

E-invoicing in India

Concept and Challenges

August 2020

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E-invoicing – Evolution



- Invoice matching

- E-way Bill

- 20%/ 10% restriction

- Phase-wise

- 01.01.2020,
01.02.2020 etc

New date proposed!



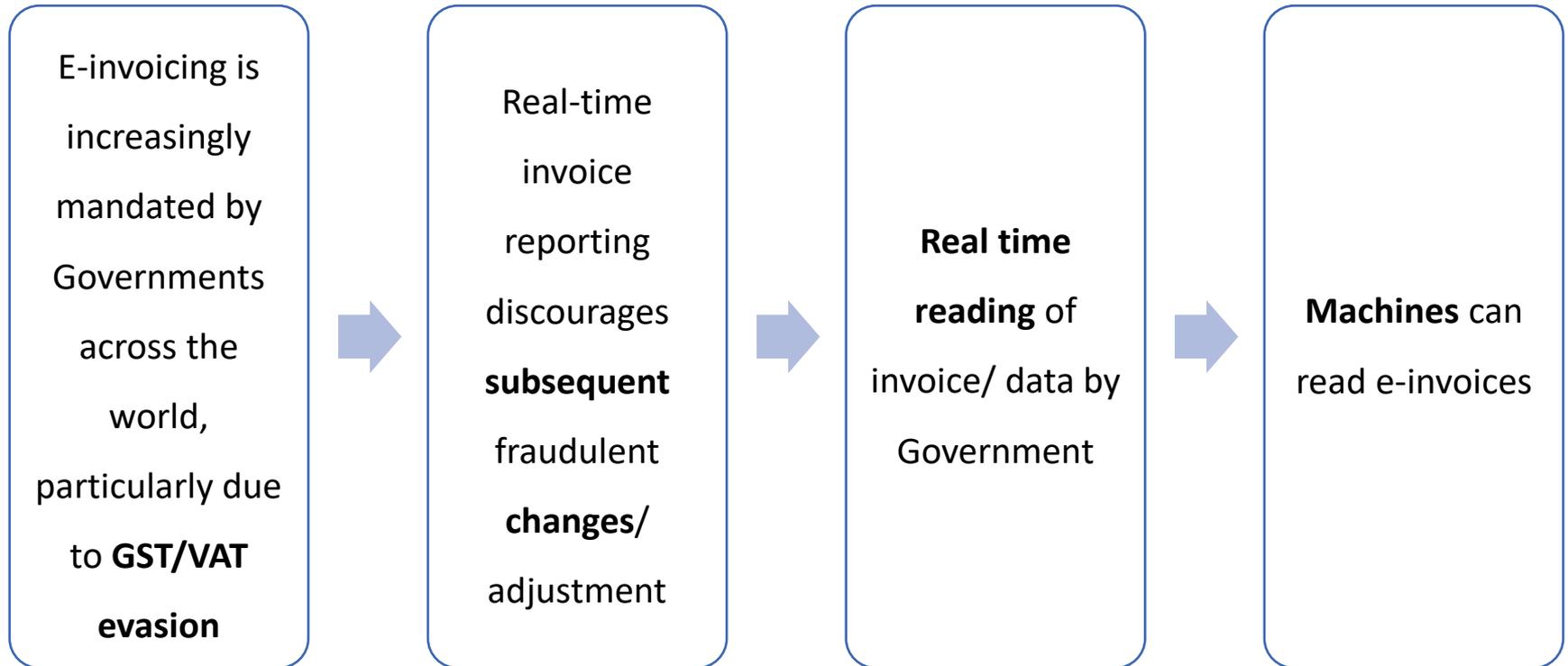
E-invoicing

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

E-invoicing – Why preferred?



E-invoicing – Globally!

E-Invoicing – Globally!

South Korea

- Introduced in 2011 and mandated for most of the taxpayers from 2014
- **Transition** Phase - 3 years

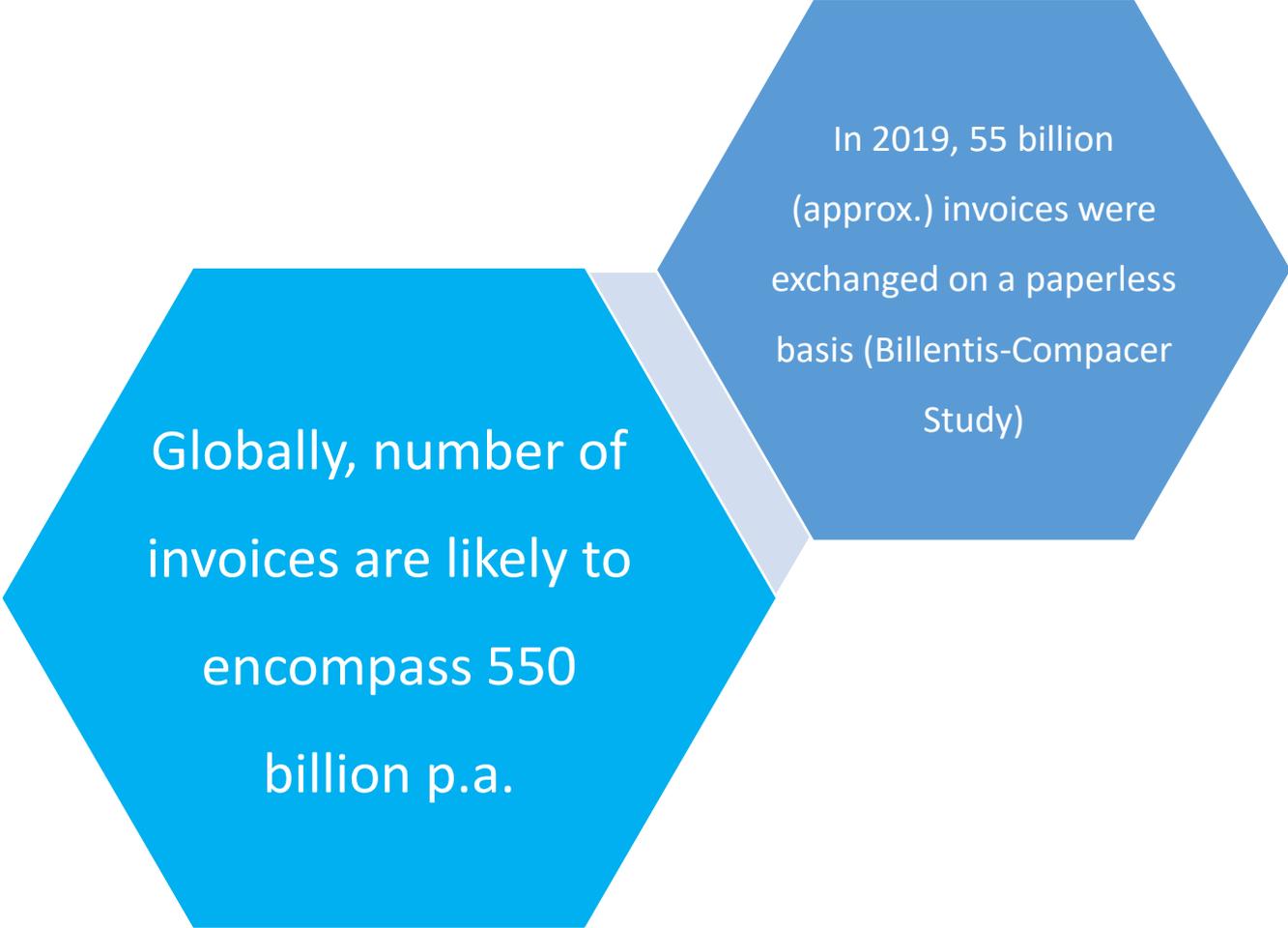
Germany

- Framework shared in 2017
- At present, **evolving**

European Union

- EU is also **recommending** e-invoicing (EU Directive 2014/55/EU and EN 1693 standard)

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)

Invoicing in India

Invoice - 'Pulse' of business!



Relevant Provisions!

Act	Rules	Notifications	Web
<ul style="list-style-type: none">• Section 2 (66)• Section 31• Section 16• Interest, penal provisions etc	<ul style="list-style-type: none">• Rule 46• Rule 48• Rule 54	<ul style="list-style-type: none">• 2019<ul style="list-style-type: none">• Not. No. 31• Not. No. 68 to 72• 2020<ul style="list-style-type: none">• Not. No. 2/2020• Not. No. 13 and 14• Not. No. 60 and 61	<ul style="list-style-type: none">• https://einvoice1.gst.gov.in/

Invoice in GST - Supplier

Meaning

- **Section 2 (66)**
 - “Invoice” or “tax invoice” means the tax invoice referred to in section 31 [Sec. 2 (66)]
- Tax invoice includes revised invoice [Sec. 31]

Supplier

- **Section 31 – Tax invoice**
 - A registered person supplying taxable goods/ taxable services ***shall.. issue tax invoice***
 - ***Provided... by notification... specify... invoice shall be issued, within such time and in such manner as may be prescribed***

Rules

- **46. Tax invoice - Subject to rule 54, a tax invoice referred to in section 31 shall be issued by the registered person **containing the following particulars, namely...****
- **54. Tax invoice in special cases**

Rule 48 - Manner of issuing invoice

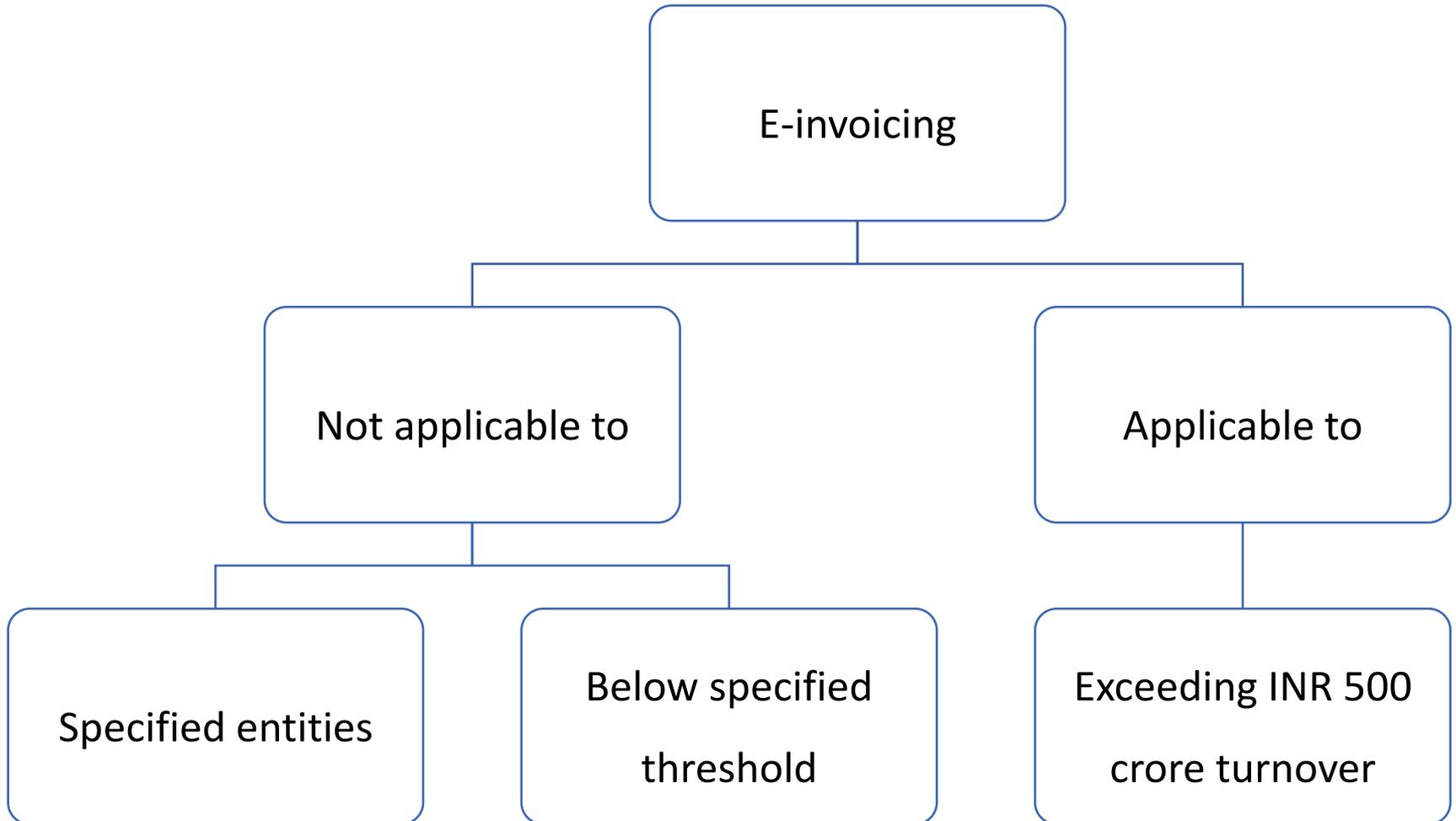
...

