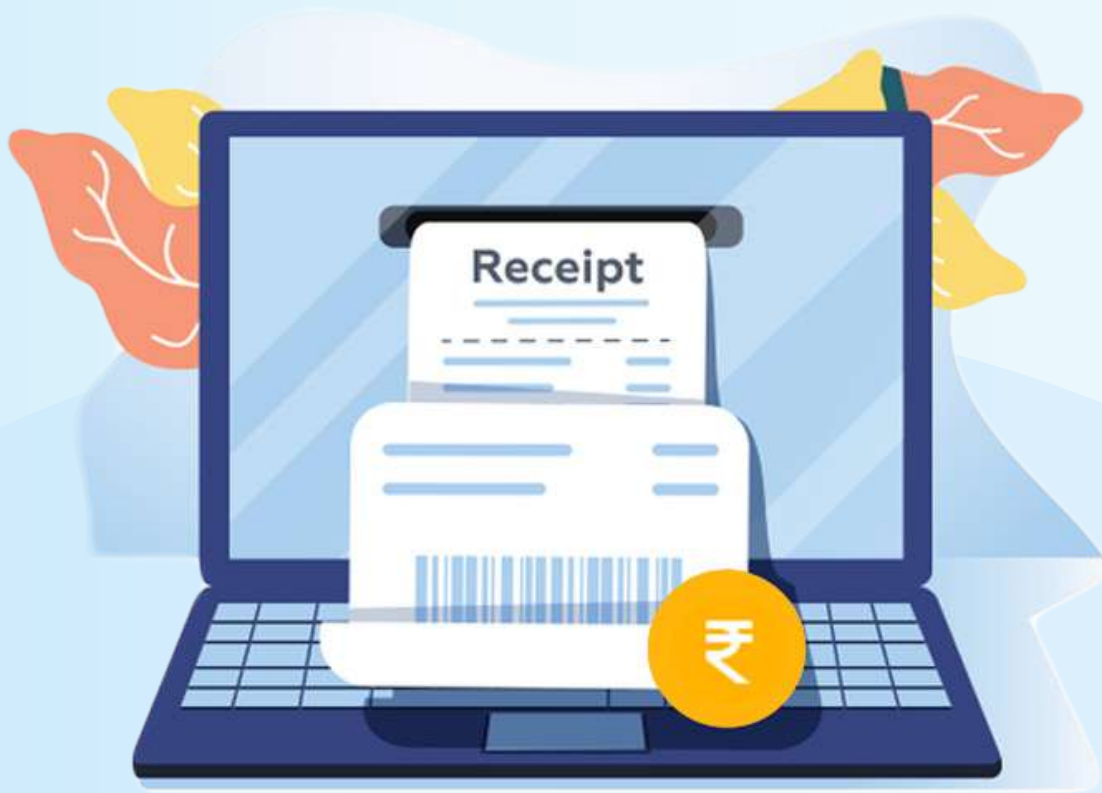


An overview of e-Invoicing under GST



Contents

- What is e-Invoicing?..... 3
- Eligibility of e-Invoices..... 4
- Advantage of e-Invoicing..... 5
- E-Invoice Format and Process..... 6
- Sample e-Invoice Format..... 8
- FAQ..... 9
- About JPC..... 12

What is e-Invoicing?



“E-Invoice” or “Electronic invoicing” is a system where a registered person has to prepare invoices by uploading the details on invoice registration portal. These invoices shall be authenticated by “Goods and Service Tax Network” for further use on common portal and the generated invoice commonly referred as “e-invoice”.

“E-Invoice” is a schema which facilitates the exchange of invoice document between a supplier and buyer in an integrated electronic format.

Presently businesses are using various accounting, billing software, each generating and storing invoices in their own electronic formats. E-invoicing will facilitate standardisation and inter-operability leading to reduction of disputes among seller and buyer and allow auto generation of e-way bill simultaneously.

Registered person will continue to create their GST invoices on their own Accounting/billing/ERP systems. Once the invoice is generated, the invoice need to be uploaded on the invoice registration portal. The invoice registration portal (IRP) will generate an invoice reference number (IRN), and digitally signed e-invoice along with QR code. Then the invoice can be sent to the receiver.

Eligibility of e-Invoices?

The Central Board of Indirect Tax and Customs (CBIC) has notified that as per Rule 48(4) of CGST Rules, 2017 e-invoicing will be applicable to all business having turnover exceeding Rs. 100 Crore from 01st of January 2021. No penalty shall be levied on the registered taxpayer who will not complied with having Dynamic Quick Response (QR) code on all B2C invoices between the period from 1st December 2020 to 31st March 2021 subject to the condition that the said person complies with the provision from 1st April 2021. However, certain categories of registered person are exempted from the notification. E-invoicing will not be applicable to them.

