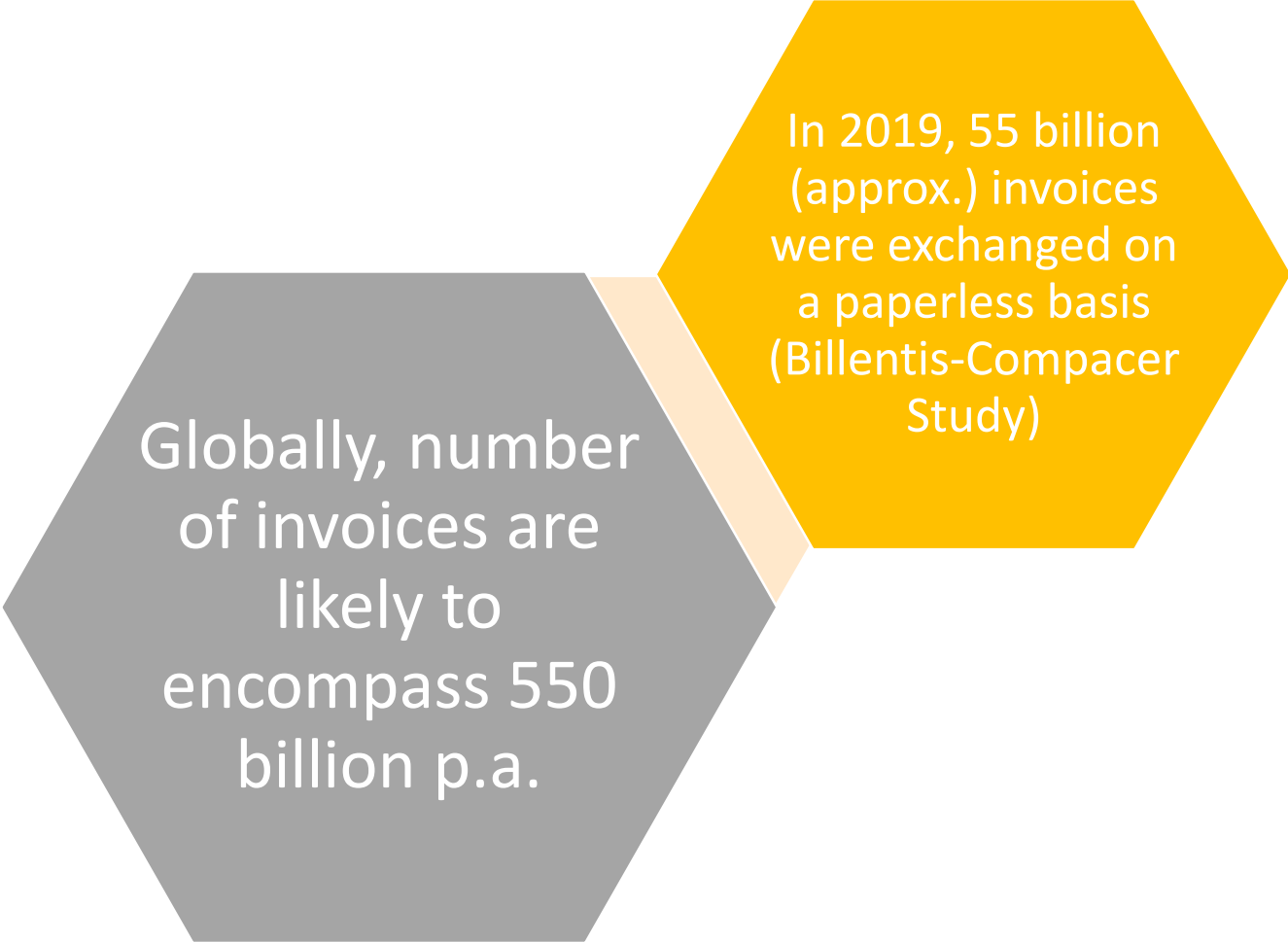# E-invoicing in India

Concept and Challenges

(11th January 2020)
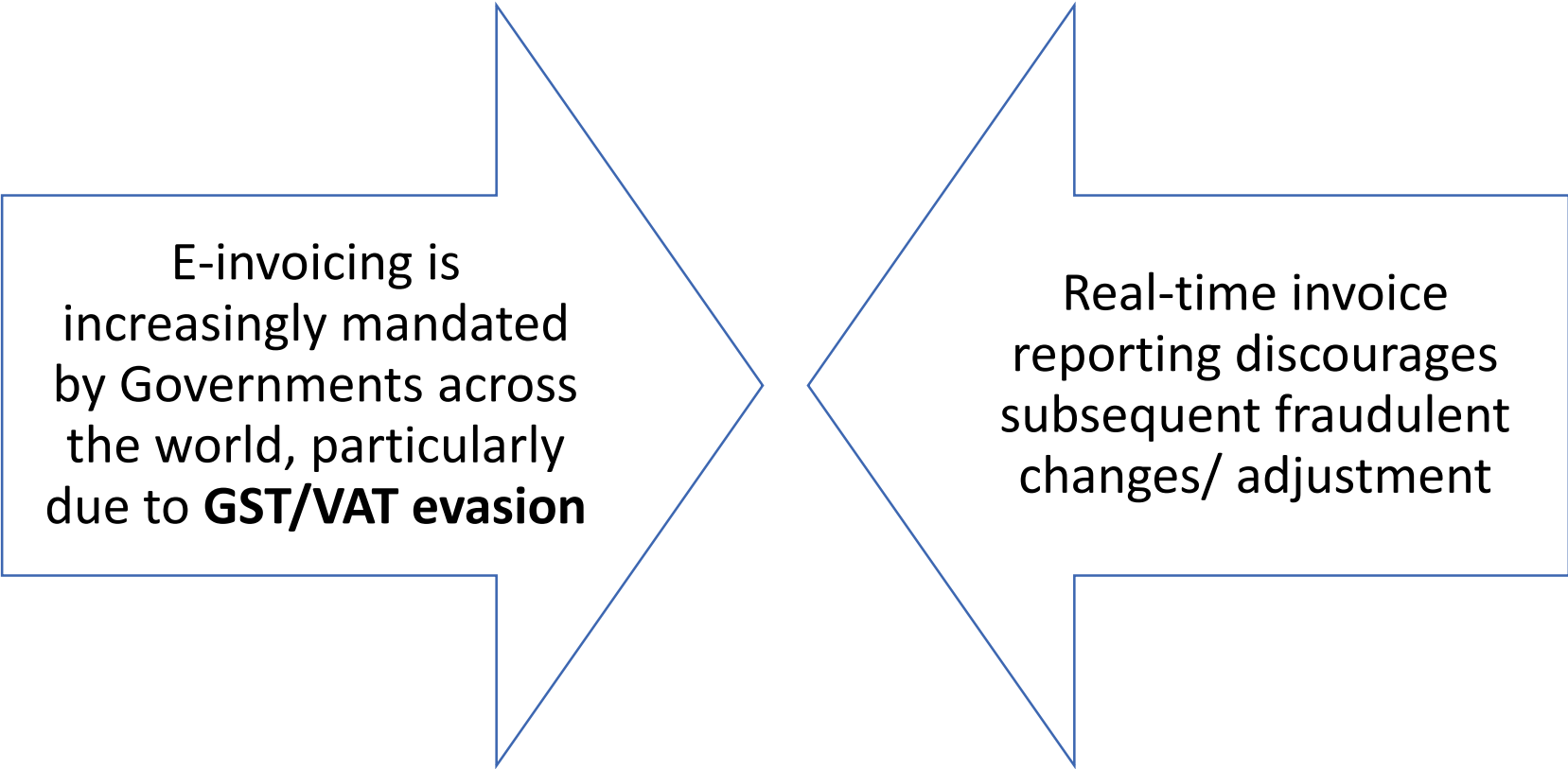
CA Pritam Mahure and Associates

Invoices – Globally!

Globally, number of invoices are likely to encompass 550 billion p.a.

In 2019, 55 billion (approx.) invoices were exchanged on a paperless basis (Billentis-Compacer Study)

E-invoicing – Why preferred?

E-invoicing is increasingly mandated by Governments across the world, particularly due to **GST/VAT evasion**

Real-time invoice reporting discourages subsequent fraudulent changes/ adjustment