- (4) The invoice shall be prepared by such class of registered persons as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in **FORM GST INV-01** after obtaining an **Invoice Reference Number** by uploading information contained therein on the Common Goods and Services Tax **Electronic Portal** in **such manner** and subject to such conditions and restrictions as may be specified in the notification.
- (5) Every invoice issued by a person to whom sub-rule (4) applies in any manner other than the manner specified in the said sub-rule shall **not be treated as an invoice**

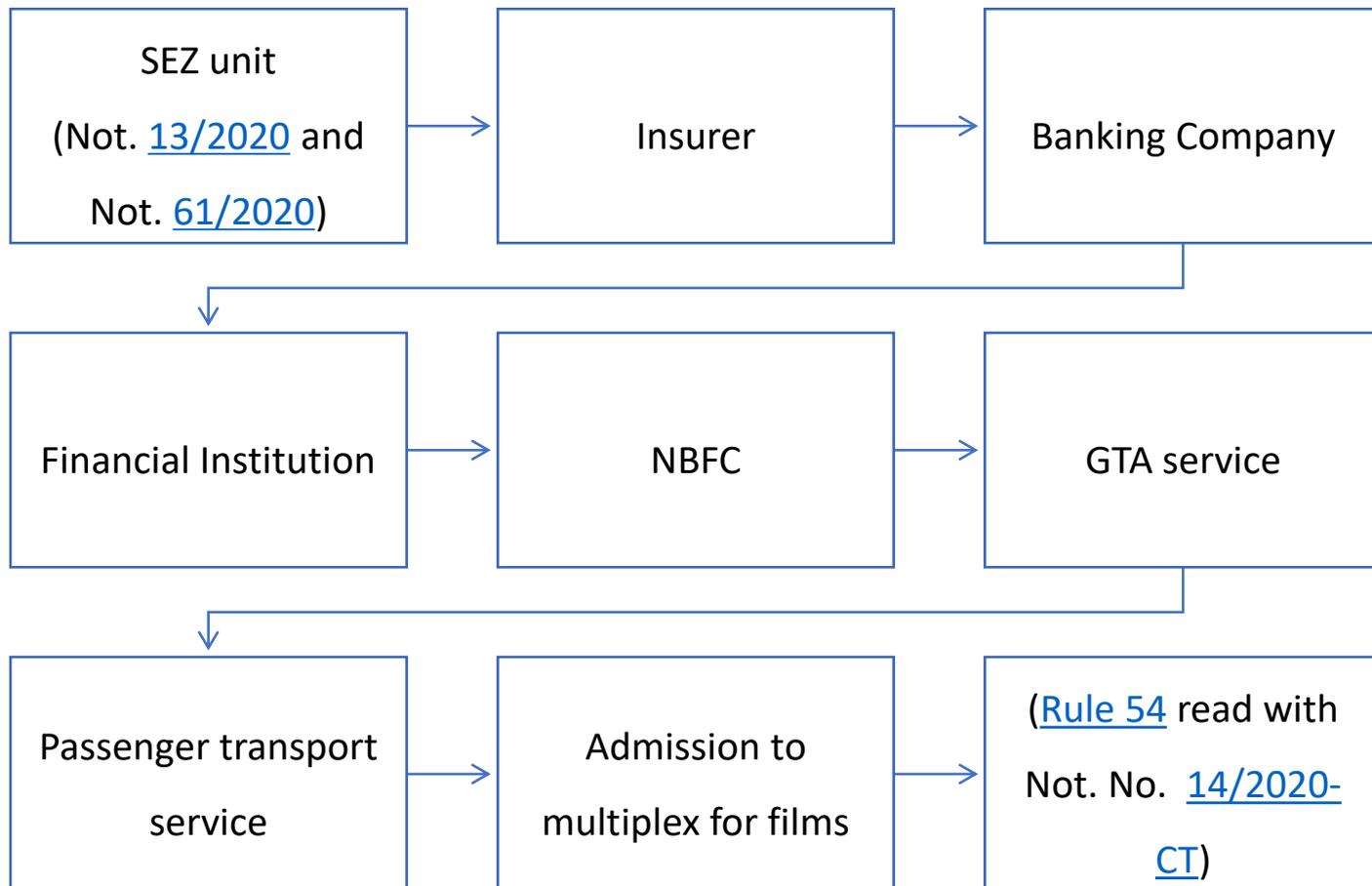
E-invoicing

Not applicable to whom?

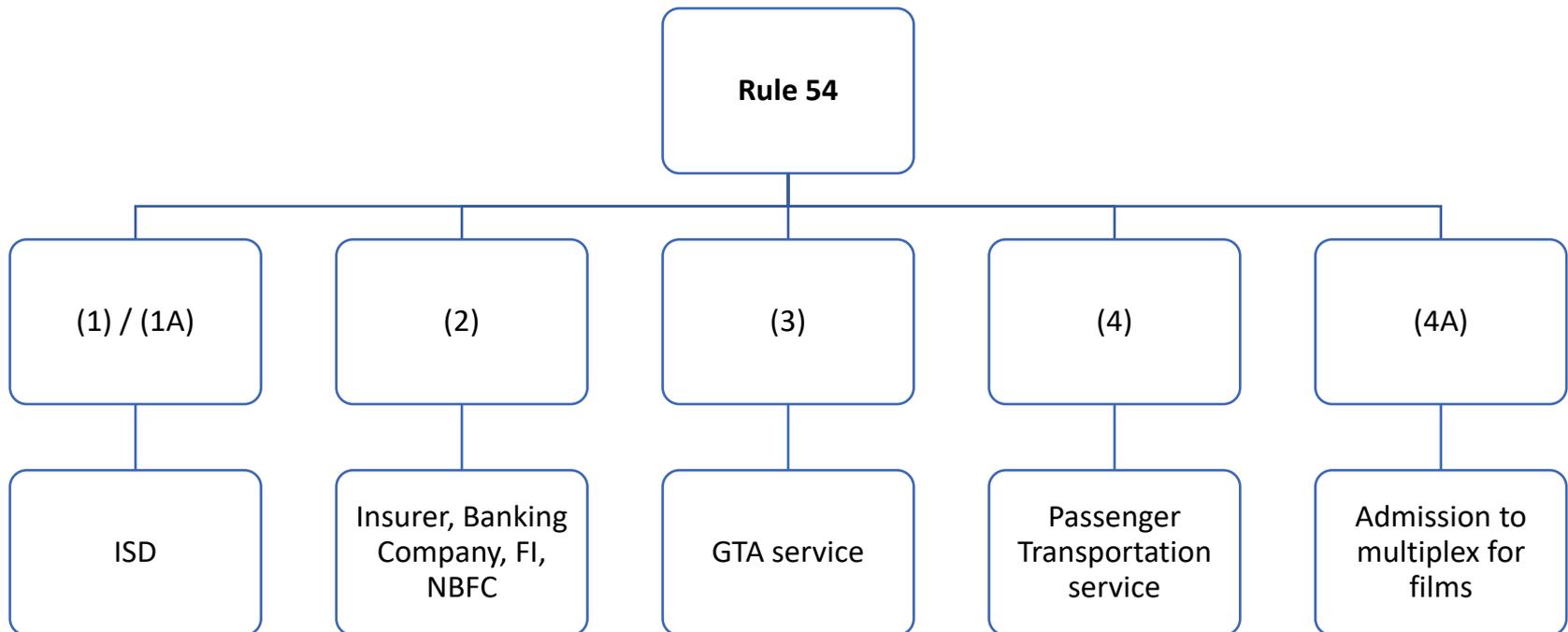
Is it applicable to everyone?



Specified entities!



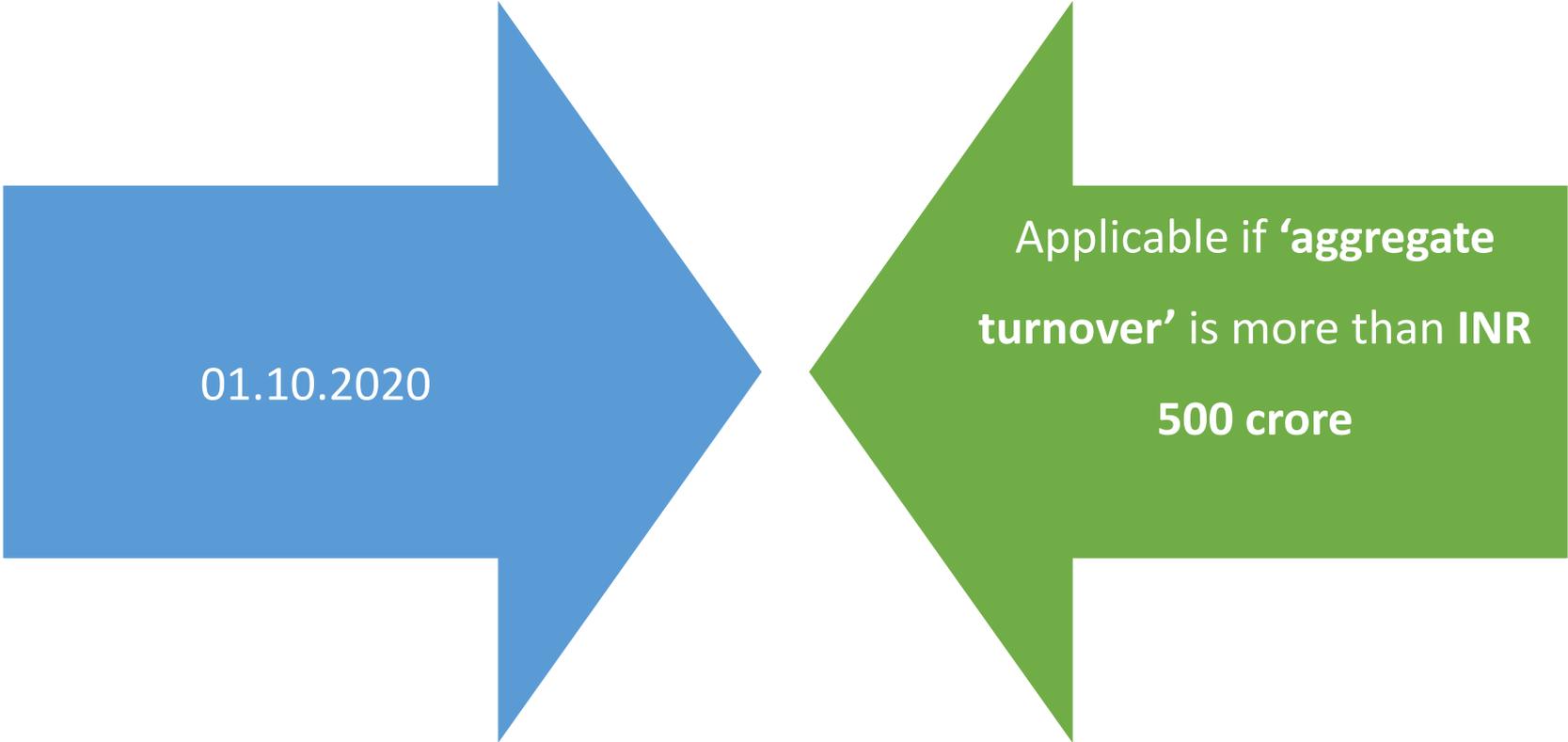
Rule 54 – Tax invoice in special cases



E-invoicing

Applicable to whom?

Applicable!



01.10.2020

Applicable if 'aggregate
turnover' is more than INR
500 crore

'Aggregate Turnover' - Meaning!

- Section 2(6) of the CGST Act

*“(6) “**aggregate turnover**” means the aggregate value of all taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis), **exempt** supplies, **exports** of goods or services or both and **inter-State supplies** of persons having the **same Permanent Account Number**, to be computed **on all India basis** but excludes central tax, State tax, Union territory tax, integrated tax and cess; “*

Email from GSTN being received!

Dear Taxpayer,

*With reference to the Ministry of Finance (Dept of Revenue), Govt of India, CBIC Notifications Number 60/2020 and 61/2020 dated 30th July 2020, it is informed that **your company is having an annual turnover of greater than INR 500 crores** for the **financial year 2019-2020** and hence is applicable to issue electronic invoices (e-invoice) from 01st October 2020, as per the notified e-invoice schema version 1.1. Your company will be required to issue only electronic invoices for all Business-to-Business (B2B) transactions (as per the notified schema) which will first need to be registered with the Invoice Registration Portal (IRP), so as to be considered as valid business transactions.*

This mail is also to inform you that GSTN is providing a **testing environment** (sandbox) where you may test your respective ERP system / invoicing generation systems to practice the registering of your e-invoices on the Invoice Registration Portal (IRP).

Email from GSTN being received!

This sandbox for testing has already been provisioned at this link: <https://einv-apisandbox.nic.in/>. All technical details can be accessed at this portal as also the concept and the FAQs on the proposed e-invoice mechanism.

GSTN will be **hand-holding and guiding** the industry through meetings / interactive webinars so that all the applicable businesses are enabled and ready to adopt the notified e-invoice for compliance well before the due date of 01st Oct 2020. The details of such interactions will be intimated through various communication channels, which you may attend to be ready to comply with the e-invoice mandate.

