal. Certain key fields will be validated on IRP. So IRP will be generated in sub-200 millisecond duration. The server capacity is robust enough to handle simultaneous uploads.</p>
<p>13. Will IRP store/archive e-invoices?</p>	<p>No, IRP will only be a pass-through portal . It will not store or archive e-invoice data.</p>
<p>14. Is it possible to have more than one QR code on an invoice?</p>	<p>Yes Apart from QR code relating to IRN, the supplier is free to place any other QR Code which is required as per business needs or otherwise by any other statutory requirement.</p>

Other Concerns

15. What if I have generated an e-Invoice by mistake and it is not cancelled within 24 hours?

One may cancel in its Books of Accounts.

Do not report the Invoice in your GST Returns i.e., Manually delete in GSTR-1.

Such above situation would result into differences between GST portal and IRP and same would be flagged and reported to concerned jurisdictional officer.

16. Whether invoice raised as B2C, later customer provides GSTIN could be amended to be B2B?

There is no option to make amendments in e-invoicing, one needs to issue GST credit note [within next Sept of FY for which invoice pertains] then raise new B2B e-invoice

17. While Issuing debit note or credit note should upload all the original linked invoice details to Portal? If yes how many digits schema allows?

In accordance with Sec 53(1A) taxpayer should provide reference of Invoices against which a particular credit note has been issued.

However as per the E-Invoicing schema it's not mandatory to give the reference of invoices against which Credit notes or debit notes were issued, if the same need to be provided same can be updated with max 16 digits.

18.How to disclosed TCS under Income Tax 1961 collected in invoice raised in ERP on which GST is not levied as TCS is interim levy and not tax?

In e-invoice schema, there is particular column for TCS collected by suppliers under Income Tax Act, 1961.
One could enter such details in field “other charges (Invoice Level)”.

19.How to disclose any other amount collected in invoice which do not have any GST Impact?

One could enter such details in field “other charges (Invoice Level)”.
It could be noted that e-invoicing requires details w.r.t disclosed in GST Tax invoice other details could be added when issuing final to recipient.

20.Whether e-invoice is applicable for exempt supplies?

No e-invoice is applicable for only Taxable supplies to B2B and Exports [all supplies including exempt]

<p>21.Entities doing back dated accounting of invoices in subsequent month – Very common to account invoices by first week of the subsequent month;</p>	<p>This may not work now as e-invoicing is real time basis reporting. Back dated invoices may not be permitted. Reissue of the new invoice to the customer with current date & cancellation of the past invoice; – This have to be looked upon case to case basis why back dated invoices are made then decisions need to be taken in line with law.</p>
<p>22.What details of the E-Invoice should we save in ERP?</p>	<ul style="list-style-type: none">• The acknowledgement number• Acknowledgement date• Invoice and QR code digitally signed by the IRP.
<p>23. Does an e-invoice need to be signed again by the supplier?</p>	<p>It is not mandatory for a supplier to sign the e-invoice again. The e-invoice will be digitally signed by the IRP after it has been validated.</p>
<p>24. Can a business place their LOGO on the e-invoice template?</p>	<p>No, there will be no place-holder provided in the e-invoice schema for a company's logo. The company can provide for the same in its accounting/billing software. However, the LOGO will not get sent to the IRP</p>

25. What are the modes available for getting e-invoices registered?

Multiple modes will be made available for getting e-invoices registered on the IRP. Some of the proposed modes are:

- Web based
- API based
- Offline tool based
- GSP based

26. Will the bulk-uploading of invoices be possible?

Yes, details of invoices can be entered in an excel based bulk convertor tool, available on the e-invoice portal. Thereafter, JSON file must be generated and uploaded on the e-invoice portal after logging into it.

27. For how long will the data be available on the Government Portal?

The data will remain for only 24 hours on the IRP.

28. Until what time can one register an E-Invoice?

Any time before issuing invoice Recommended Within 48hrs / sec 31 compliance.

29. What business need to do to be e-invoice ready?

Businesses will continue to issue invoices as they are doing now. Necessary changes on account of e-invoicing requirement will be made by ERP Accounting and Billing Software providers in their respective software. They need to get the updated version having this facility.

Detention by Department

30. Could goods be seized where e-invoice is not generated in case applicable?

Transportation of goods without a valid tax invoice can be a reason for the detention of goods and vehicles and fines will be also imposed.

Invoice without QR code along with IRN embedded would be invalid under GST.

Dept may contend that the intention here is to evade the taxes and may levy seize the goods

Thanking You ...