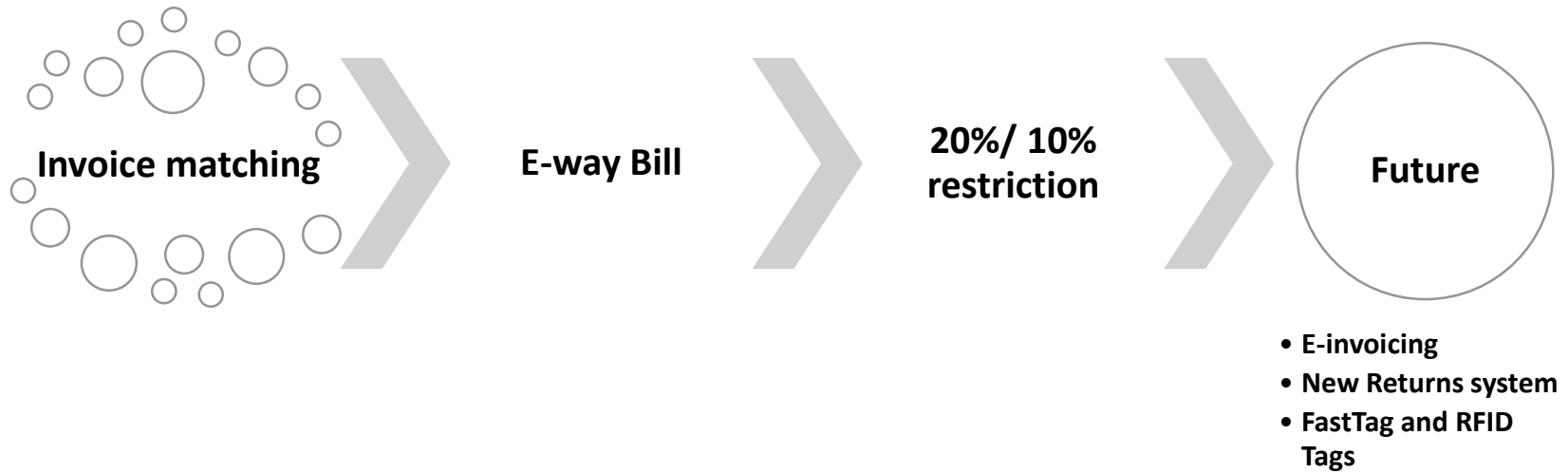# E-invoicing – In India?
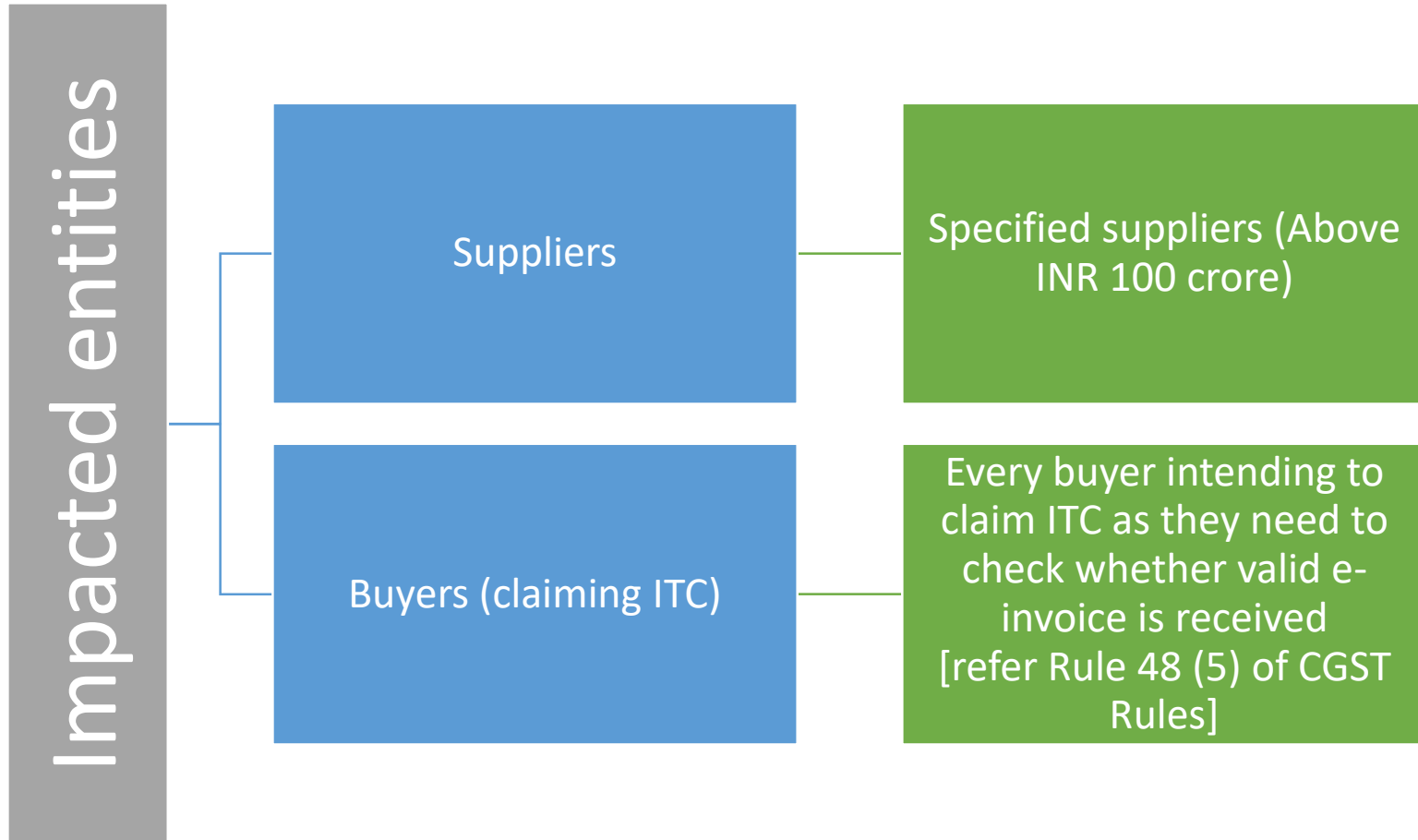
Tax evasion

- By below or above 100 crore?

Timing

- Present returns yet to stabilize
- GSTR 9/ 9C extended due to technical glitches
- New returns already proposed

E-invoicing – Evolution

Invoice matching ❯ E-way Bill ❯ **20%/ 10% restriction** ❯ Future

- E-invoicing
- New Returns system
- FastTag and RFID Tags

Which entities are likely to be affected?

Impacted entities – Almost everyone!

Impacted entities

Suppliers	Specified suppliers (Above INR 100 crore)

| Buyers (claiming ITC) | Every buyer intending to claim ITC as they need to check whether valid e-invoice is received [refer Rule 48 (5) of CGST Rules] |

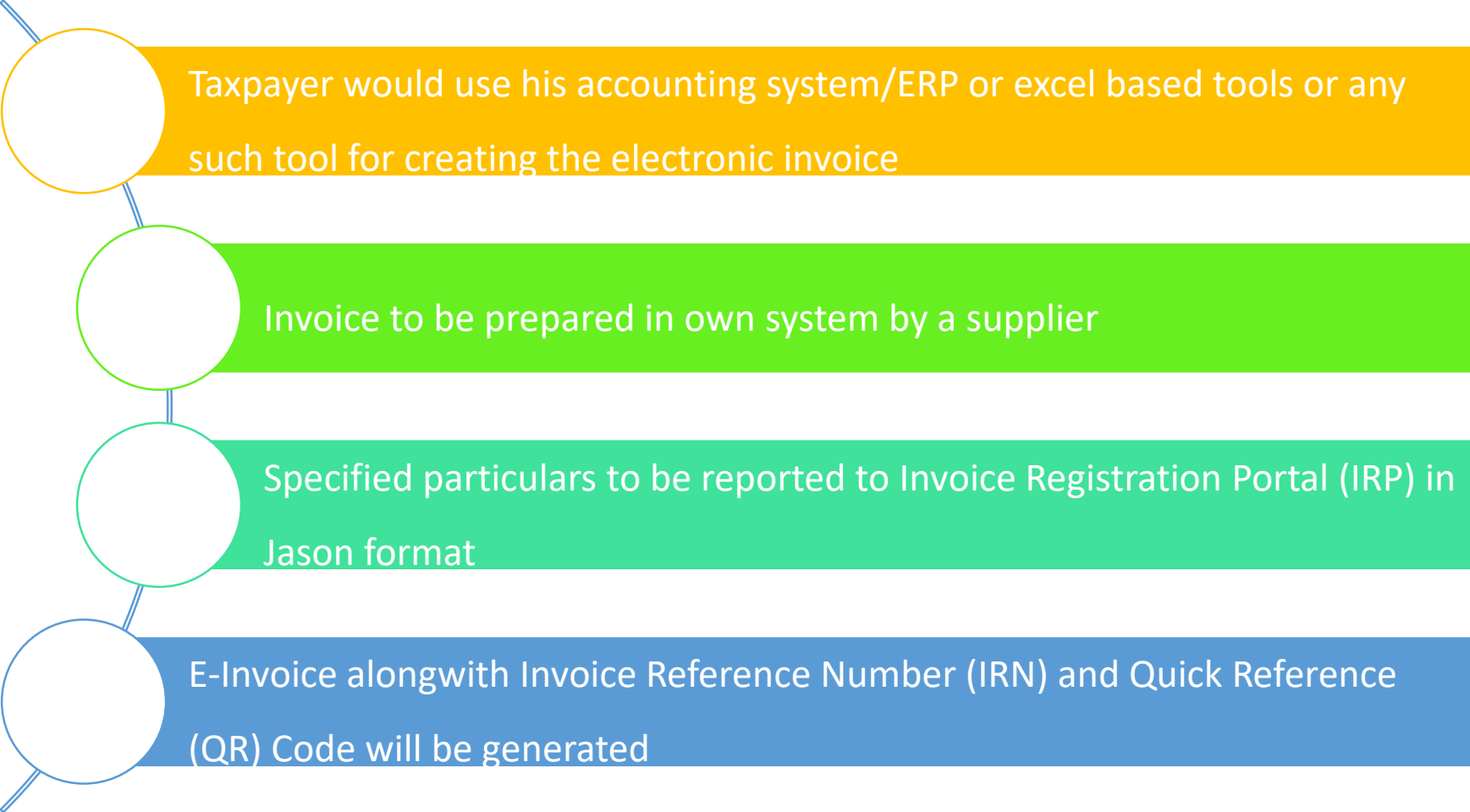# What is e-invoicing?

E-invoicing

Electronic invoicing (also called **e-invoicing**) is a form of electronic billing.

E-invoicing methods are used by trading partners, such as customers and their suppliers, to present and monitor transactional documents between one another and ensure the terms of their trading agreements are being met

- https://en.wikipedia.org/wiki/Electronic_invoicing

Proposed E-invoicing in India

Taxpayer would use his accounting system/ERP or excel based tools or any such tool for creating the electronic invoice

Invoice to be prepared in own system by a supplier

Specified particulars to be reported to Invoice Registration Portal (IRP) in Jason format

E-Invoice alongwith Invoice Reference Number (IRN) and Quick Reference (QR) Code will be generated

Timeline for introducing e-invoicing?