(You are requested to keep checking your **junk folder or spam folders** for mails from GSTN for the notices on these webinars/meetings). Thanking you,

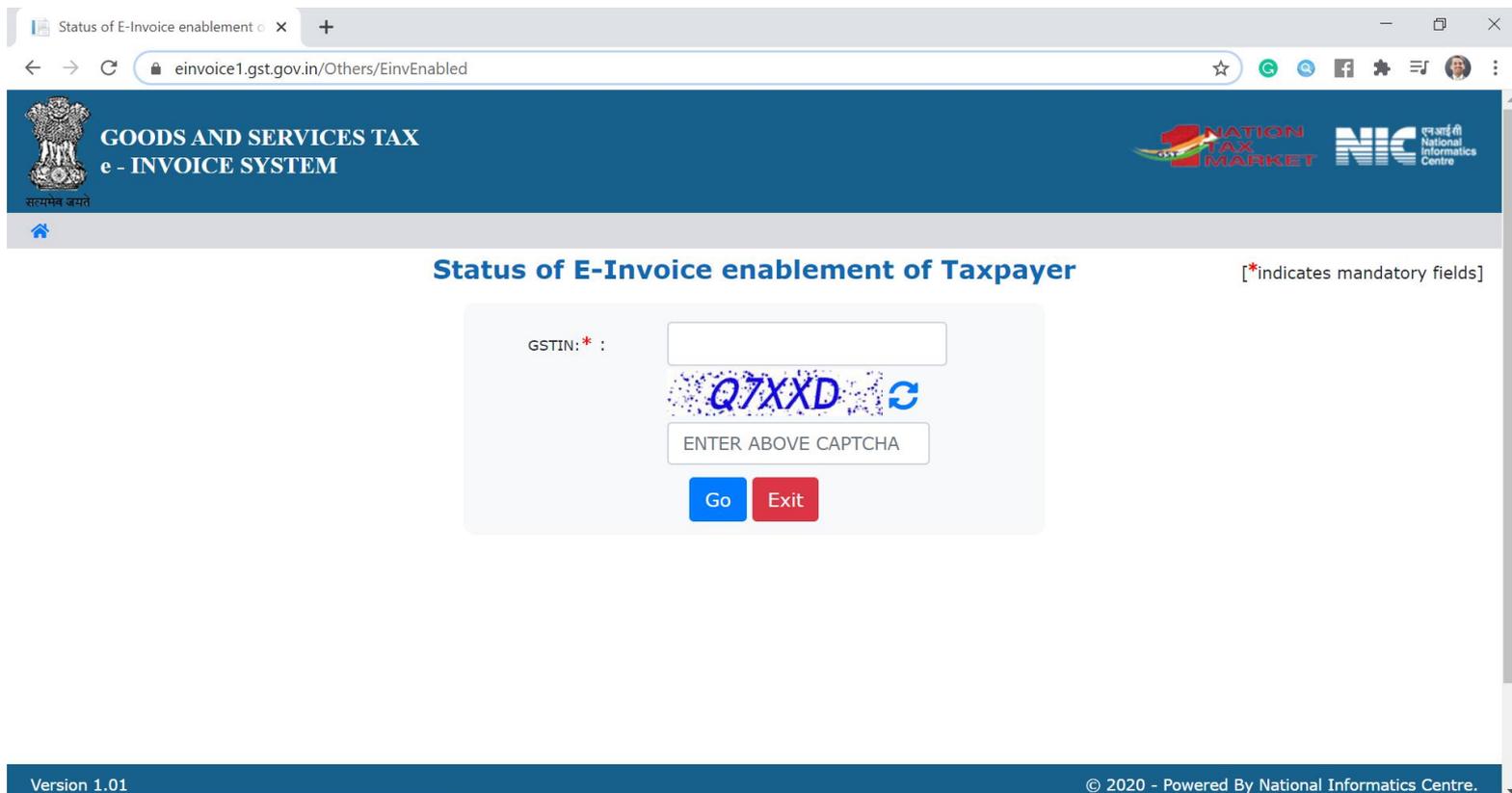
Team GSTN

Clarification on e-invoice!

- *The tax payer can come to **know** his eligibility for generation IRN by going to the e-invoice portal and selecting 'e-invoice status of Tax Payer' under Search option. On entry of the GSTIN, the system will indicate **whether this GSTIN is enabled/notified for the IRN generation***
 - https://einvoice1.gst.gov.in/Documents/eInvoice_process.pdf

You may check!

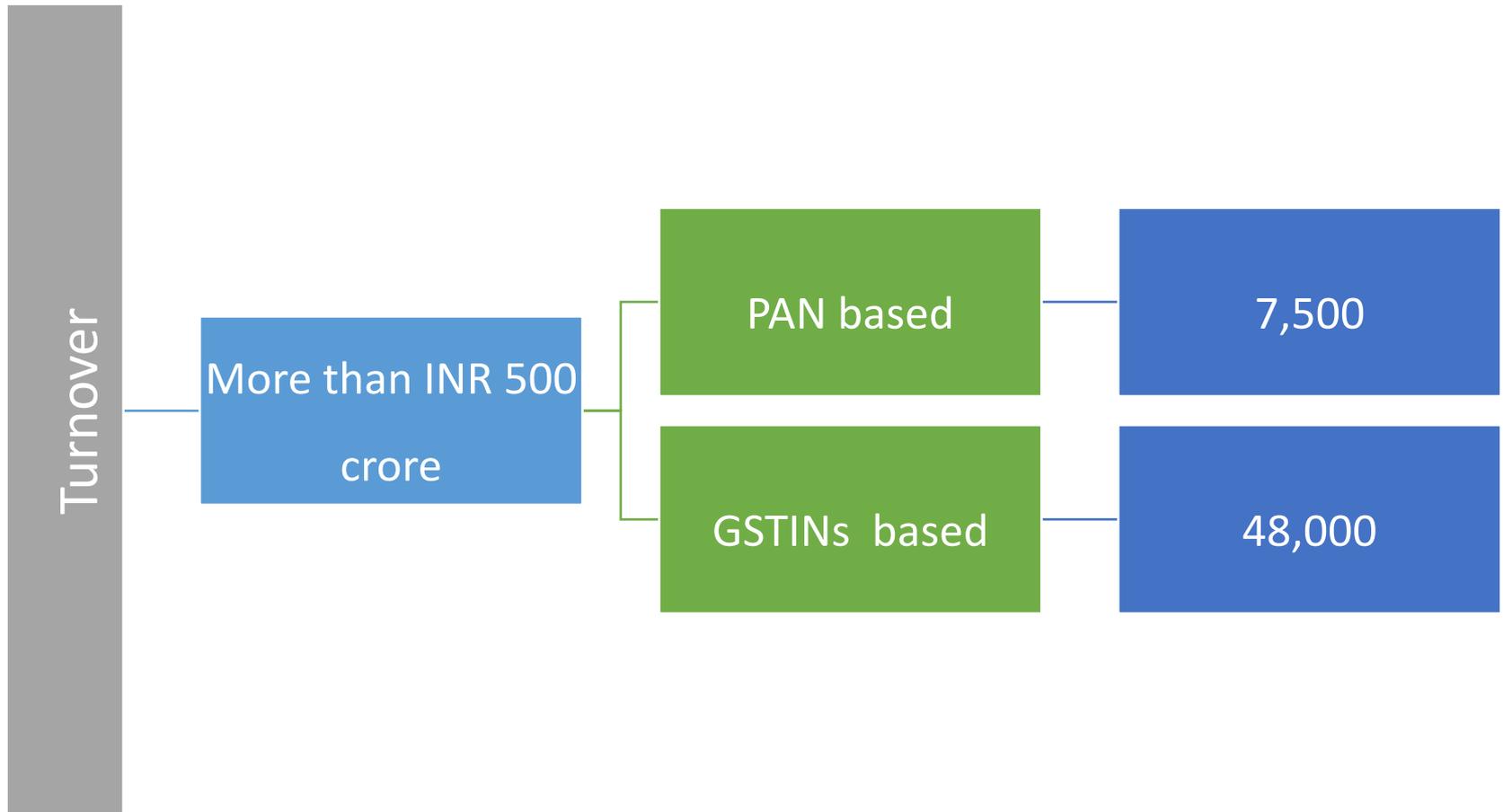
- <https://einvoice1.gst.gov.in/Others/EinvEnabled>



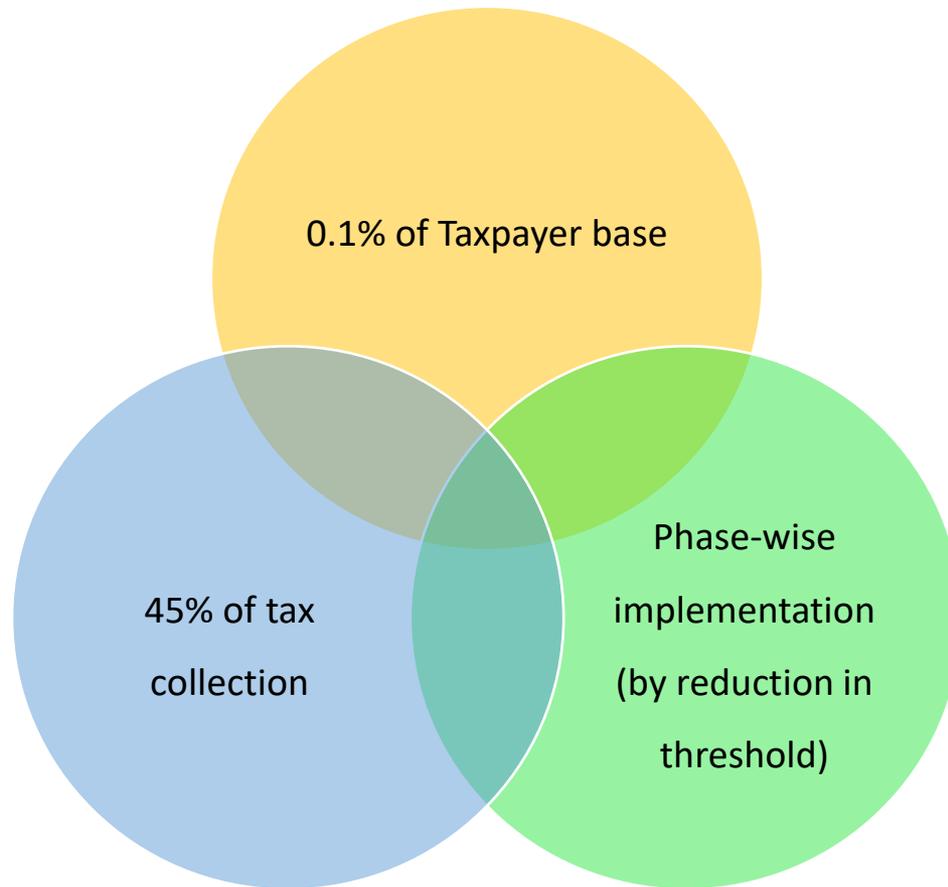
The screenshot displays a web browser window with the URL einvoice1.gst.gov.in/Others/EinvEnabled. The page header features the Government of India emblem, the text "GOODS AND SERVICES TAX e - INVOICE SYSTEM", and logos for "NATION TAX MARKET" and "NIC National Informatics Centre". The main heading is "Status of E-Invoice enablement of Taxpayer" with a note "[*indicates mandatory fields]". A form contains a "GSTIN:*" label, an empty input field, a captcha image showing "Q7XXD", an input field for the captcha, and "Go" and "Exit" buttons. The footer includes "Version 1.01" and "© 2020 - Powered By National Informatics Centre."

Which entities are likely to be affected?

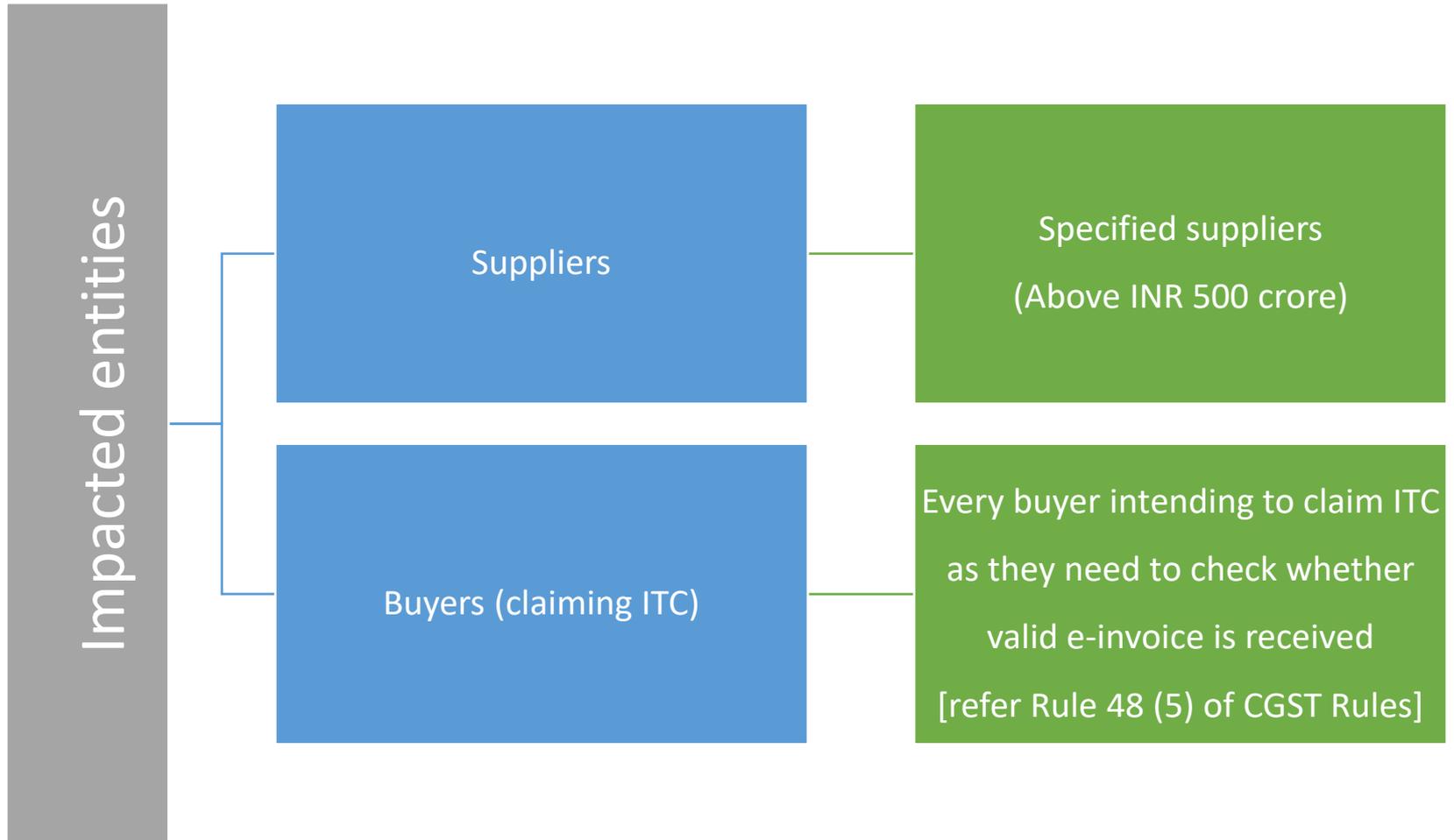
Likely impacted taxpayers in India!



Likely impacted taxpayers in India!



Impacted entities – Almost everyone!



Invoice in GST - Recipient

- **Section 16 Eligibility and conditions for taking input tax credit.**

...

*(2) Notwithstanding anything contained in this section, **no registered person shall be** entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless:*

(a) he is in possession of a tax invoice or debit note...(Section 16)

Types of documents!