- An insurance or banking company or financial institutions, including NBFC.
- A Goods Transport Agency supplying services in relation to transportation of goods by road in goods carriage.
- A registered person supplying passenger transportation services.
- A registered person supplying services by way of admission to an exhibition of cinematographic films in multiplex services.
- An Special Economic Zone Unit. (via N/no. 61/2020-Central Tax dated 30.07.2020).

Advantage of e-Invoicing

The advantage of e-Invoicing are as follows:



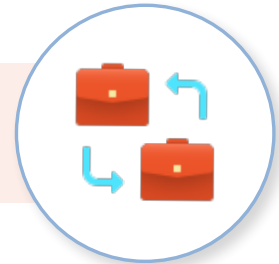
On reporting of invoice data in e-invoice form will reduce the reporting of the same in multiple forms like e-Way bill etc.

Reduce the data entry errors on the GSTIN, as same data will get reported to tax department as well as to buyer to prepare his inward supplies



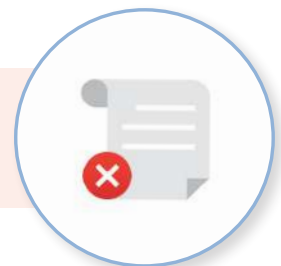
On receipt of information through GST system, buyer can do reconciliation with his purchase order

Complete trail of B2B invoices



System level matching of input credit and output tax will reduce the tax evasion

Elimination of fake invoices



E-Invoice Format and Process

Presently, business are using various accounting/billing software each generating invoices in their own electronic formats. These different formats are neither understood by GST system nor among the systems of suppliers and receivers.

Since, there was no such standard for e-invoicing in the country, a standard format for invoice has been finalized after consultations with Trade Industry/Industry bodies as well as Institute of Chartered Accountants of India.

The notified schema/format called as “Form GST INV-01”.

The purpose of notified e-invoice schema is to ensure the standardisation of the contents and format of any invoice issued under the GST Act. Registered persons will continue to create their GST invoices on their own Accounting/Billing/ERP Systems. All the notified GST taxpayers must ensure that their respective accounting or billing software supports the mandatory and other relevant fields of the latest notified format.

E-Invoice Process:

The document covered by e-invoices systems are Invoices, Credit Notes and Debit Notes.

Taxpayers who has issued GST invoices in their billing software will now be reported to “Invoice Registration Portal (IRP)”. On reporting, IRP will generate a unique “Invoice Reference Number (IRN)”, digitally signed along with Quick Response Code (QR) it and return the e-Invoice. A GST invoice will be valid only with a valid IRN.

The QR code which can be printed on invoice enable offline verification of the fact whether the e-invoice has been reported on the portal or not.

Verification of IRN/QR-Code:

A dedicated mobile app to scan and verify validity of e-Invoice QR code will be provided. Moreover, a “Search IRN” facility will also be provided on GST portal.

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

- a. GSTIN of Supplier
- b. GSTIN of Recipient
- c. Invoice number, as given by Supplier
- d. Date of generation of invoice
- e. Invoice value (taxable value and gross tax)
- f. Number of line items
- g. HSN Code of main item (line item having highest taxable value)
- h. Unique IRN (Invoice Reference Number/hash)



Apart from the QR code relating to IRN, the supplier is free to place any other QR Code which is required as per business needs or otherwise mandated by any other statutory requirement. In such cases, the QR Codes need to be annotated properly so that they can be distinguished easily.

Cancellation of IRN:

- IRN generated on portal can be cancelled within 24 hours.
- IRN cannot be cancelled if valid E-Way bill exists for that IRN.
- Once e-Invoice (IRN) is cancelled, then one more IRN cannot be generated on same invoice number.

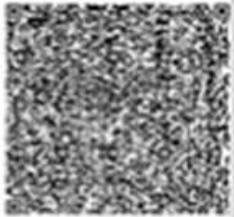
Amendment of e-invoice already reported:

Amendment of e- invoice already uploaded on IRP will be done only on GST portal. Any amended e-invoice, if reported to IRP, will get rejected as its IRN will already be existing in the IRP system.