Timelines

01.01.2020

- **'Optional'** if aggregate turnover is more than **INR 500 crore**

01.02.2020

- **'Optional'** if aggregate turnover is more than **INR 100 crore**

01.04.2020

- **'Mandatory'** if aggregate turnover is more than **INR 100 crore**
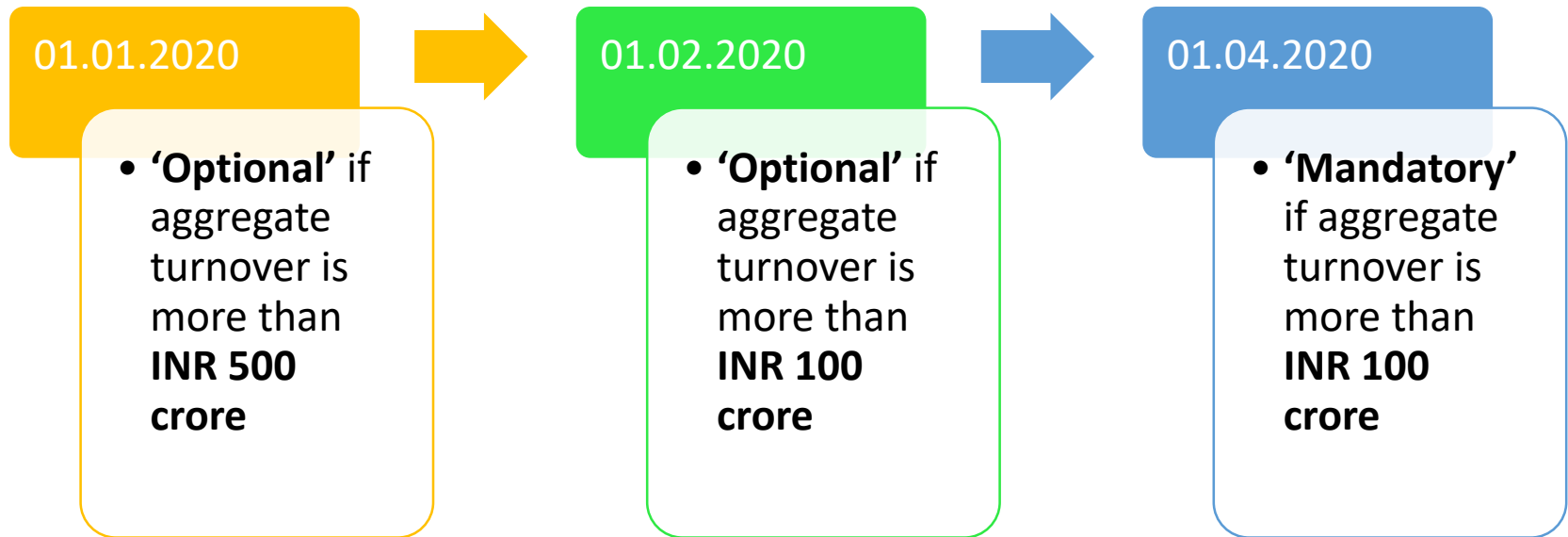
Applicable (from 1.04.2020) for whom?

```
                    ┌─────────────────┐
                    │    Turnover     │
                    └────────┬────────┘
           ┌─────────────────┴─────────────────┐
┌──────────────────────────┐      ┌──────────────────────────┐
│ Aggregate turnover more  │      │ Aggregate turnover less  │
│ than INR 100 crore       │      │ than INR 100 crore       │
└────────────┬─────────────┘      └────────────┬─────────────┘
             │                                 │
┌──────────────────────────┐      ┌──────────────────────────┐
│        Applicable        │      │ Not applicable [Optional │
│                          │      │ facility i.e. to generate│
│                          │      │ e-invoice is not yet made│
│                          │      │ available]               │
└──────────────────────────┘      └──────────────────────────┘
```
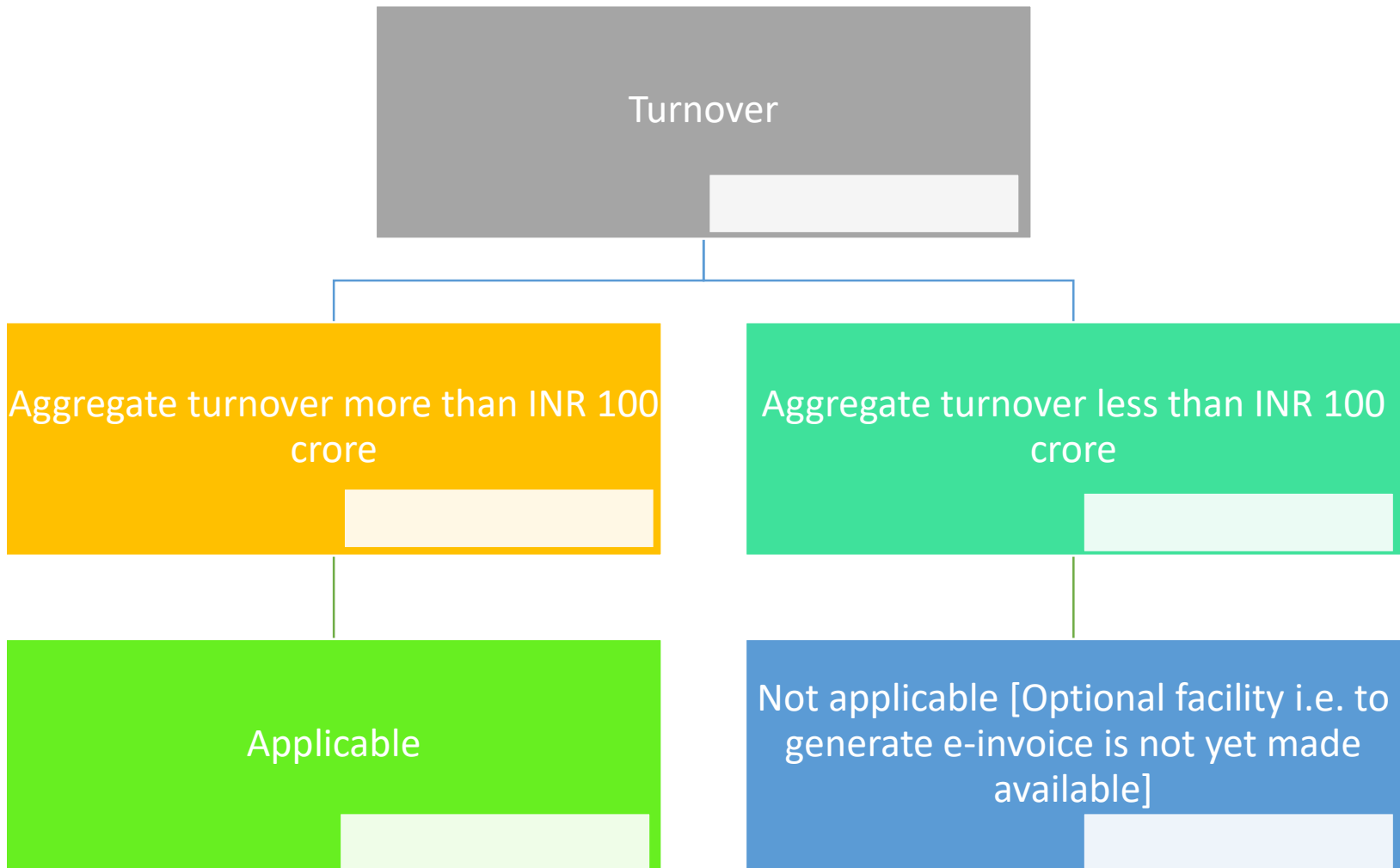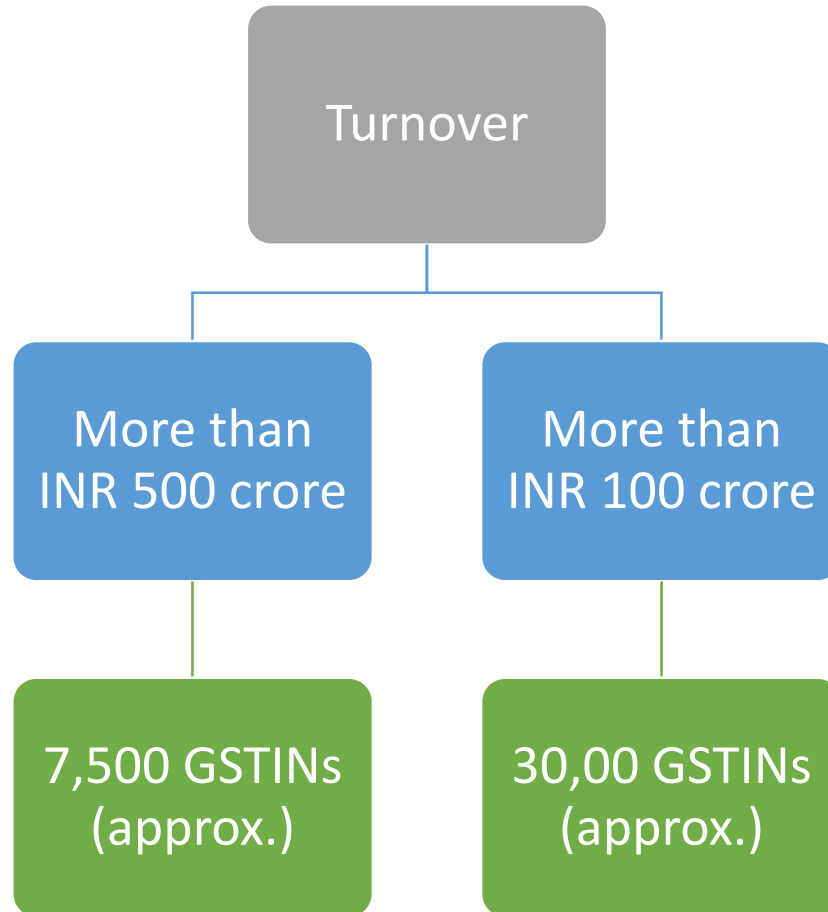
Likely impacted taxpayers in India!

```
                        ┌─────────────┐
                        │   Turnover  │
                        └──────┬──────┘
                    ┌──────────┴──────────┐
          ┌─────────────────┐   ┌─────────────────┐
          │   More than      │   │   More than      │
          │  INR 500 crore   │   │  INR 100 crore   │
          └────────┬─────────┘   └────────┬─────────┘
          ┌─────────────────┐   ┌─────────────────┐
          │  7,500 GSTINs    │   │  30,00 GSTINs    │
          │   (approx.)      │   │   (approx.)      │
          └─────────────────┘   └─────────────────┘
```
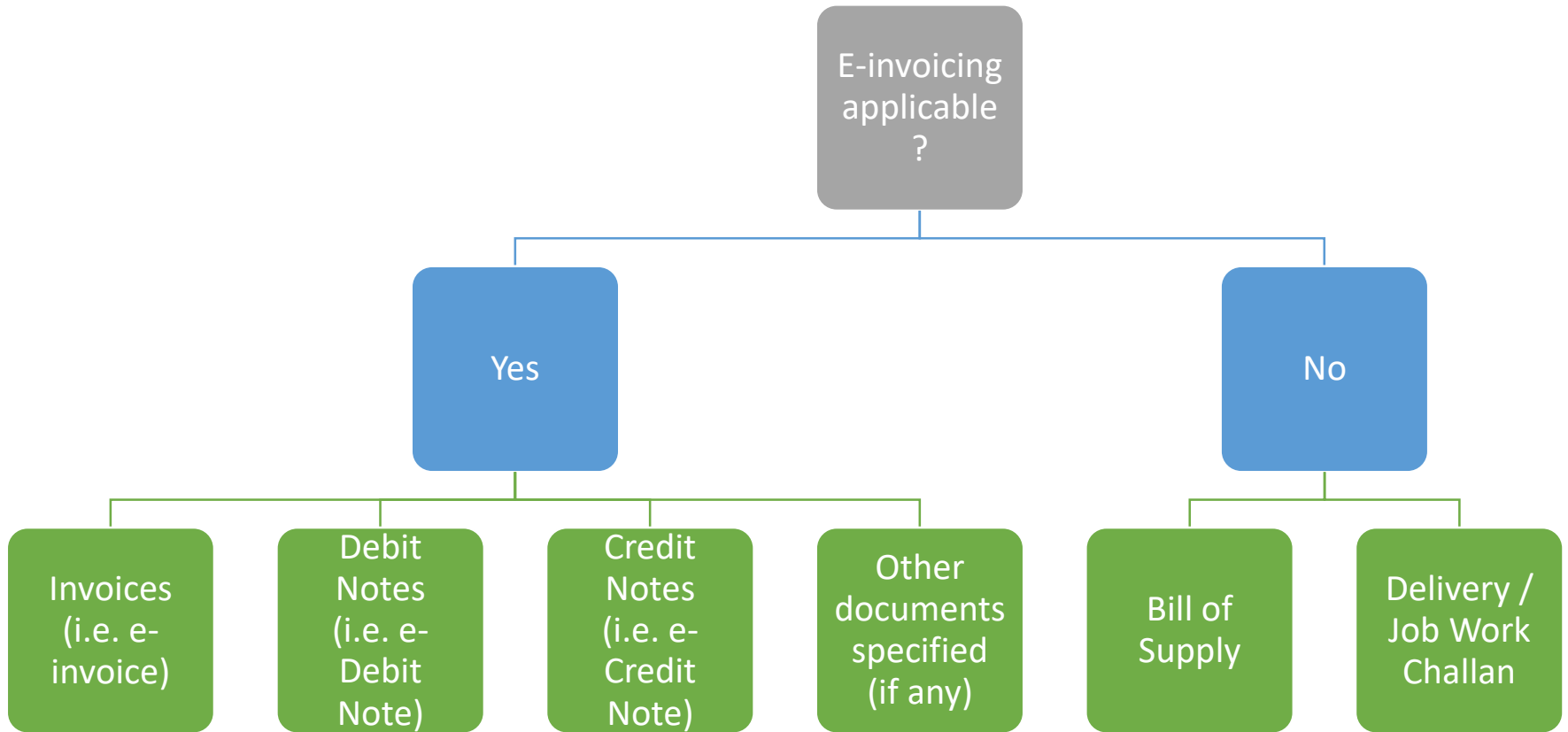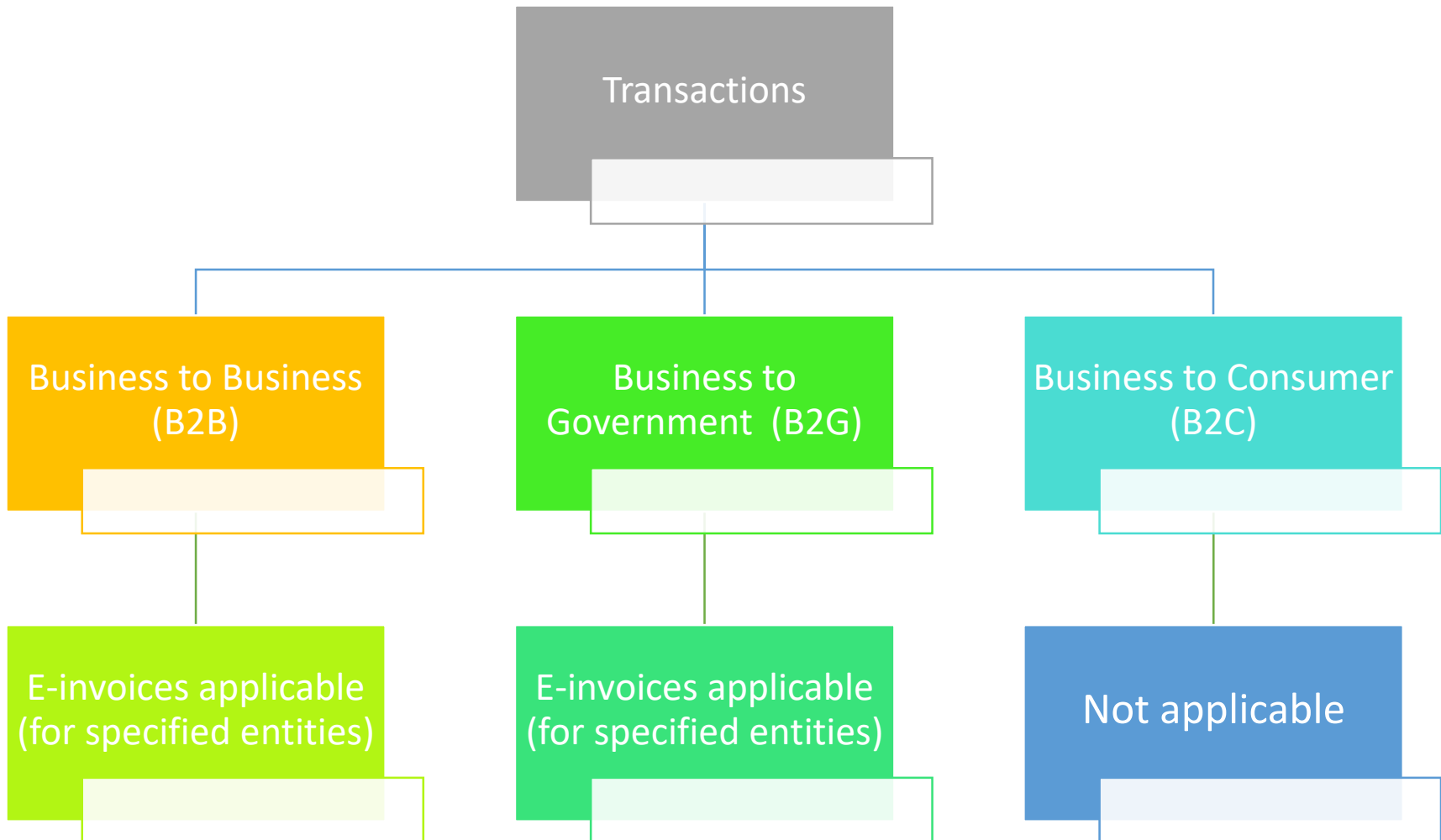
Whether applicable for all documents?