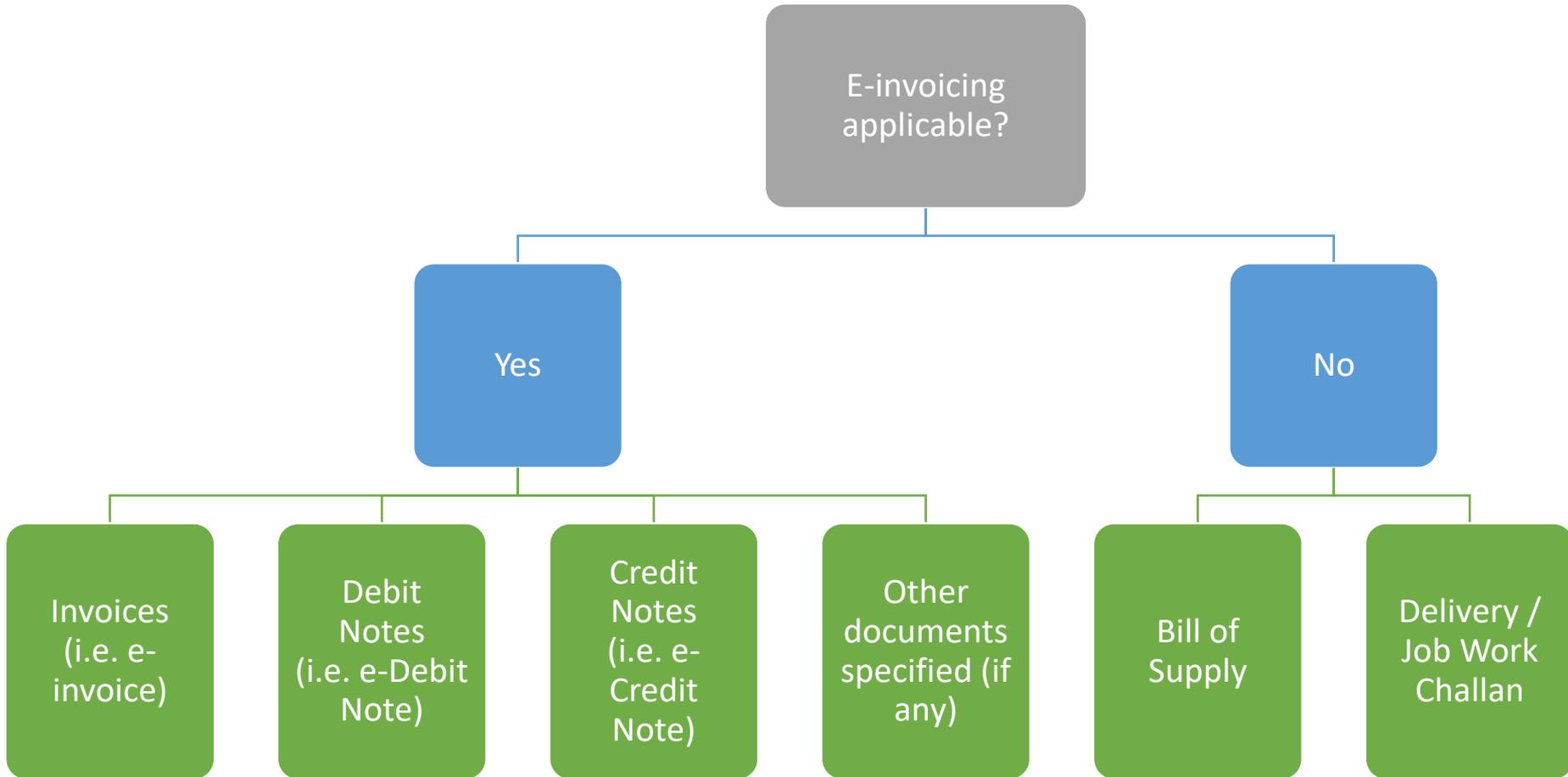
Types of documents!

What types of documents are to be reported to GST System?

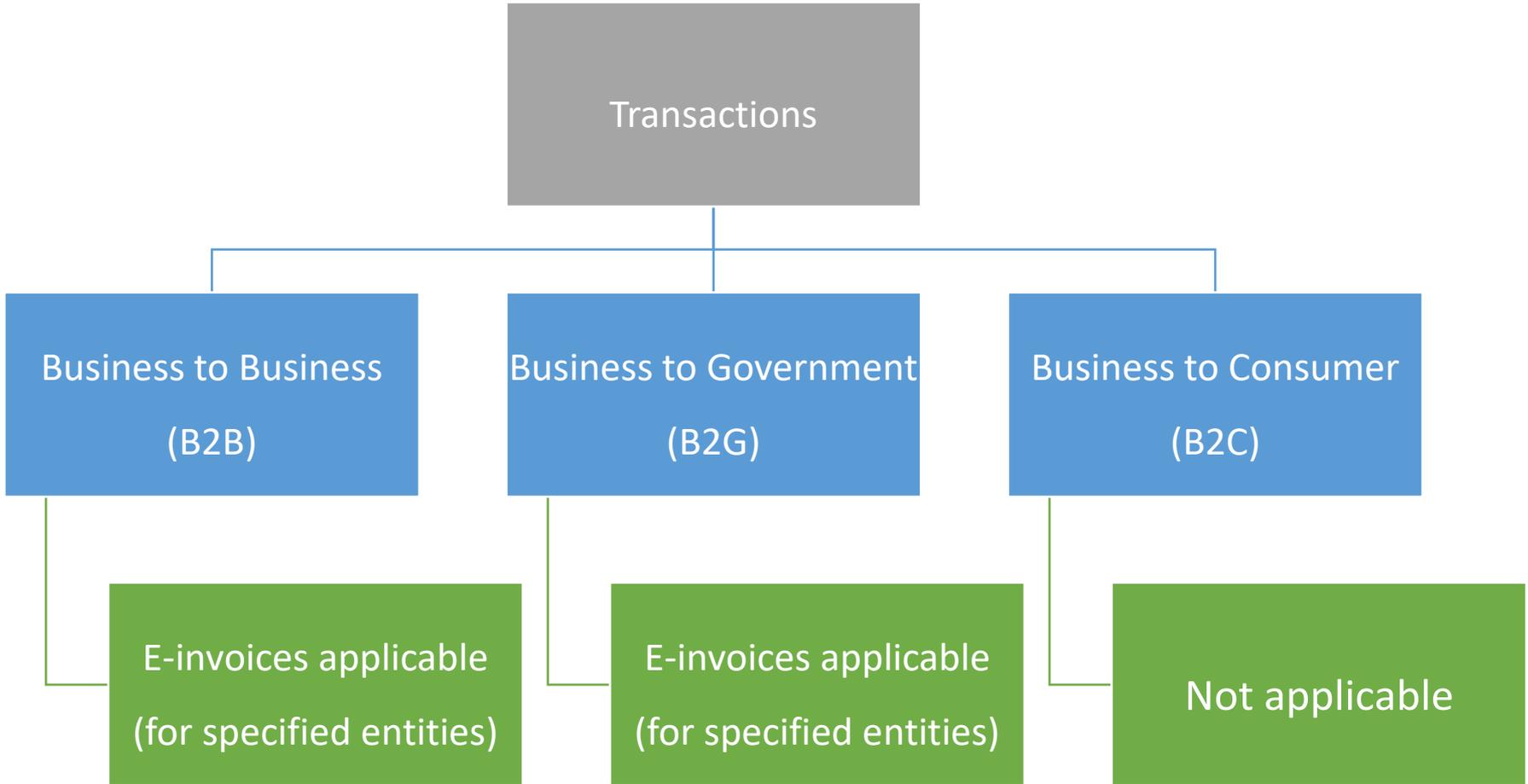
The taxpayers need to report the following documents to the e-invoice system.

- ***Invoice** by Supplier*
- ***Credit Note** by Supplier*
- ***Debit Note** by Supplier*

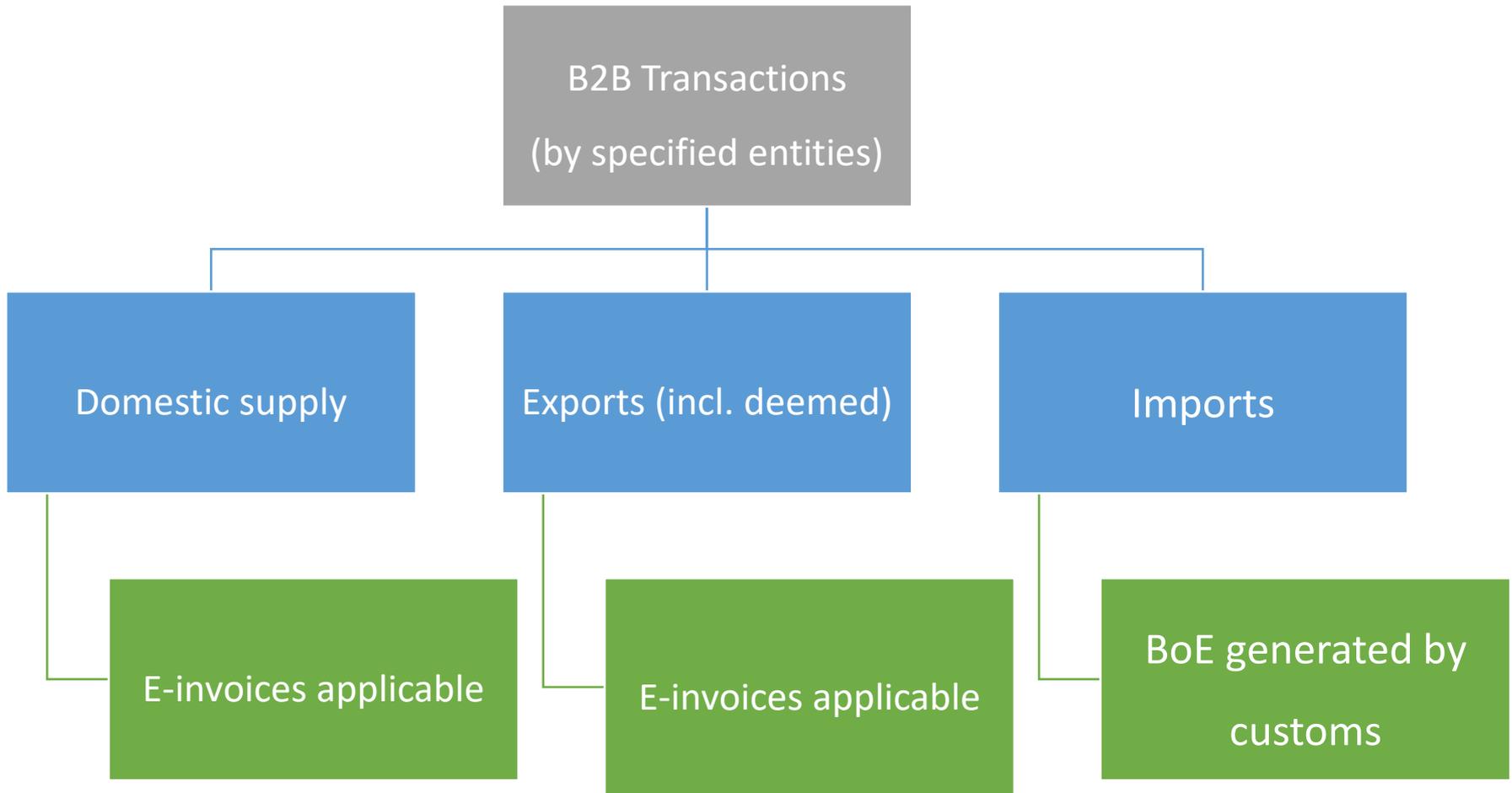
E-Invoicing – Types of Documents



E-Invoicing – Types of Transactions



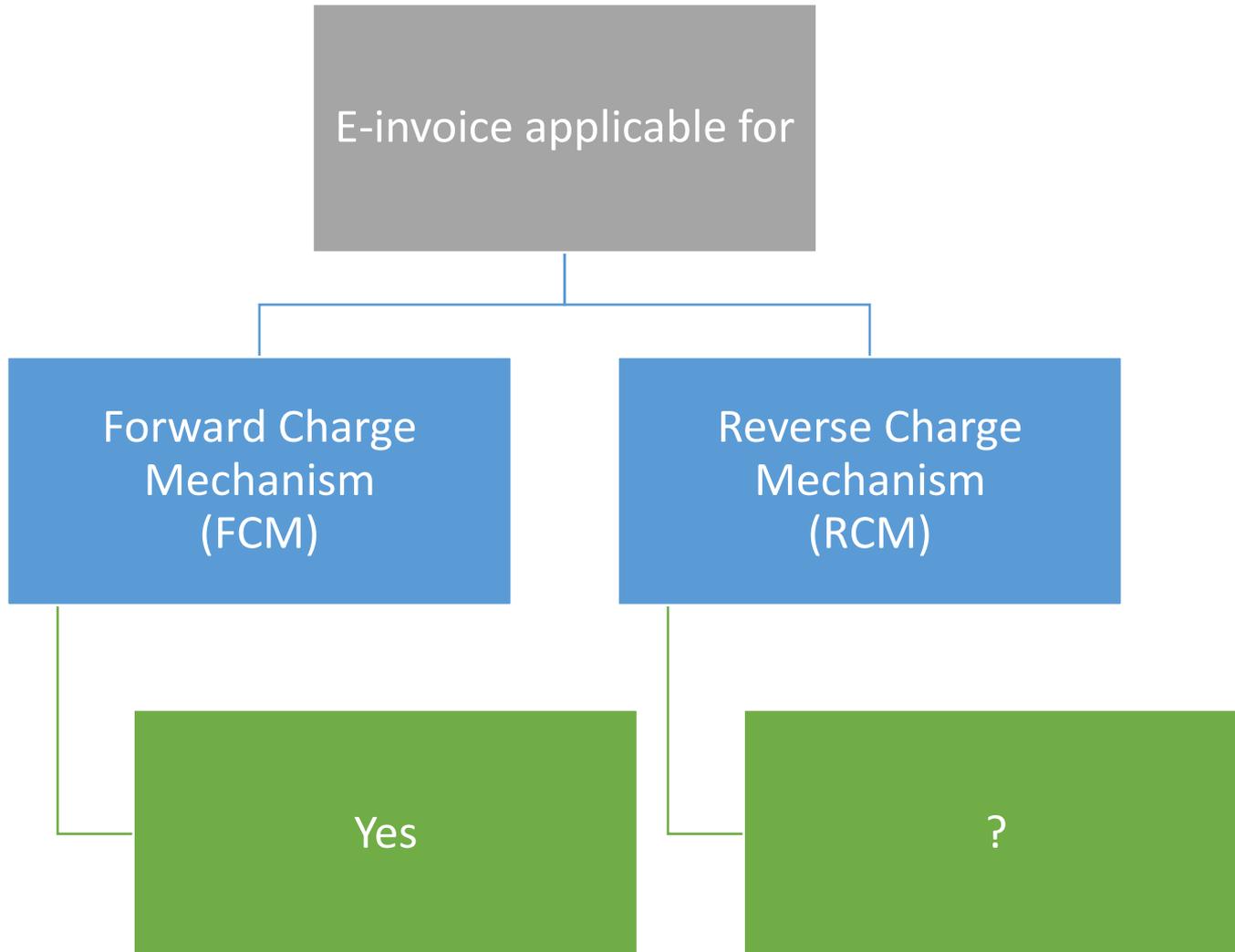
E-Invoicing – Domestic supply and Exports



Exports!