Sample e-Invoice Format

ABC Private Limited

e-Invoice System



1. e-Invoice Details

IRN : 86d7fb40c09dc34a0df16f586f627bc9d6
 F9c9edc3e4b2139c39d56f33c0a89 **Ack. No** : 15100044393 **Ack. Date** : 30-06-2020 11:19:00

2. Transaction Details

Category : B2B **Document No** : DOC-1234/GSTIN

Document Type : Invoice **Document Date** : 30-06-2020

3. Party Details


<p>Seller</p> <p>GSTIN : 28BC-E1234F1KA Sai Lakshmi Industries Pvt Ltd Lakshmi Paradise #147 Kempegowda Road 560009 KARNATAKA</p>	<p>Purchaser</p> <p>GSTIN : 08WV-7079-U2I MENAK GENERAL STORE #931, 10th floor, 2nd Cross, shantivana, Kodigehalli bahakaranager Post GANDHINAGAR Place of Supply: HIMACHAL PRADESH 176001 HIMACHAL PRADESH T : 0 851 4h 11 mail.com</p>
--	---


4. Goods Details

SrNo	Product Description	HSN Code	Quantity	Unit	Unit Price(Rs)	Discount(Rs)	Taxable Amount(Rs)	Tax Rate (GST+CESS + State Cess+CESS Non-Advol)	Other charges(Rs)	Total
1	SALT (INCLUDING TABLE SALT AND DENATURED SALT) AND PURE SODIUM CHLORIDE	25010020	1000	PAC	778.9	100	778800	0.10+3.00+0.00+100	200	803242.8
2	NATURAL GRAPHETE - IN POWDER OR IN FLAKES; GRAPHETE, CRYSTALLINE	25041010	500	BOX	99.99	50	49945	0.25+5.00+0.00+100	200	52867.11
3	OIL-CAKE AND OTHER SOLID RESIDUES, WHETHER OR NOT GROUND OR IN THE FORM OFPELLETS	23069015	250	CAN	450	40	112460	0.50+11.00+0.00+100	200	125692.9

Tax'ble Amt	CGST Amt	SGST Amt	IGST Amt	CESS Amt	State CESS Amt	Round off Amt	Total Inv. Amt
941205	0	0	1465.96	38531.85	0	0.19	981803.00

Generated By : L..ABC E123- IKA
 Print Date : 30-06-2020 11:18:30





Digitally Signed by NIC (RP)
 on: 30-06-2020 11:19:00

Frequently Asked Question

Q1: What is 'e-invoicing'?

Ans 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).

After following above 'e-invoicing' process, the invoice copy containing inter alia, the IRN (with QR Code) issued by the notified supplier to buyer is commonly referred to as 'e-invoice' in GST.

Because of the standard e-invoice schema (INV-01), 'e-invoicing' facilitates exchange of the invoice document (structured invoice data) between a supplier and a buyer in an integrated electronic format.

Please note that 'e-invoice' in 'e-invoicing' does not mean generation of invoice by a Government portal.

Q2: For which businesses, e-invoicing is mandatory?

Ans For registered persons, whose aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards, is more than prescribed limit (as per relevant notification), e-invoicing is mandatory.

Q3: What businesses need to do, to be e-invoice ready?

Ans Businesses will continue to issue invoices as they are doing now. Necessary changes on account of e-invoicing requirement (i.e. to enable reporting of invoices to IRP and obtain IRN), will be made by ERP/Accounting and Billing Software providers in their respective software. They need to get the updated version having this facility.

Q4: How to know a particular supplier is supposed to issue e-invoice (i.e. invoice along with IRN/QR Code)?

Ans The 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 does not 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.

Q5: Is an invoice/CDN/DBN (required to be reported to IRP by notified person), valid without IRN?

Ans As per Rule 48(4), notified person has to prepare invoice by uploading specified particulars in FORM GST INV-01 on Invoice Registration Portal and after obtaining Invoice Reference Number (IRN).

Q6: What supplies are presently covered under e-invoice?

Ans Supplies to registered persons (B2B), Supplies to SEZs (with/without payment), Exports (with/without payment), Deemed Exports, by notified class of taxpayers are currently covered under e-invoicing.

Q7: B2C (Business to Consumer) supplies can also be reported by notified persons?

Ans No. Reporting B2C invoices by notified persons is not applicable/allowed currently. However, they will be brought under e-invoice in the next phase.

Q8: Is e-invoicing applicable for NIL-rated or wholly exempt supplies?

Ans No. In those cases, a bill of supply is issued and not a tax invoice.

Q9: Whether e-invoicing is applicable for invoices between two different GSTINs under same PAN?

Ans Yes. e-invoicing by notified persons is mandated for supply of goods or services or both to a registered person. As per Section 25(4) of CGST/SGST Act, “A person who has obtained or is required to obtain more than one registration, whether in one State or Union territory or more than one State or Union territory shall, in respect of each such registration, be treated as distinct persons for the purposes of this Act.”

Q10: Can the supplier place their entity logo on e-invoice? Is this part of schema?

Ans Elements of invoice which are internal to business, such as company logo etc. are not part of e-invoice schema. After reporting invoice details to IRP and receipt of IRN, at the time of issuing invoice to receiver (e.g. generating as PDF and printing as paper copy or forwarding via e-mail etc.), any further customization, i.e. insertion of company logo, additional text etc., can be made by respective ERP/billing/accounting software providers.