E-Invoicing – Types of Documents

E-Invoicing – Types of Transactions

E-Invoicing – Domestic supply and Exports

B2B Transactions
(by specified entities)

Domestic supply

Exports

E-invoices applicable

E-invoices applicable
(but whether should be
made mandatory?)
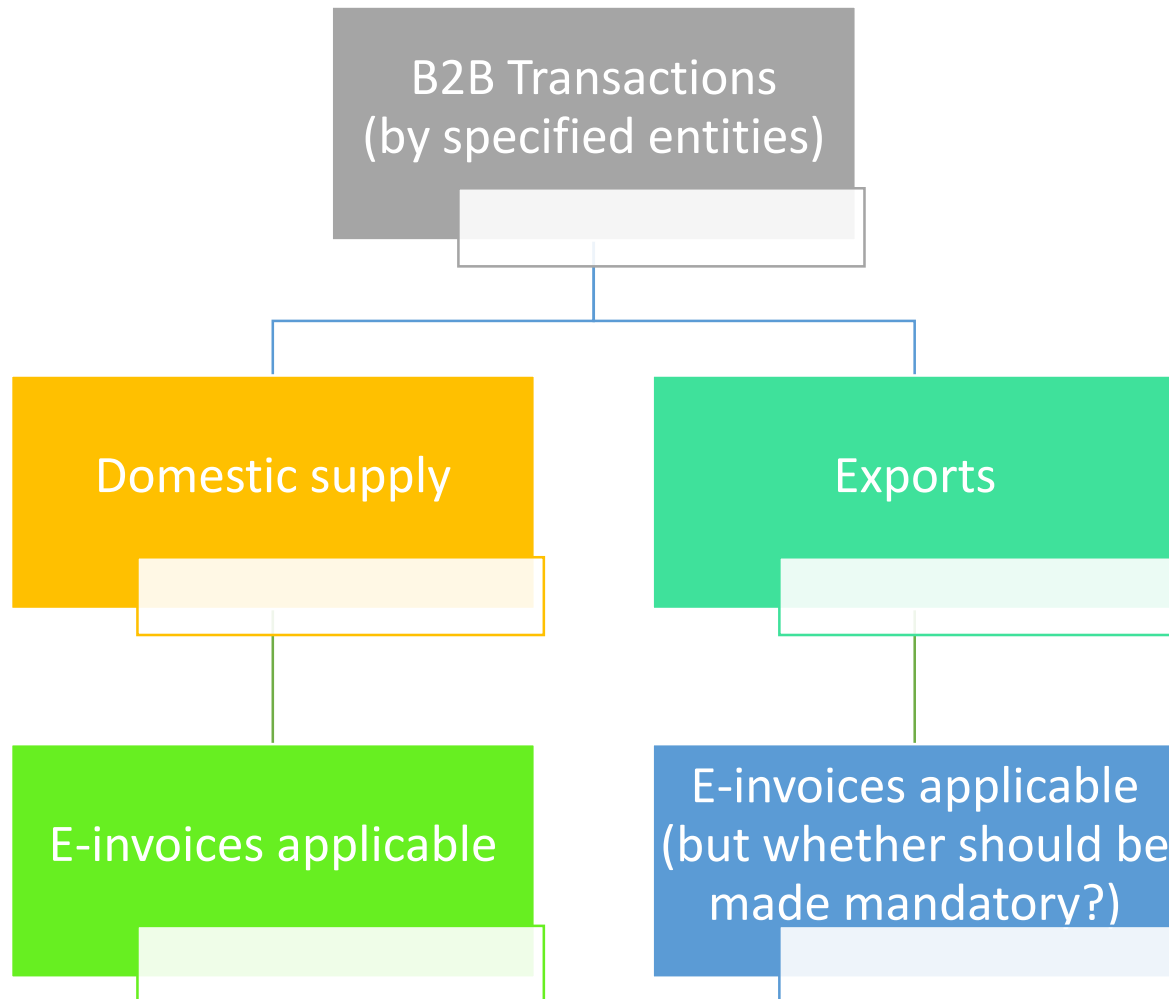
How to prepare an e-invoice?
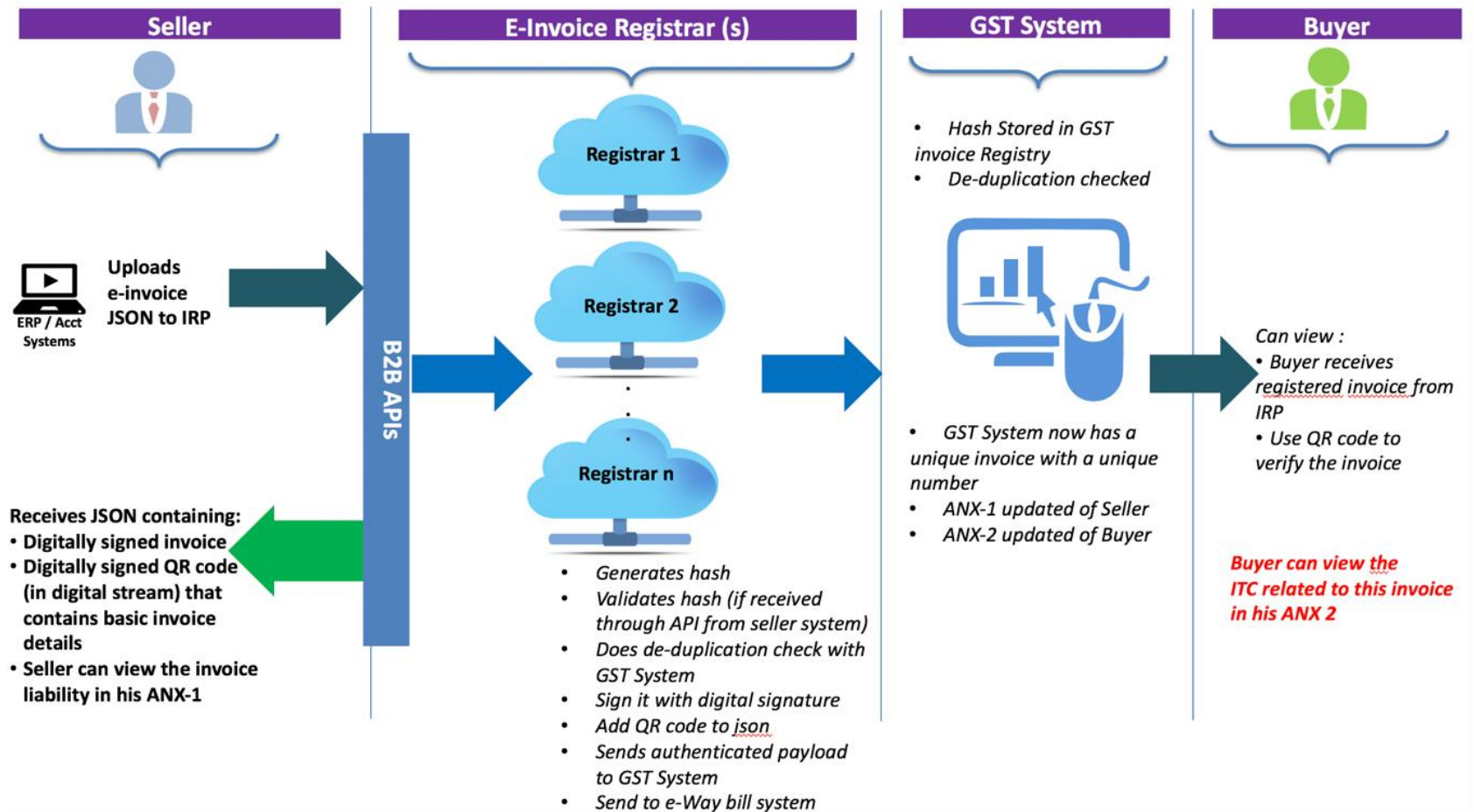
Process