- Please clarify whether exports would require e-invoice compliance.
- *Yes, the e-invoice schema also caters to the **export invoices** as well. The e-invoice schema is based on most common standard format and it meets the requirements of the export as well.*

E-Invoicing – FCM and RCM

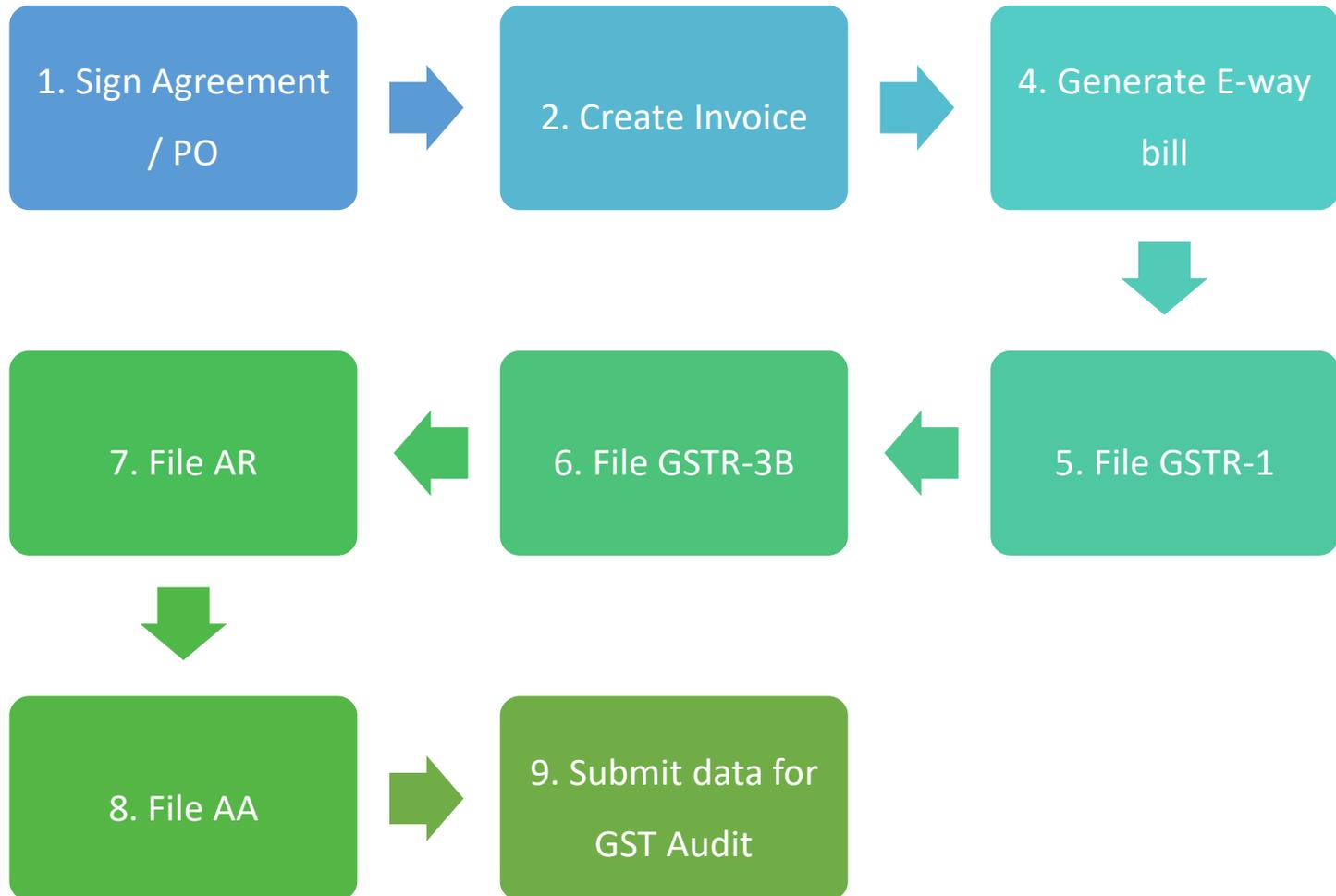


RCM!

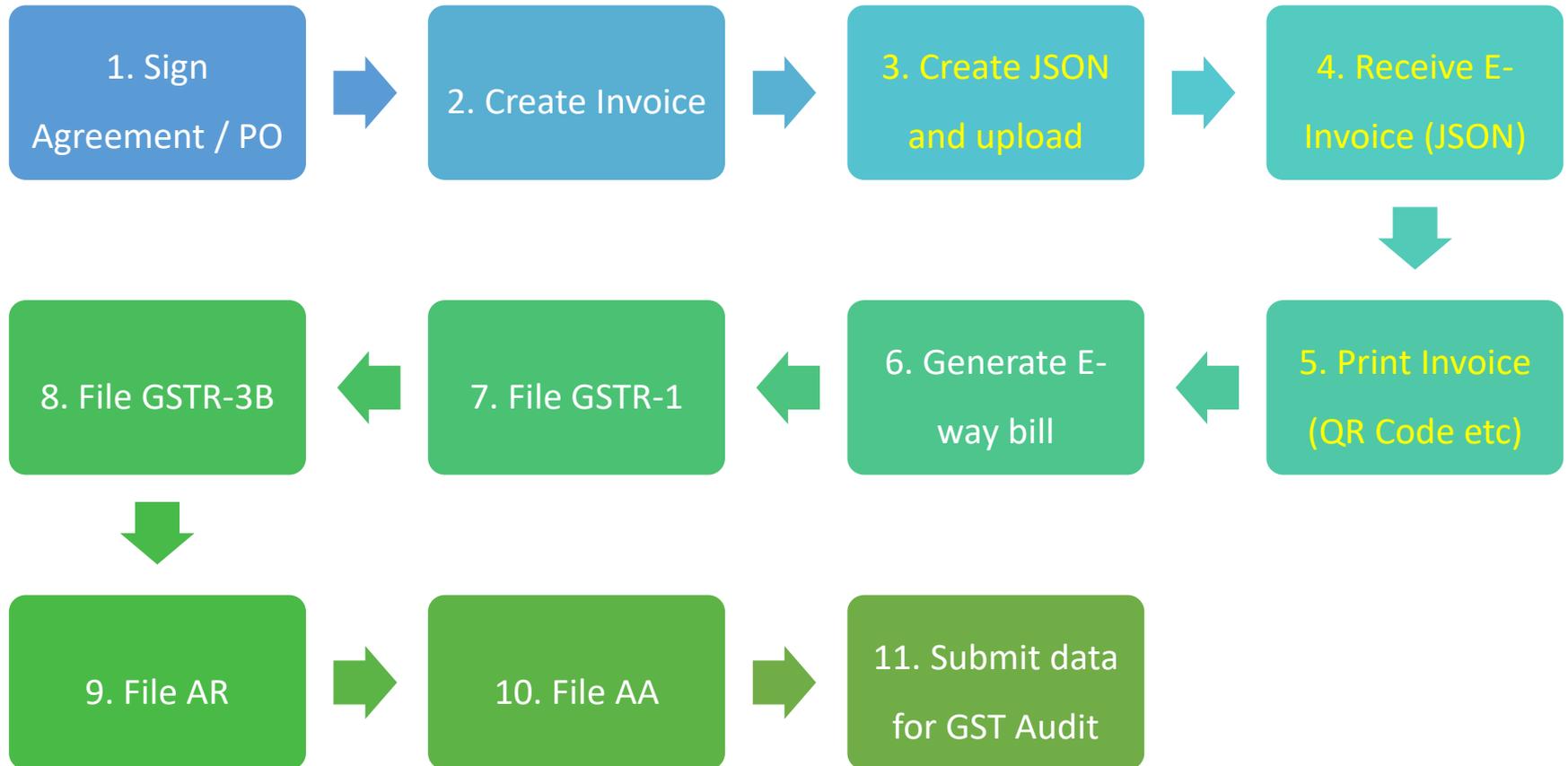
- *Will e-invoice schema cater to reverse charge mechanism?*
- *Yes, E-invoice system has a **reverse charge mechanism** reporting as well*

E-invoicing - Process

Process – Before!



Process – After!



Prepare or intimate!

- *Will businesses now be required to generate e-invoices on the GST portal or the e-invoice portal?*
- *No. The tax payer will first prepare and generate his invoice using his ERP/accounting system or manual system and then upload these invoice details to IRP and get the unique reference number, known as IRN. It is clarified again that the e-invoice means **NOT preparation or generation** of tax payer's invoice on government portal. It is **only intimating** the government portal that invoice has been issued to the buyer, by registering that invoice on the government portal.*

Who will generate?

Who to generate!

E-way Bill

- Supplier, Recipient or
Transporter

E-invoice

- Supplier
- E-comm. operator

How to prepare E-invoicing?

E-invoicing – How to?

Taxpayer would use his **accounting** / ERP / tools for creating the electronic invoice

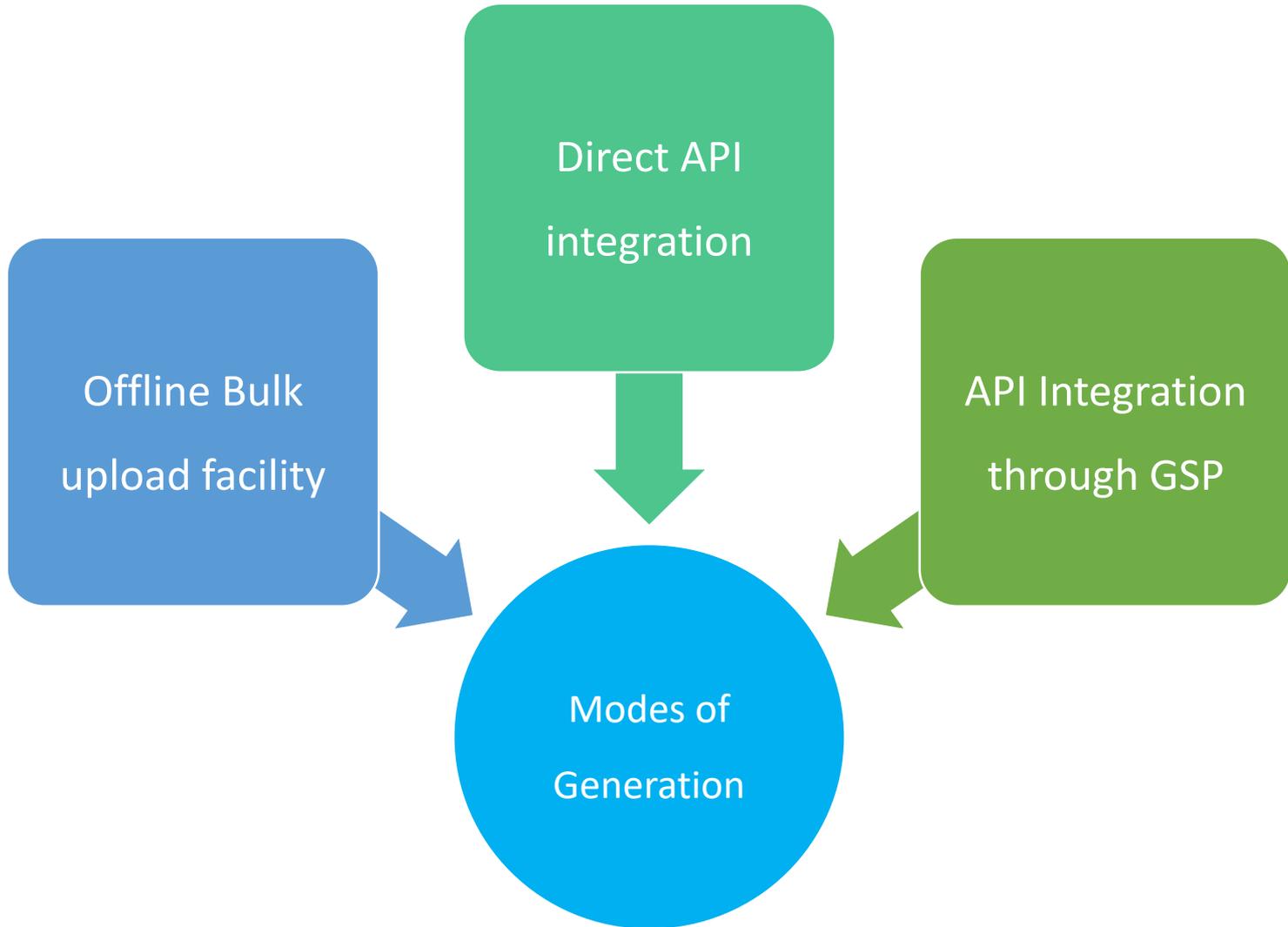


Create JSON



1. Website <https://einvoice1-trial.nic.in>
 - User ID of EWB portal
 - If not registered, then new registration

Modes of generation!