Q11: Is Invoice number same as Invoice Reference Number (IRN)?

Ans No. Invoice no. (e.g. ABC/1/2019-20) is assigned by supplier and is internal to business. Its format can differ from business to business and also governed by relevant GST rules. IRN, on other hand, is a unique reference number (hash) generated and returned by IRP, on successful registration of e-invoice.

Q12: Can IRP reject a submitted invoice? On reporting invoice details to IRP, what validations will be performed on the portal?

Ans Yes. 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 Supplier’s GSTIN-InvoiceNumberTypeOfDocument-Fin.Year, which is also used for generation of IRN). In case the same invoice (document) 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 (which give idea about reasons for rejection).

Q13: Do I need to print QR Code on the invoice? If so, what shall be its size and location on the invoice copy?

Ans Yes. The QR code (containing, inter alia, the IRN) which comes as part of signed JSON from IRP, shall be extracted and printed on the invoice. This is one of the mandatory particulars of invoice under Rule 46 of CGST Rules. While the printed QR code shall be clear enough to be readable by a QR Code reader, the size and its placing on invoice is up to the preference of the businesses.

Q14: Where e-invoicing is applicable, is carrying e-invoice print during transportation of goods mandatory?

Ans No. As per Rule 138A(2) of CGST Rules, where e-invoicing is applicable, “The Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer, in lieu of the physical copy of such tax invoice.”

Q15: Can I amend details of a reported invoice for which IRN has already been generated?

Ans Amendments are not possible on IRP. Any changes in the invoice details reported to IRP can be carried out on GST portal (while filing GSTR-1). In case GSTR-1 has already been filed, then using the mechanism of amendment as provided under GST. However, these changes will be flagged to proper officer for information.

Q16: Can an IRN/invoice reported to IRP be cancelled?

Ans Yes. The cancellation request can be triggered through 'Cancel API' within 24 hours from the time of reporting invoice to IRP.

However, if the connected e-way bill is active or verified by officer during transit, cancellation of IRN will not be permitted.

In case of cancellation of IRN, GSTR-1 also will be updated with such 'cancelled' status.

Q17: Can an invoice number of a cancelled IRN be used again?

Ans No. Once an IRN is cancelled, the concerned invoice number cannot be used again to generate another e-invoice/IRN (even within the permitted cancellation window). If it is used again, then the same will be rejected when it is uploaded on IRP.

This is because IRN is a unique string based on Supplier's GSTIN, Document Number, Type of Document & Financial Year.

About JPC

JPC is a professional services firm based in Noida- National Capital Region and New Delhi, India. We were established in the year 1974 with the aim to create value for our clients by delivering quality, comprehensive, timely, practical and innovative services. We offer a comprehensive range of services, including taxation services, regulatory services, transaction advisory services, financial & management consultancy services, assurance & risk services, and outsourcing services. Over the past several decades, we have established significant competitive presence in the country. Our vast and diversified client base includes Multinational enterprises, domestic companies, high net worth individuals, government companies and institutions in all leading industry verticals. We are a team of distinguished Chartered Accountants, Management Accountants, Corporate Financial Advisors and Tax Consultants. Our team has the requisite skills and experience to provide complex business, financial, assurance, tax and regulatory services to our clients. Our strength lies in our timely performance-based, industry-tailored and technology-enabled services which are delivered by some of the most talented professionals in the country. For more information about JPC's service offerings, visit www.jpc.co.in

In this document, "JPC" refers to J P Chawla & Co. LLP Chartered Accountants (a limited liability partnership firm regulated by the Institute of Chartered Accountants of India, FRN : 001875N/ N500025).

Disclaimer:

This content is provided on the basis of secondary research only and J P Chawla & Co. LLP (JPC) does not make any representation or warranty of any kind with respect to its contents. JPC specifically does not warrant or represent that any analysis or its content are timely, complete or accurate. This document consists of content for knowledge purposes only and does not constitute an advertisement or opinion or copyright of any kind.

J P Chawla & Co. LLP

Chartered Accountants

New Delhi office:

43 Darya Ganj,
New Delhi - 110002
INDIA

Noida office:

C-129, Sector 2,
Noida - 201 301 (U.P.), INDIA
Phone: +91-120-4573207, 4573208
General Email: info@jpc.co.in

Main Partners Hand Phone & Email

Rajat Chawla
J.P. Chawla
Richa Chawla

+91-9871494499 | rajatchawla@jpc.co.in
+91-9811028918 | jpchawla@jpc.co.in
+91-9990509709 | richajuneja@jpc.co.in

For further information, please email your details to rajatchawla@jpc.co.in or call +91-9871494499.



Delivering Business
Solutions
Through Constant
Innovations