1. Prepare invoice

2. Generate Jason

3. Report details to IRP through Login / API

4. IRP to generate IRN, QR code and sign digitally

5. Email/ Print e-invoice
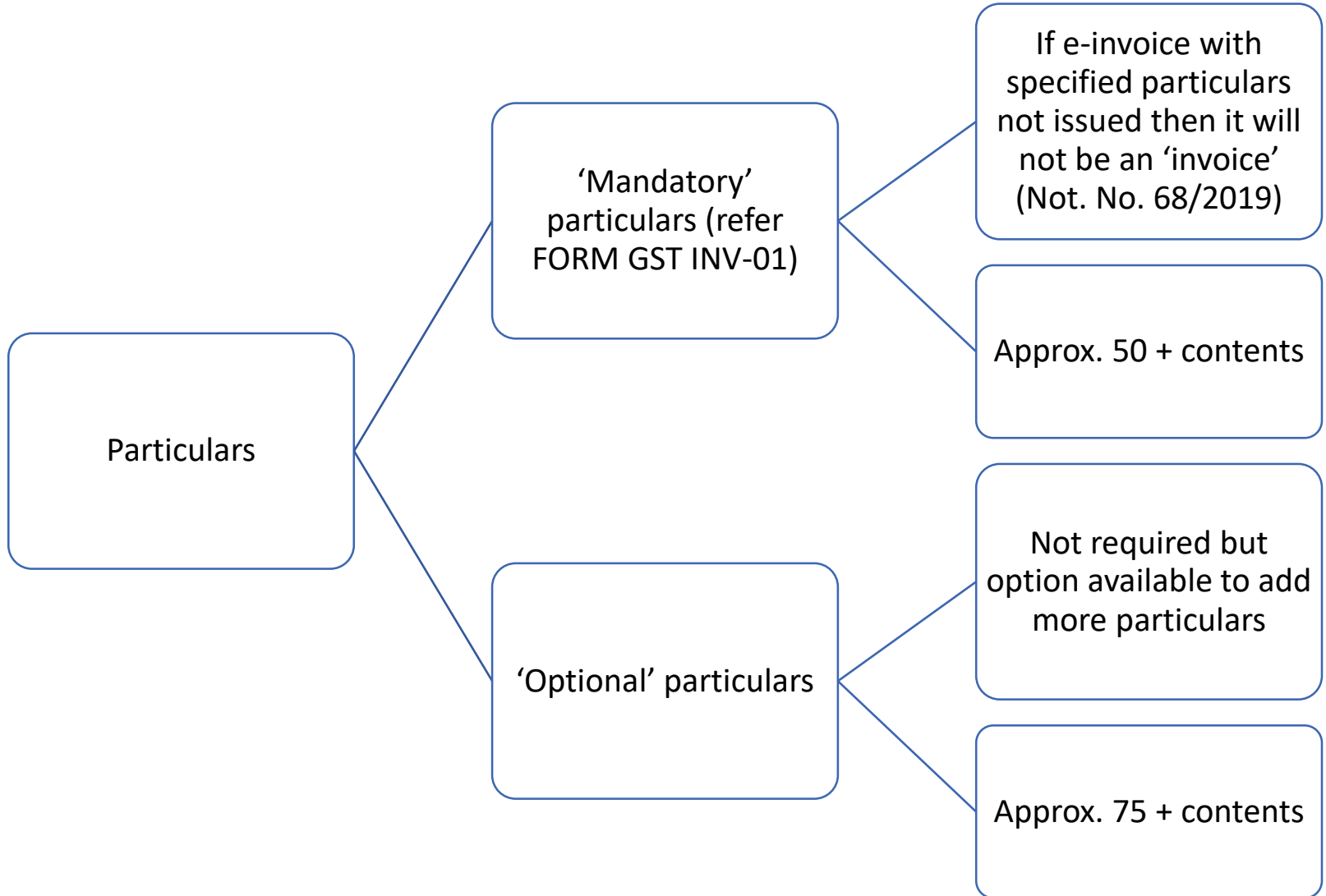
Process

Seller

Uploads e-invoice JSON to IRP

ERP / Acct Systems

Receives JSON containing:
- Digitally signed invoice
- Digitally signed QR code (in digital stream) that contains basic invoice details
- Seller can view the invoice liability in his ANX-1

B2B APIs

E-Invoice Registrar (s)

Registrar 1

Registrar 2

.
.
.

Registrar n

- *Generates hash*
- *Validates hash (if received through API from seller system)*
- *Does de-duplication check with GST System*
- *Sign it with digital signature*
- *Add QR code to json*
- *Sends authenticated payload to GST System*
- *Send to e-Way bill system*

GST System

- *Hash Stored in GST invoice Registry*
- *De-duplication checked*

- *GST System now has a unique invoice with a unique number*
- *ANX-1 updated of Seller*
- *ANX-2 updated of Buyer*

Buyer

Can view :
- *Buyer receives registered invoice from IRP*
- *Use QR code to verify the invoice*

Buyer can view the ITC related to this invoice in his ANX 2

Invoice contents

Invoice contents

Particulars

- 'Mandatory' particulars (refer FORM GST INV-01)
  - If e-invoice with specified particulars not issued then it will not be an 'invoice' (Not. No. 68/2019)
  - Approx. 50 + contents
- 'Optional' particulars
  - Not required but option available to add more particulars
  - Approx. 75 + contents

Invoice Contents – 'Mandatory'

1. Name of supplier

2. GSTIN of Supplier

3. Address of Supplier

4. Name of Buyer

5. GSTIN of Buyer

6. Total tax amount

7. Quantity etc

Invoice Contents – 'Optional'