Process

3. Upload JSON



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

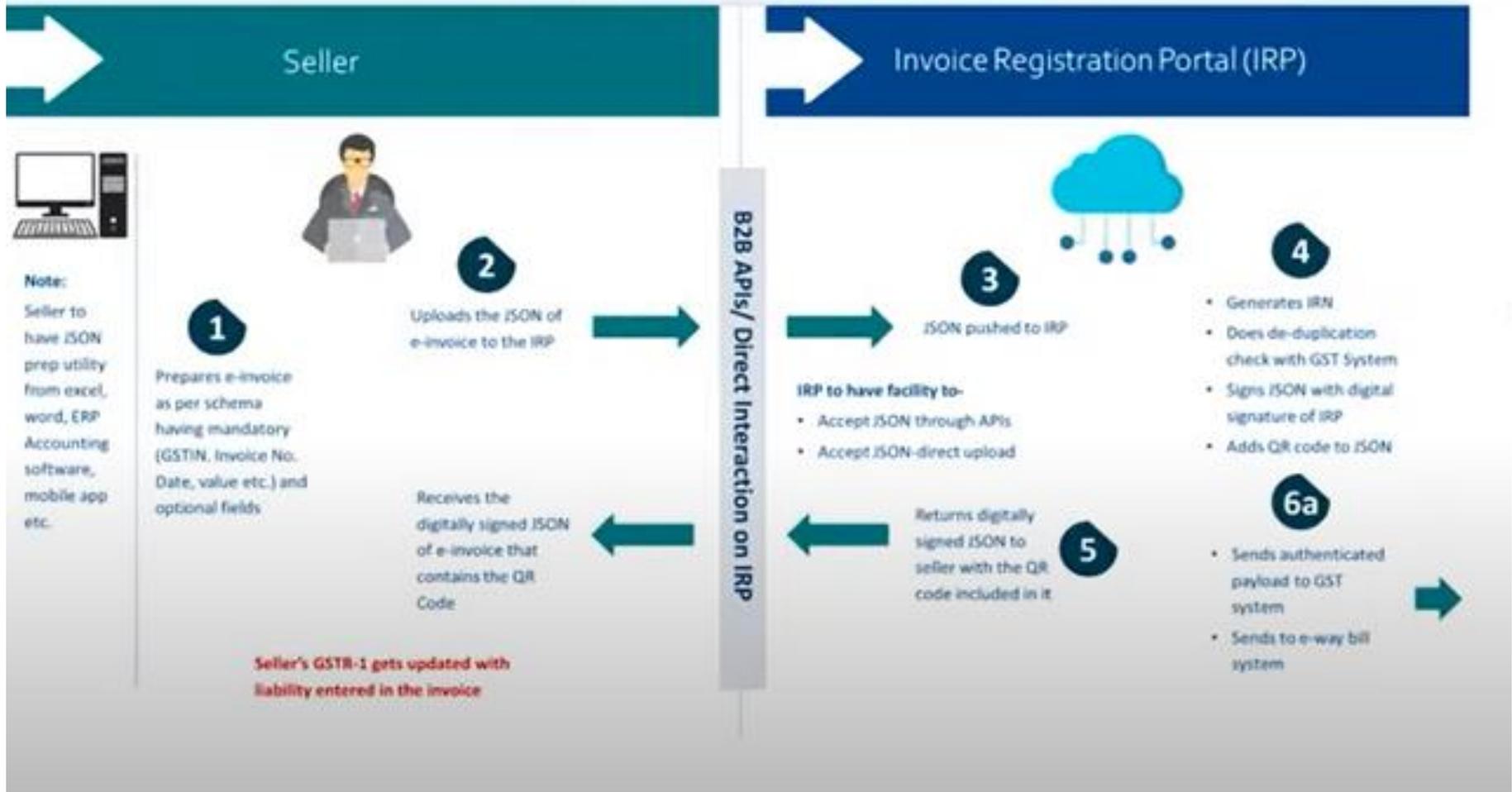


5. E-invoice - IRN, QR Code, Digitally signed by IRP



Process –Seller IRP Flow of Activities

A. Seller-IRP Flow of Activities



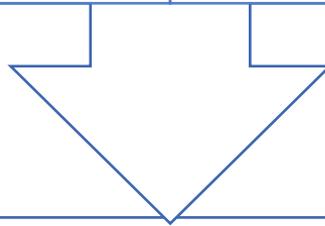
IRN and QR code

IRN and QR Code

After uploading JSON, validation by IRP various parameters like

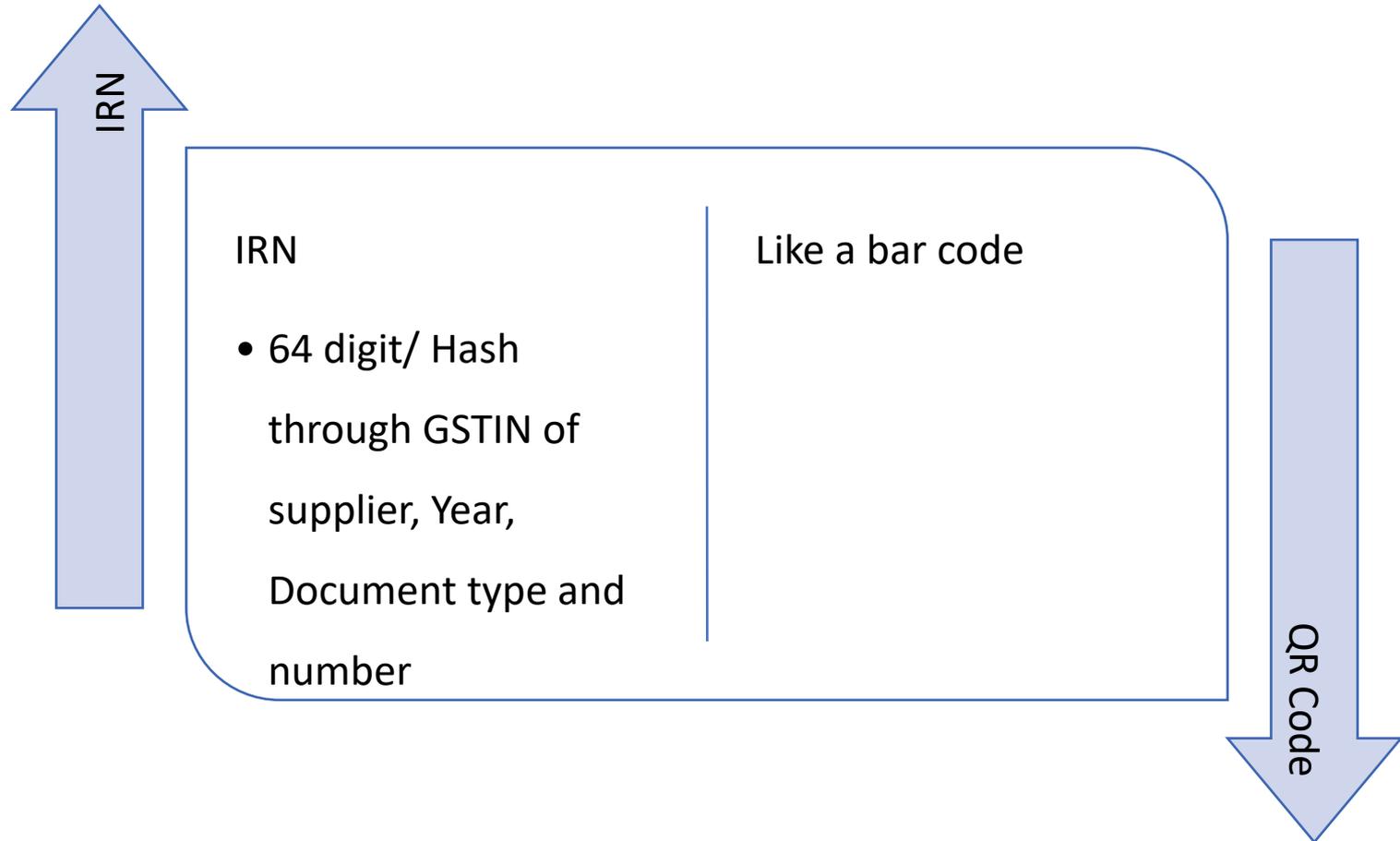
GSTIN of Supplier and Recipient

Invoice Number (Duplication Check)



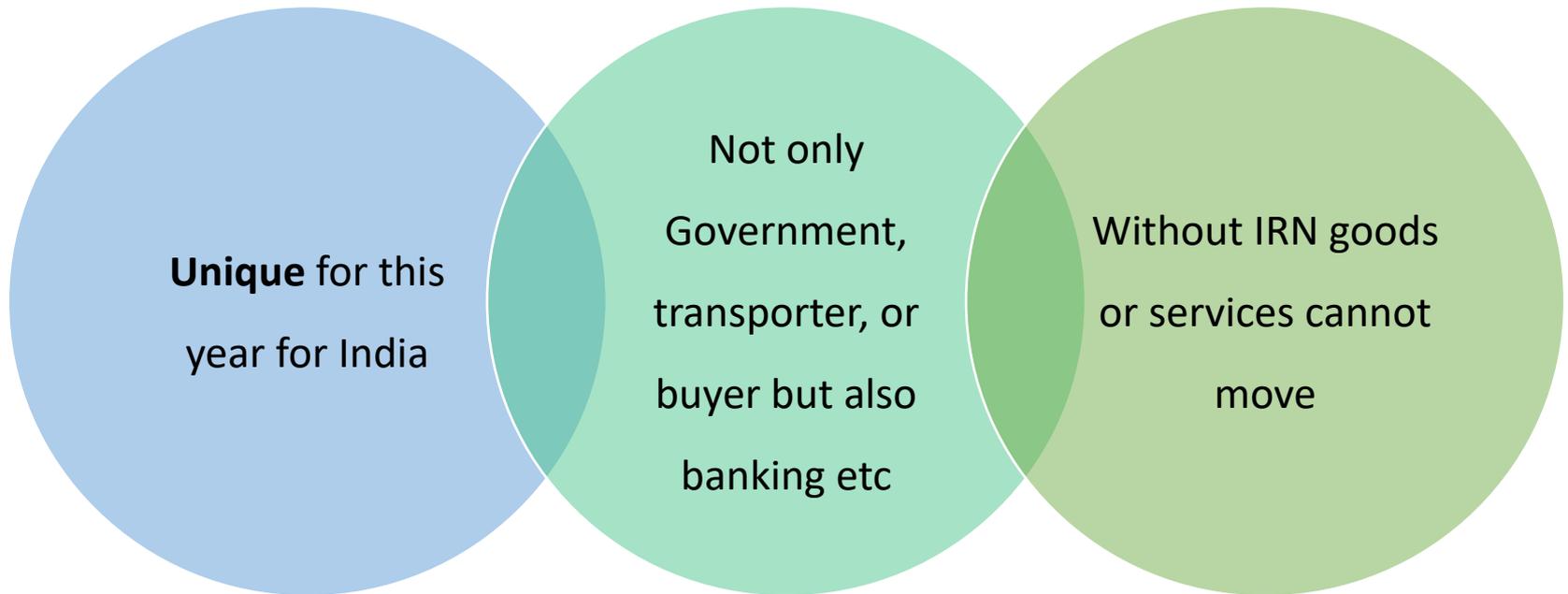
After validation, IRN and QR Code generated

IRN and QR Code



IRN

IRN – Relevance!



QR code

QR Code

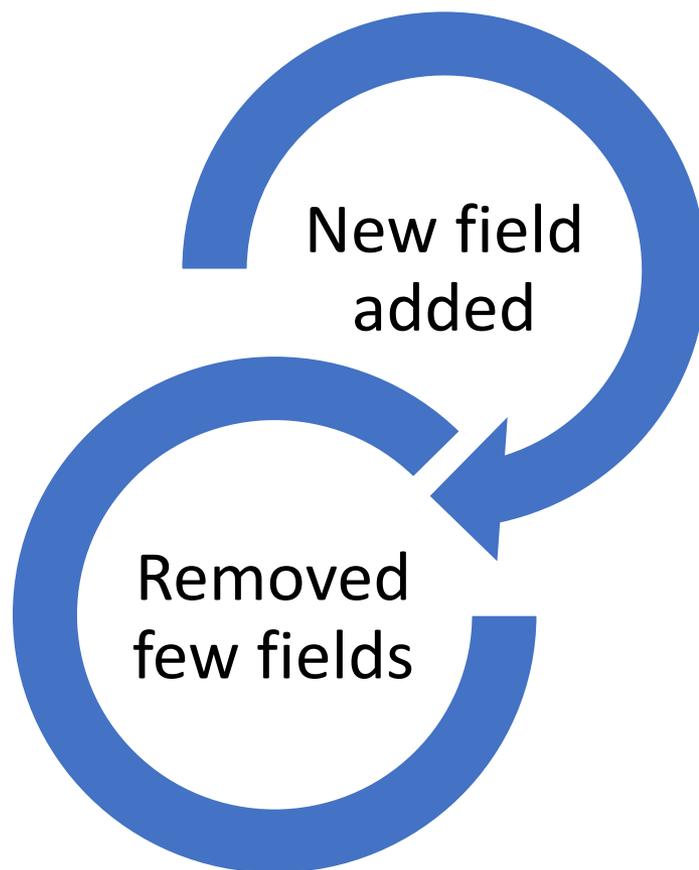
- Through QR code, following particulars will be available:
 1. GSTIN of supplier
 2. GSTIN of Recipient
 3. Invoice number as given by Supplier
 4. Date of generation of invoice
 5. Invoice value (taxable value and gross tax)
 6. Number of line items.
 7. HSN Code of main item (the line item having highest taxable value)
 8. Unique Invoice Reference Number (hash)

24 hrs!

- *How long will the generated e-invoice be available in the government portal?*
- *Once the e-invoice system has validated and registered an IRN, it will be made available to the taxpayer for reference on e-invoice system for **only 24 hours**.*

Invoice contents

Schema of E-Invoice [Not. No 60/2020- CT)



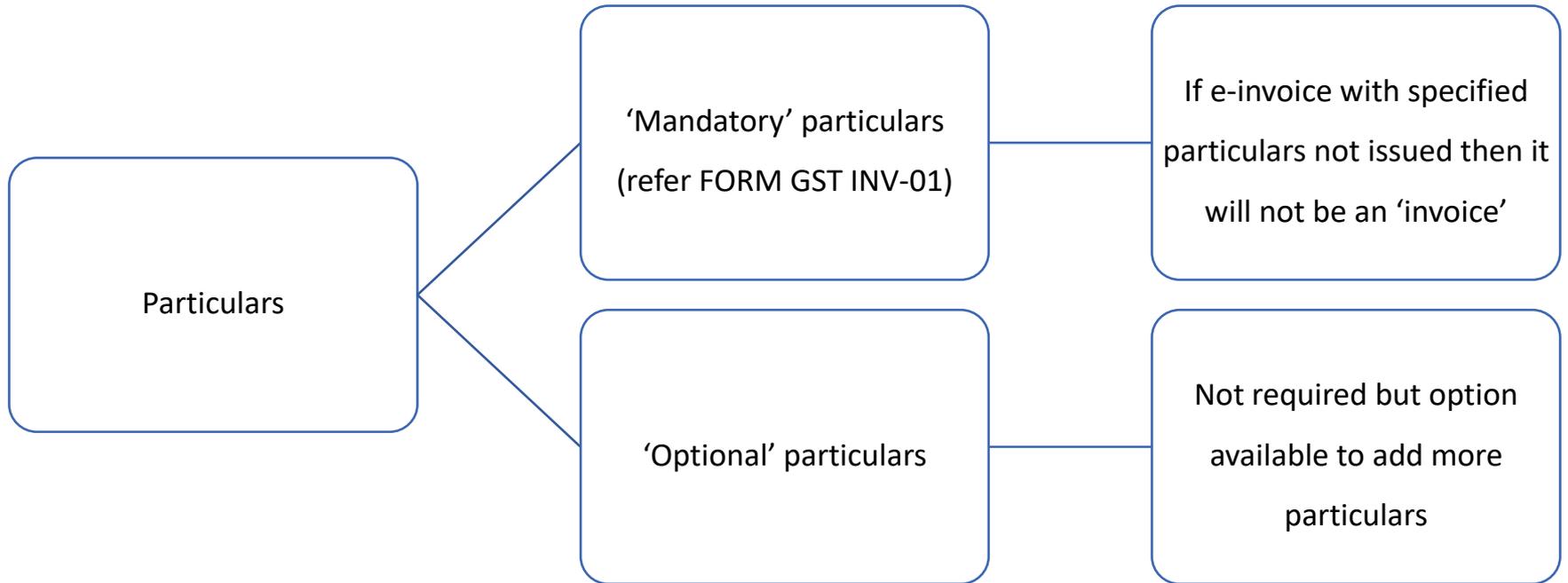
New/ revised fileds!

Revised INV -01 revised Schema

New fields added

- '**Discount**' earlier at item level and now at invoice level also
- '**Other charges**' earlier at item level and now at invoice level also
- '**Export duty**' in extra information
- From State **names** to State **codes**
- Country **codes** to be published by Customs

E-Invoice Schema contents



Few Key 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

Few Invoice Contents – ‘Optional’

1. Contract Number

2. Project Reference

3. Vendor PO Reference

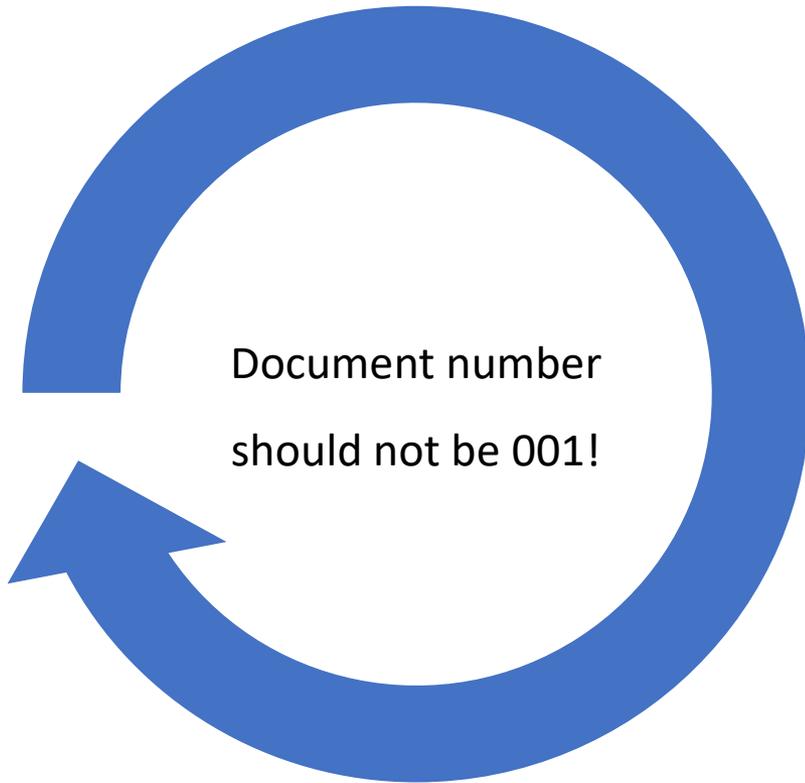
4. Origin Country of Item

5. Expiry Date

6. Warranty Date

7. Amount due /outstanding etc

Invoice Contents – Formats



- Human can understand
but machines cannot!

One schema, to serve them all!

- *Will there be separate invoice formats required for Traders, Medical Shops, Professionals and Contractors?*
- *There will **not be any separate invoice formats** required for Traders, Medical Shops, Professionals and Contractors. **Same e-invoice schema** will be used by **all kinds of businesses**. The schema has **mandatory and non-mandatory** fields. Mandatory field has to be filled by all taxpayers. Non-mandatory field is for the business to choose. It covers all most all business needs and specific sectors of business may choose to use that non-mandatory field which are needed by them or their eco-system.*

Transporter details!

- *Will it be possible to add transporter details as well?*
- *No, the transporter details must be entered in the **E-Way bill** system only.*

E-Invoice to have IRN!

- *Would the Supplier be allowed to issue his own invoice and if yes, will the Invoice number and IRN be required to be mentioned?*
- *Yes, the supplier will issue his own system's invoice, in the standard e-invoice schema that has been published. IRN will be generated and returned by the IRP as per the process described in the concept and flow.*
- ***Invoice will be valid only if it has IRN.***

Printing e-invoice!

- *Will it be possible to print the e-invoice?*
- *Yes.*
- *It will be possible for **both** the seller as well as the buyer to print the invoice, using the signed JSON payload returned by the Invoice Registration Portal (IRP).*
- *The **QR code** will not be an image sent by the IRP but string, which the accounting/billing software or the ERP will read and **convert** into QR Code.*
- ***Seller must place the QR Code on the print of the invoice. This will enable its validation.***

How to print e-invoice!

- [How to Print an E-Invoice?](#)

- Here are the steps to follow:

Step 1: Login on the e-invoice portal using the username password and entering the captcha code.

Step 2: Select 'Print' under 'E-Invoice' appearing on the left-hand side of the dashboard.

Step 3: Enter the ACK No. or 64 character length invoice reference number and click 'Go'

How to verify e-invoice!

How to verify e-invoice!

- *How can anyone verify the authenticity or the correctness of e-invoice?*
- *Anyone can verify the authenticity or the correctness of e-invoice by uploading the signed JSON file or Signed QR Code into e-invoice system. The option '**Verify Signed Invoice**' under Search option can be selected and the signed JSON file can be uploaded and verified. Similarly, the **QR Code Verify app** may be downloaded and used to verify the QR Code printed on the Invoice.*

Verify!

Verify Signed Invoice - nic.einvoic x +

← → ↻ einvoice1.gst.gov.in/Others/VSignedInvoice ☆ G 🔍 f + ☰ 👤 ⋮

 **GOODS AND SERVICES TAX**
e - INVOICE SYSTEM
सत्यमेव जयते

Verify Signed Invoice

This Option is used to Verify the Signature and the content of the Invoice by uploading the JSON Signed file.

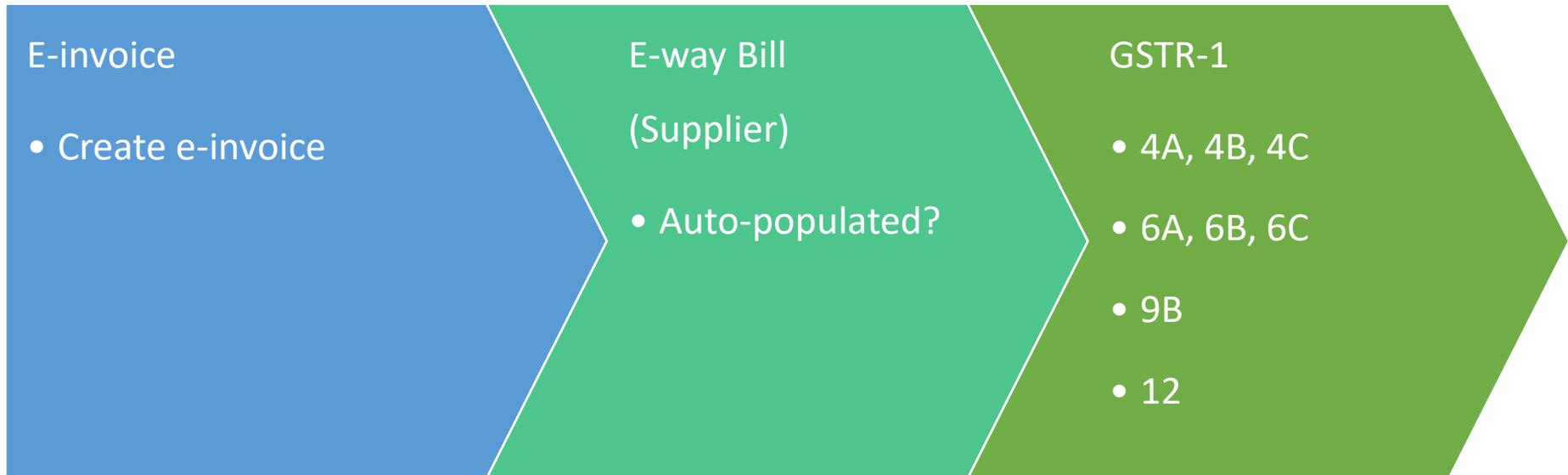
Upload JSON File :

Note: Please Upload file with ".JSON" extension only.

Version 1.01 © 2020 - Powered By National Informatics Centre.

What happens after e-invoice is generated?

E-invoices – What happens afterwards?



GSTR 1 – Auto-population!

Table	Description
4	Taxable outward supplies made to registered persons (including UIN-holders) other than supplies covered by Table 6
4A	Supplies other than those (i) attracting reverse charge and (ii) supplies made through e-commerce operator
4B	Supplies attracting tax on reverse charge basis
4C	Supplies made through e-commerce operator attracting TCS (operator wise, rate wise)

GSTR 1 – Auto-population!

Table	Description
6	Zero rated supplies and Deemed Exports
6A	Exports
6B	Supplies made to SEZ unit or SEZ Developer
6C	Deemed exports
9	Amendments to taxable outward supply details furnished in returns for earlier tax periods in Table 4, 5 and 6 [including debit notes, credit notes, refund vouchers issued during current period and amendments thereof]
9B	Debit Notes/Credit Notes/Refund voucher (Registered)
12	HSN-wise summary of outward supplies

Other Key Aspect!

No deletion / modification but cancellation!

Can IRN be deleted or cancelled?

- *The IRN once generated **cannot be modified or deleted**. However, if IRN is generated with wrong information, it can be **cancelled**. **Once it is cancelled, the IRN cannot be generated on the same invoice**. The cancellation is required to be done within **twenty-four hours** from the time of generation.*

If there is a mistake or wrong entry in generated IRN, what has to be done ?

- *If there is a mistake, incorrect or wrong entry in the already generated IRN, then it **cannot be edited or corrected**. Only option is cancellation of e-invoice and generation of a new one with the new invoice. Once it is cancelled, the IRN cannot be generated on the same invoice.*

Clarification on e-invoice!

- *There is a facility to the user to cancel the IRN, if active e-way bill is not there. That is, the e-way bill is **not generated** or the e-way bill **generated and later cancelled**, then the user is allowed to cancel the IRN.*
 - https://einvoice1.gst.gov.in/Documents/eInvoice_process.pdf

Cancellation!

If e-way bill not there



Then can be cancelled within 24 hours



Will be deleted from GSTR-1



Once cancelled then IRN cannot be generated on same invoice number

If e-way bill is there



Then cannot be cancelled



E-invoice - Corrections?