1. Contract Number

2. Project Reference

3. Vendor PO Reference

4. Origin Country of Item

5. Expiry Date

6. Warranty Date

7. Amount etc

Invoice Contents – Formats

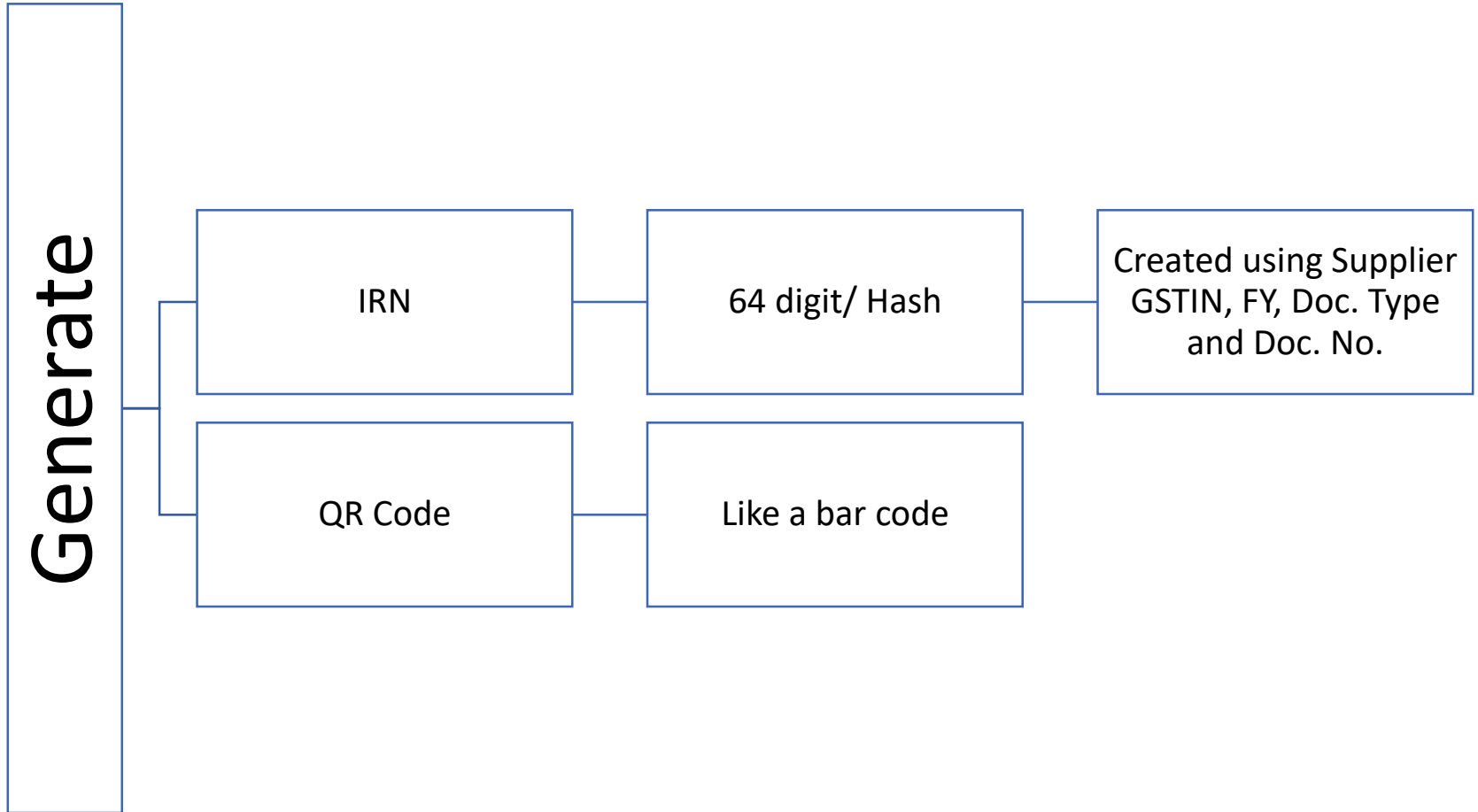Format
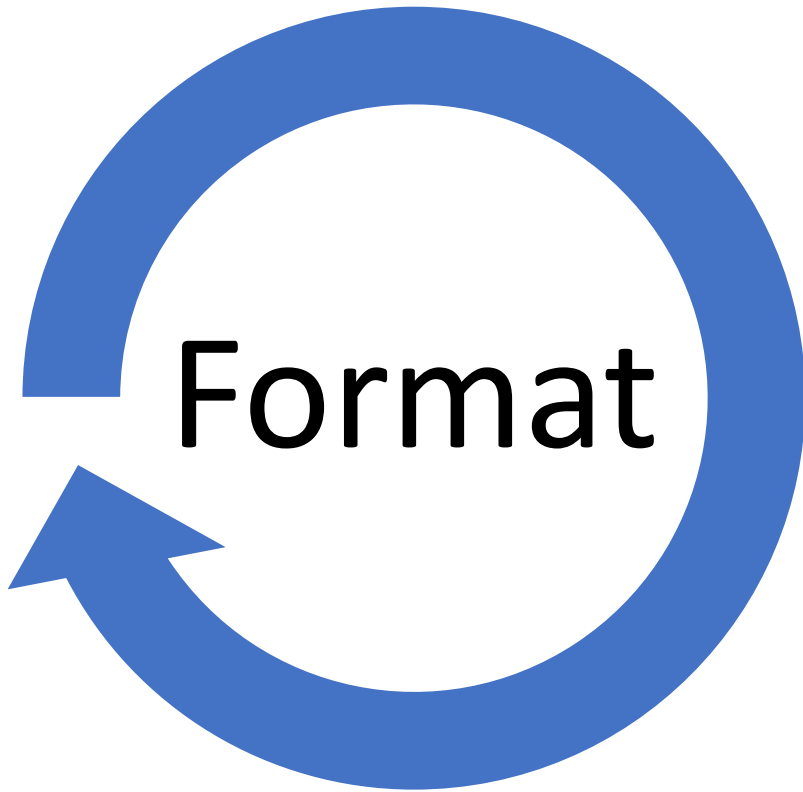
- DD-MM-YYYY

Invoice Registration Portal

(IRP)

IRP

Generation of e-invoice will be responsibility of the taxpayer

Taxpayers will be required to report the invoice to Invoice Registration Portal (IRP)

IRP will generate a unique Invoice Reference Number (IRN) and digitally sign the e-invoice and also generate a QR code
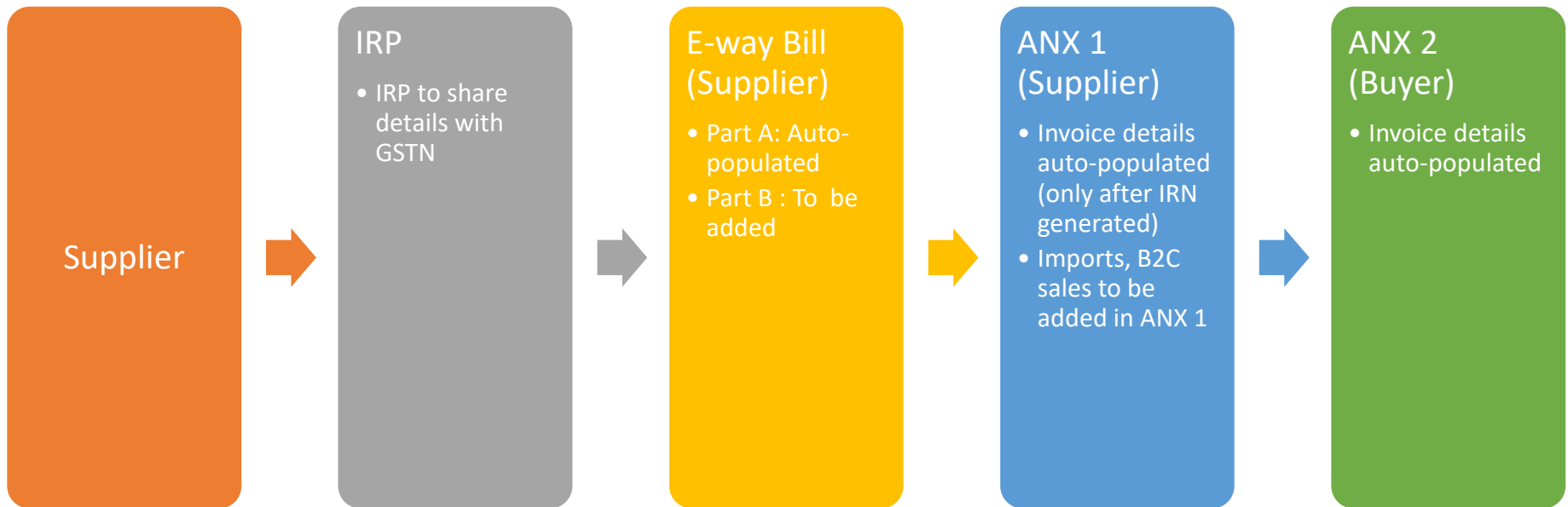
IRP

Generate
- IRN — 64 digit/ Hash — Created using Supplier GSTIN, FY, Doc. Type and Doc. No.
- QR Code — Like a bar code

Portals

- **Ten portals** (vide Not. No. 69/2019) for uploading invoice information is specified such as:

    - **www.einvoice1.gst.gov.in**

    - www.einvoice2.gst.gov.in

    - www.einvoice10.gst.gov.in etc

What happens after e-invoice is generated?

E-invoices
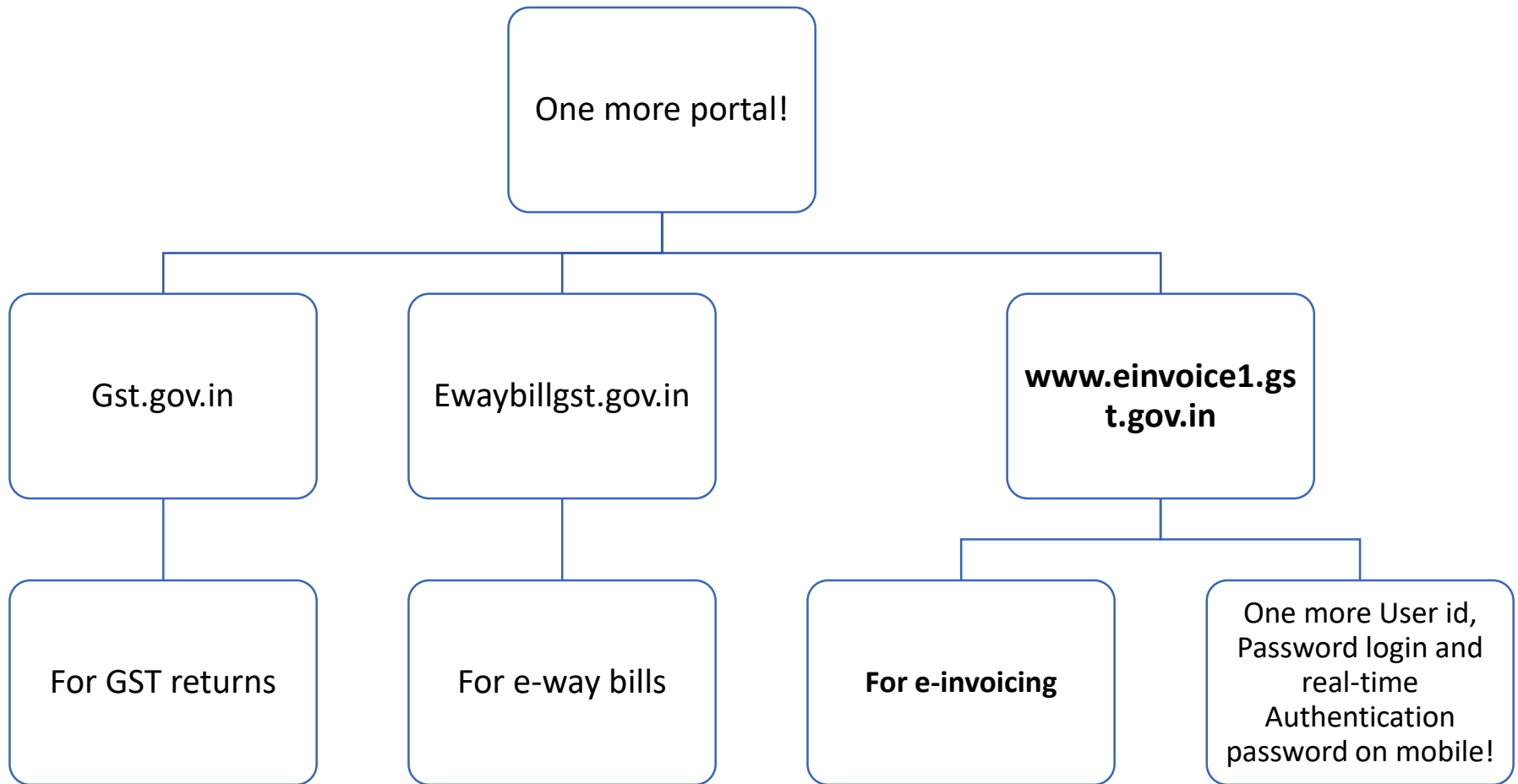
Supplier

→

IRP
- IRP to share details with GSTN

→

E-way Bill (Supplier)
- Part A: Auto-populated
- Part B : To be added

→

ANX 1 (Supplier)
- Invoice details auto-populated (only after IRN generated)
- Imports, B2C sales to be added in ANX 1

→

ANX 2 (Buyer)
- Invoice details auto-populated

Quick Response (QR) Code

QR Code

- Through QR code, following particulars will be available:

    1. GSTIN of supplier

    2. GSTIN of Recipient

    3. Invoice number as given by Supplier

    4. Date of generation of invoice

    5. Invoice value (taxable value and gross tax)

    6. Number of line items.

    7. HSN Code of main item (the line item having highest taxable value)

    8. Unique Invoice Reference Number (hash)

E-invoicing - Challenges!

Challenges – One more portal!


```
                    ┌─────────────────────┐
                    │   One more portal!  │
                    └──────────┬──────────┘
        ┌──────────────────────┼──────────────────────┐
 ┌──────────────┐     ┌──────────────────┐     ┌──────────────────────┐
 │  Gst.gov.in  │     │ Ewaybillgst.gov.in│     │ www.einvoice1.gst.gov.in │
 └──────┬───────┘     └────────┬─────────┘     └──────────┬───────────┘
        │                      │                ┌─────────┴──────────┐
 ┌──────────────┐     ┌──────────────────┐  ┌───────────────┐  ┌──────────────────────┐
 │ For GST returns│    │ For e-way bills  │  │For e-invoicing│  │ One more User id,    │
 └──────────────┘     └──────────────────┘  └───────────────┘  │ Password login and   │
                                                                │ real-time            │
                                                                │ Authentication       │
                                                                │ password on mobile!  │
                                                                └──────────────────────┘
```

Challenges – One more compliance!

Login and check whether valid e-invoice generated

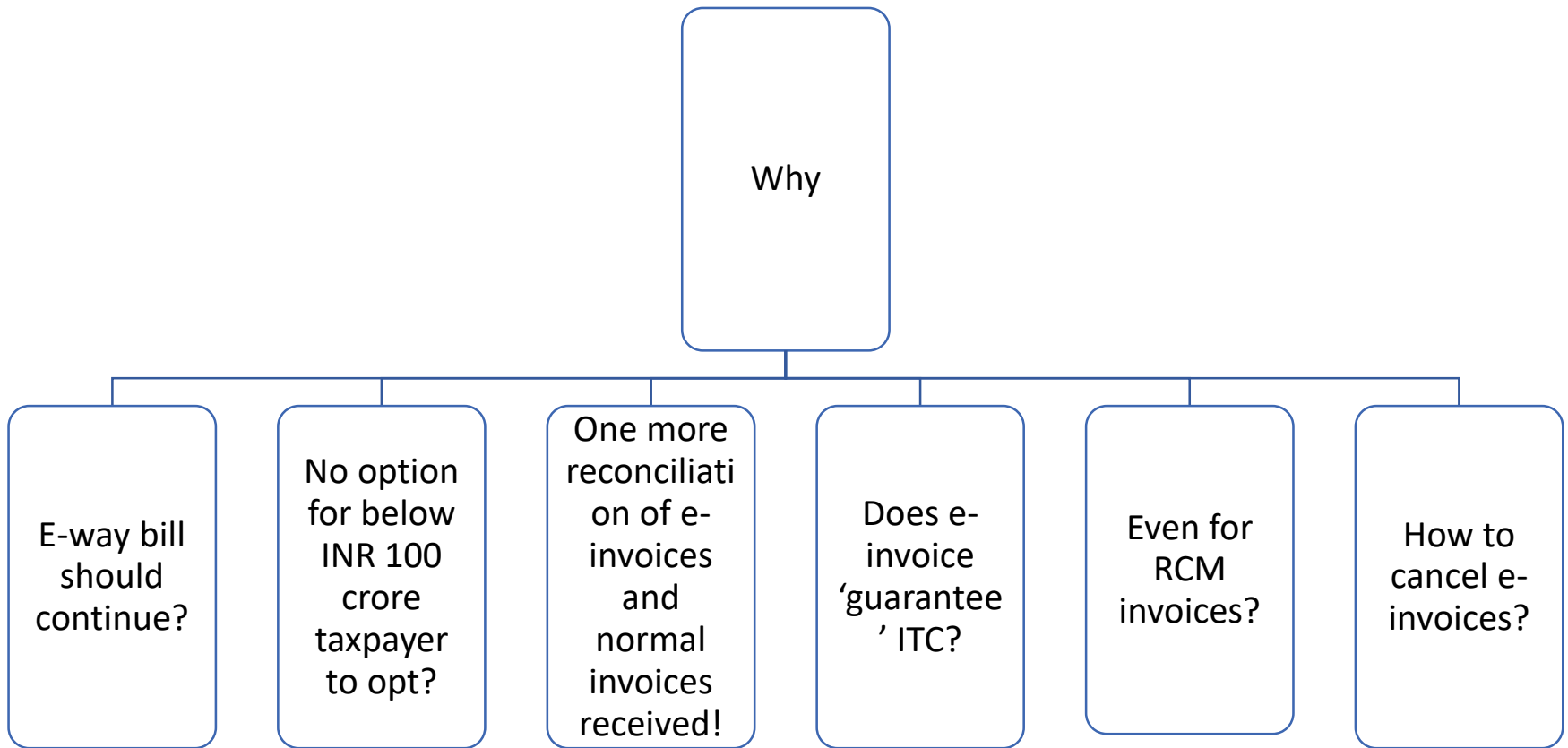Login and check whether details auto populated in e-way bill

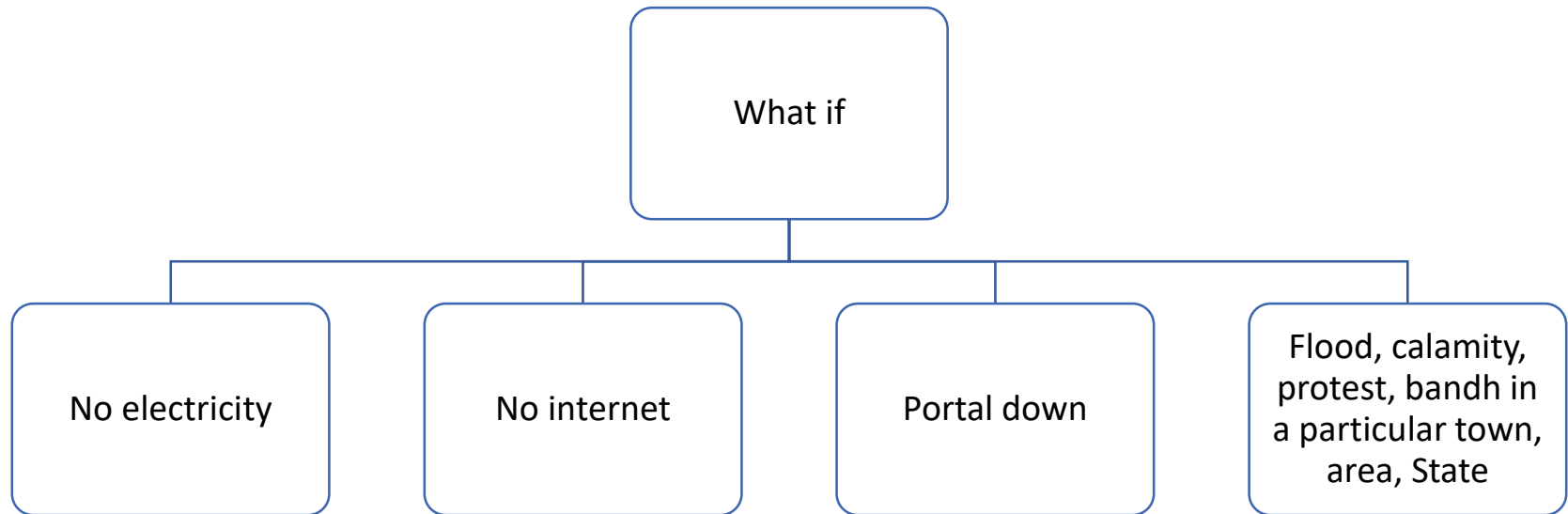Login and check whether details auto populated in ANX-1

Call/ email and check whether details auto-populated in ANX -2 of buyer

Challenges – Others!

Challenges – What if?

Challenges – What if?

- GSTN Updated FAQs
  - *Is the IRN needed to be printed on the invoice?*
    - *The IRN is a mandatory part of the e-invoice and hence has to be a part of the invoice for all formal purposes.*
  - *Will IRN be a part of the E Way bill?*
    - *It will **depend upon the notifications** by the Government.*

- What if e-way bill portal is down?

Expectation of GST payers!

Before e-invoicing system goes live, it should be ensured that appropriate testing is carried out

Portal(s) should be designed to handle any load and work 24*7!

Taxpayers should get 3-4 months once all details are made available in public domain (FAQs available on e-invoicing are yet to be updated)!

E-invoicing

Updated FAQs

Key points

Updated FAQs – Key points

- **Place of Supply (PoS)***

  - *Is there any Place of Supply in the schema?*

    - *Yes, it is covered in the e-invoice schema.*

  - How to determine PoS , say for intermediary services:

    - Is it intra-State or Inter-State?

    - AAR – Cannot be sought on PoS

  - Illustrations can be provided to ensure uniformity

---

*FAQs are reproduced in *italics*

Updated FAQs – Key points

- **Continuous Supply of Service (CSS)**

  - *When is the section on delivery or invoice period mandatory?*

    - *In case of continuous supply of services*

  - Illustrations can be provided to ensure uniformity

Updated FAQs – Key points

- **Emailing e-invoicing by 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.*

- **Normal and e-invoice**

  - *In the current legislation it is required to issue invoice triplicate [two documents marked accordingly] for sale of goods and invoice duplicate [two documents marked accordingly] for sale of services*

  - *Will this requirement be abolished for all taxpayers?*

    - *The rules are proposed to be changed so as to address these issues*

Updated FAQs – Key points

- **ISD**

  - *What are the requirements for other document types, such as credit/ debit note, ISD invoice, Bill of supply, Delivery challan, Receipt voucher, advance receipt, Payment voucher, Self-invoice?*

    - *ISD invoice and ISD credit note are the documents issued by input service distributor ; therefore, IRN will also be required on these documents as per provisions of the law.*

- **Import**

  - *What applies to import transactions / invoices?*

    - *Creator of document is required to generate the e-invoice. Hence bill of entry generated by customs on import of goods is not required to obtain IRN.*

Updated FAQs – Key points

- **IRN**

  - *In case it has to be validated, one will have to enter 64 digits to compare the same with generated hash.*

    - *This is going to be done by the systems. No human is required to manually calculate, generate, **remember** or write the IRN (hash).*

All documents on e-invoicing should be aligned!

- Following FAQs are mentioned at the link below:

https://www.gstn.org/e-invoice/doc/Final-publishing-e-invoice-with-FAQs-v2.zip	https://www.gstn.org/e-invoice/pdf/website-FAQ-compilation-v6.pdf
What is the maximum Number of line items supported by e-invoice? *- The maximum number of line items per e-invoice is* **100.**	*Line items in an invoice be increased to 1000 from current limit of 250.* *- The line items can be* **10000 per e-invoice**.

- Given the update, GSTN should modify the earlier concept note / FAQs/ documents on e-invoicing (as available on GSTN website)

E-invoicing

Myths and Reality by GSTN

E- Invoice

Myth ❌ | ✅ Reality

1

Myth	Reality
I would need to issue invoices through the GST portal.	No. You would continue to issue invoices the way you have been doing it. You are just required to generate the Invoice Reference Number (IRN) for each invoice issued through your billing software, ERP or accounting software.

2

Myth	Reality
The generation of IRN might take several minutes and that would affect my business.	The Invoice Registration Portal (IRP) would assign the IRN in sub 100 milliseconds. More than one IRPs will be made operational.

3

Myth	Reality
E-invoice would need to be issued for all the transactions.	Issuance of e-invoice is mandatory only for B2B transactions and exports at this stage.

4

Myth	Reality
If I am not using a billing software, ERP or accounting software, I can't issue e-invoice.	8 free billing and accounting software have been provided free of cost by GSTN for taxpayers having turnover upto 1.5 Crores. These can be used for issuing e-invoices.

5

Myth	Reality
E-invoicing will add one more GST compliance.	On the contrary E-invoice and its reporting will reduce compliance. Reporting to GST will lead to auto creation of ANX-1 and ANX-2 as well as E-Way Bill, if asked.

6

Myth	Reality
The IRN generated by the IRP would be the invoice number.	No, it will just be a reference number. The invoice number will be the one that you have entered in the invoice.

7

Myth	Reality
I would be required to make major changes in the billing software, ERP or accounting software to become e-invoice compliant.	No major change would be required at your end. However, the software providers would require to introduce small changes at the backend.

8

Myth	Reality
There will be separate invoice formats for different businesses.	Invoice format will be the same for all the categories of taxpayers. Invoice schema released by GSTIN has mandatory and optional fields that needs to be filled depending upon the nature of business.

GST
GOODS AND SERVICES TAX NETWORK

E-invoicing

Feedback to GSTN

Feedback on e-invoicing

- Feedback on the API specifications can be given at the email id: e-invoice@gstn.org.in

- The format for feedback is:

Company name	Pl specify whether Feedback is provided on: Schema or Specs or Sandbox	Feedback Description

Official documents/ links on E-invoicing

- https://www.gstn.org/e-invoice/

- Concept and Note by GSTN

- Presentation by GSTN on e-invoicing

- Format of e-invoice

- FAQs (ver. 6)

- Presentation by GSTN on API

- Notifications

  - 02/2020-CT (GST-INV-01 format)

  - 68/2019-CT

  - 69/2019-CT

  - 70/2019-CT

  - 71/2019-CT

  - 72/2019-CT (QR Code for B2C invoices by a person having more than 500 crore turnover)

- Minutes of 37th GST Council Meeting

GST Workshop

Bangalore : 21.01.2020

Mumbai : 23.01.2020

Delhi : 13.02.2020

Chennai : 14.02.2020

Gurgaon : 04.03.2020

Pune : 17.03.2020

For more details:

info@lawgical.in

Training.cii@cii.in

Training2.cii@cii.in

CII Institute of Logistics

CII — Confederation of Indian Industry

CII One day Training Workshop on
"Present and Future Trends in GST"

21 Jan'20 @ Bangalore | 23 Jan'20 @ Mumbai | 13 Feb'20 @ Delhi
14 Feb'20 @ Chennai | 04 March'20 @ Gurgaon | 17 March'20 @ Pune

Objective

Since the GST introduction in India on 1st July 2017, it has proved to be a roller-coaster ride for GST payers, GST consultants as well as GST Authorities as GST has witnessed numerous changes, in each & every aspect of legislation. The objective of this program is to make participants aware of present and emerging GST Issues and Compliance Requirements.

Program Highlights

- Discussion on key GST provisions
- What are the recent emerging issues in GST?
- What are the most critical Advance rulings?
- Challenges in complying with anti-profiteering provisions
- What process should be set to avail credit and meet the challenges of matching and mis-matching?
- How to meet the ever-increasing GST compliances?
- How to manage critical issues through policy representation?
- How the role of GST Payers, Professionals and Authorities have undergone change?

Mode of Delivery: Interactive presentation with case lets and case studies

Faculty:
CA Pritam Mahure
Author, Trainer, and GST / Gulf VAT Professional

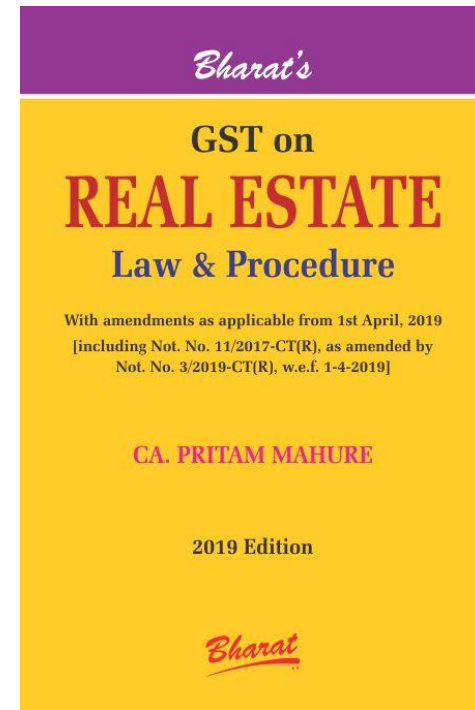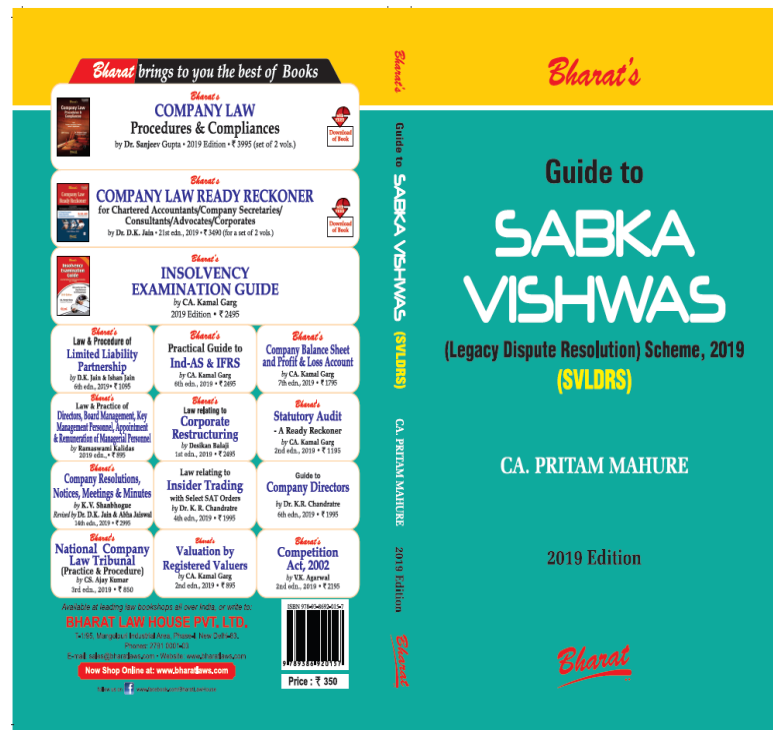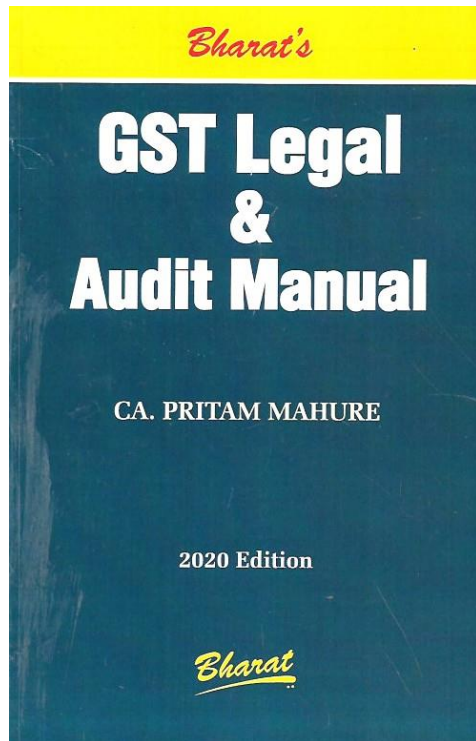**Registration Fee: Rs. 9000 + 18% GST / participant**

Note:
Group discount will be provided for more than 3 nominations
The delegate fee is non-refundable; however, change in nomination is accepted
The Training workshop is non-residential

Malathi | M: 80561 80724 ; 9566077112 | E: training.cil@cii.in ; training2.cil@cii.in

Our Books

Thank you!

CA Pritam Mahure and Associates

For feedback / suggestions: info@lawgical.in / 020-27293425

E-books on GST

E-books on How to be Future Proof

Smile please ☺

Its over (for the time being!) ☺