After generation of E-invoice:

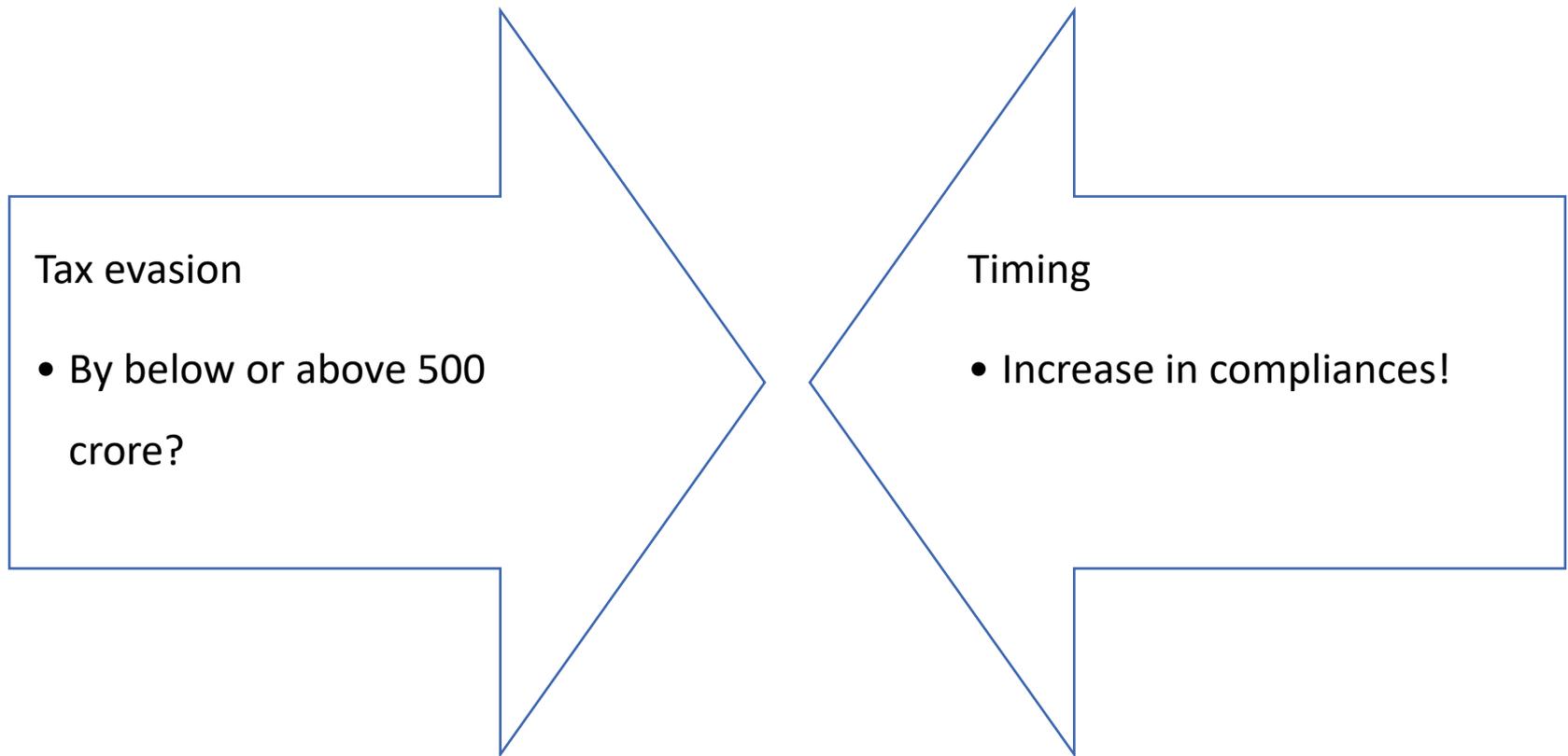
- Subsequent changes can be done in GSTR-1!
- Audit trail will be available for Authorities

What documents to carry!

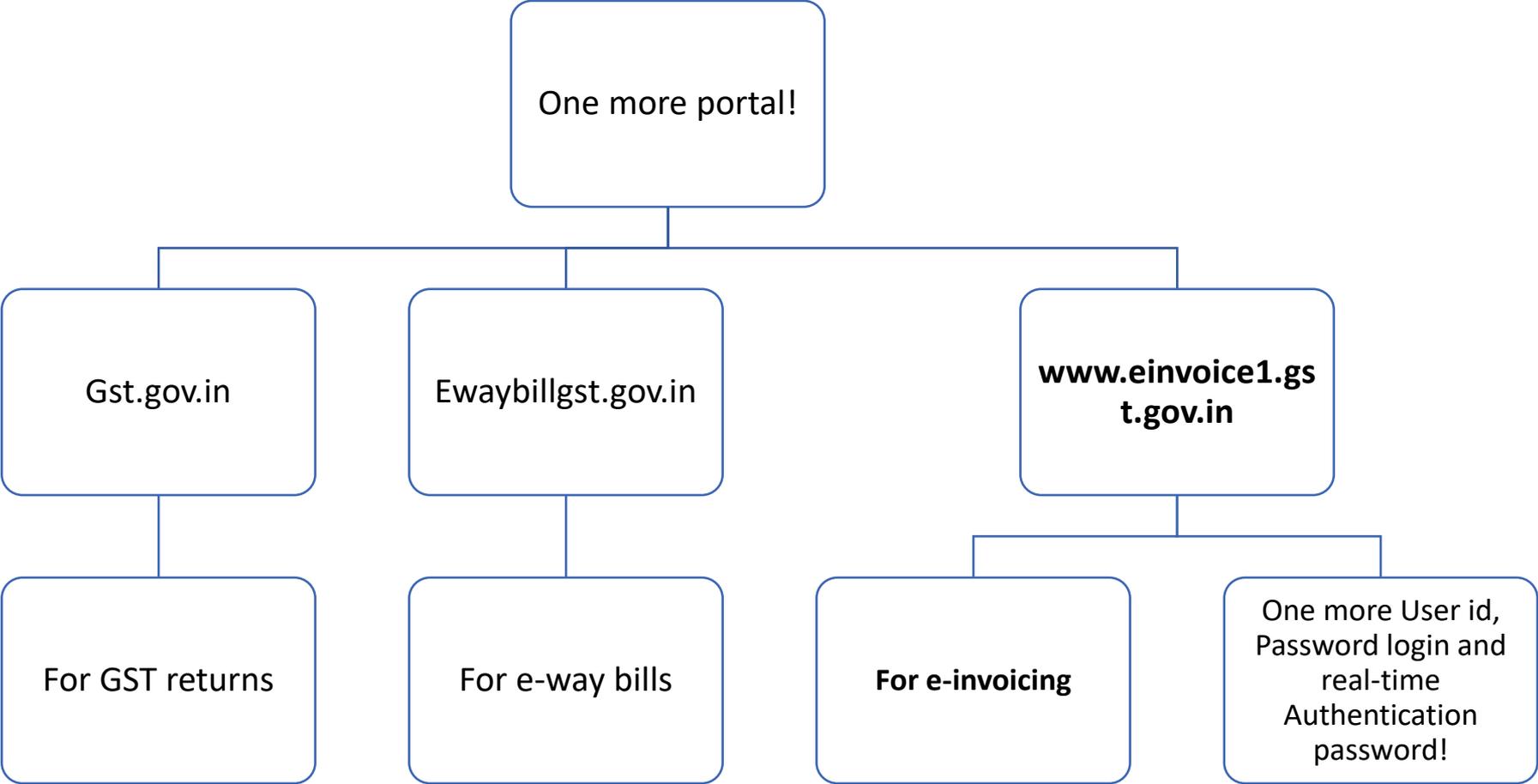
- With the introduction of e-invoices, what are the documents need to be carried during transit of goods?
- For transportation of goods, the e-way bill will continue to be mandatory, based on invoice value guidelines. This aspect **will be notified** by the Government.

E-invoicing - Challenges!

E-invoicing – In India?



Challenges – One more portal!



Challenges – One more compliance!

Login and check whether valid e-invoice generated



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

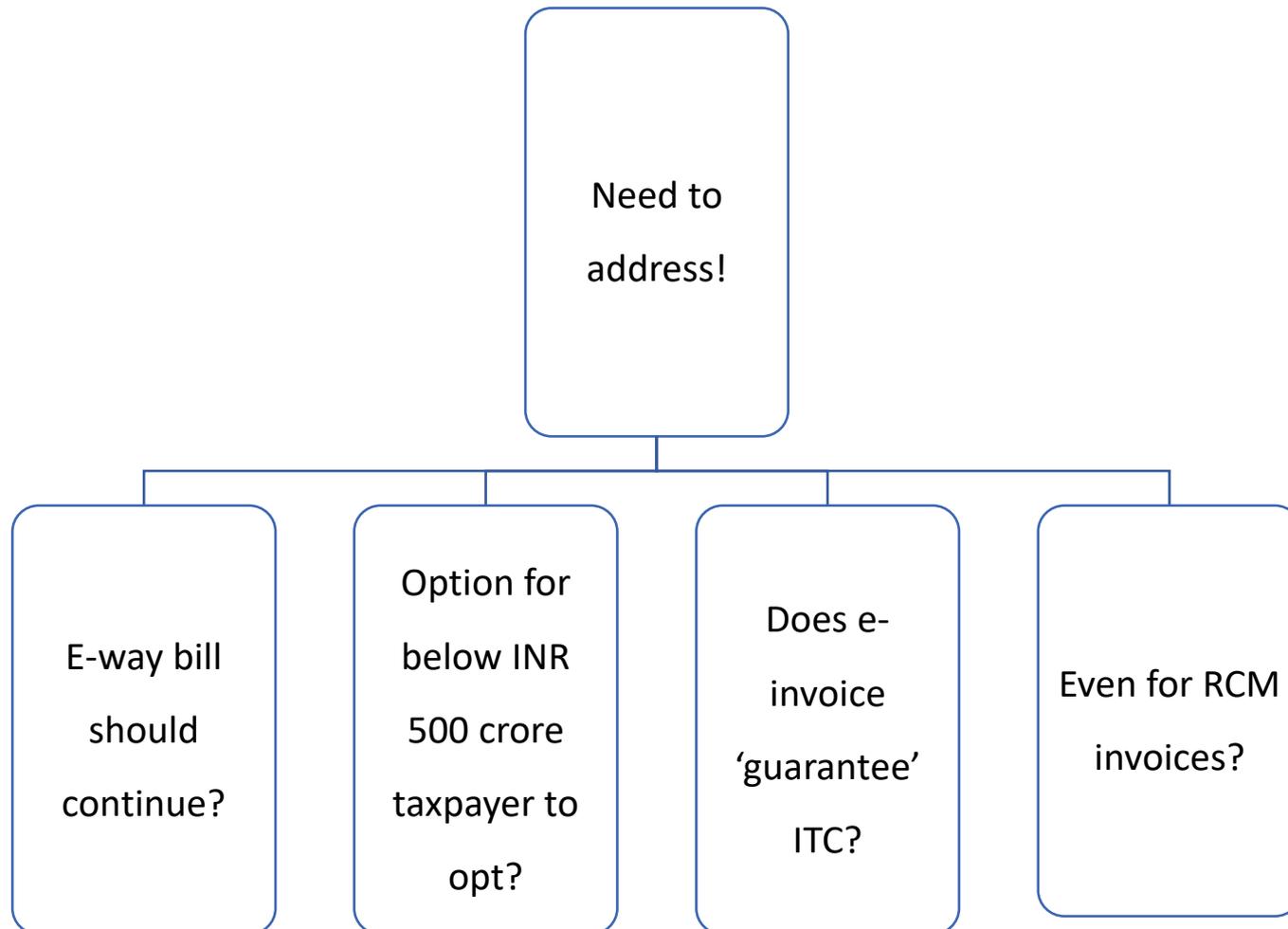


Login and check whether details auto populated in GSTR-1



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

Challenges – Others!

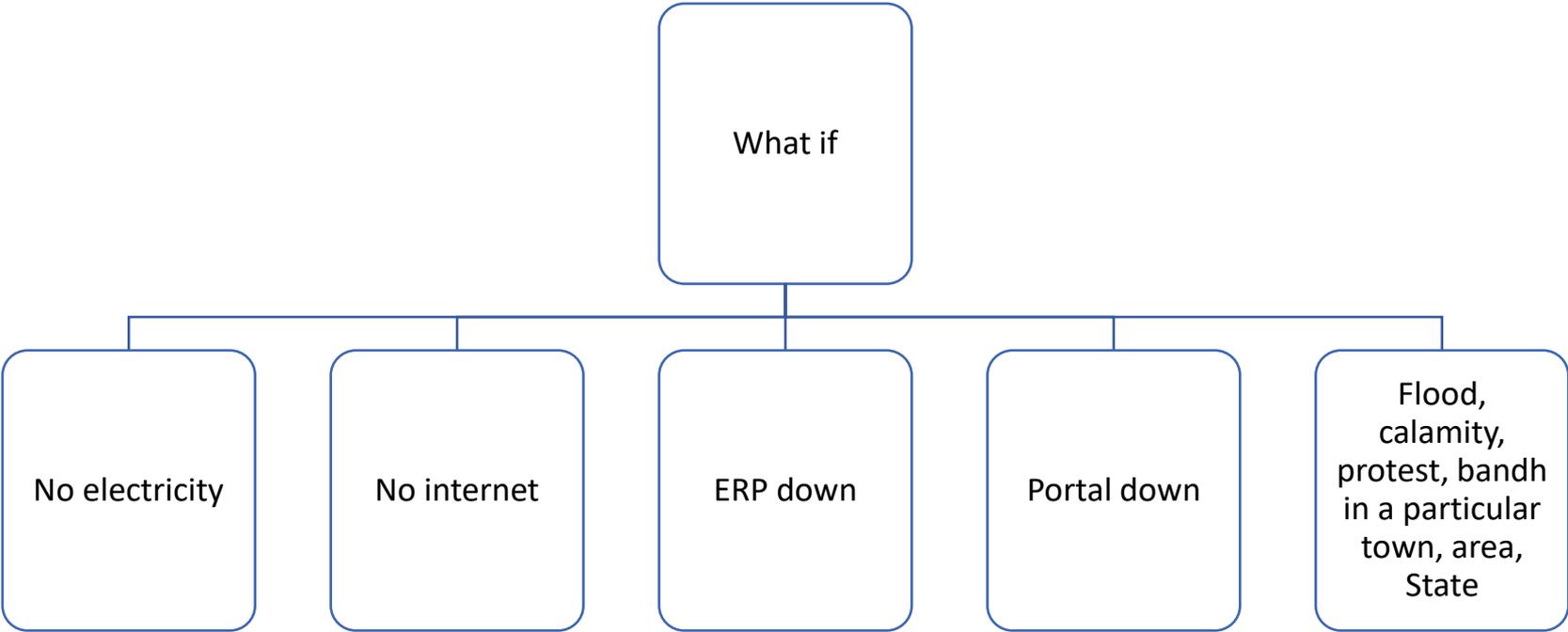


Challenges – Re-conciliations!

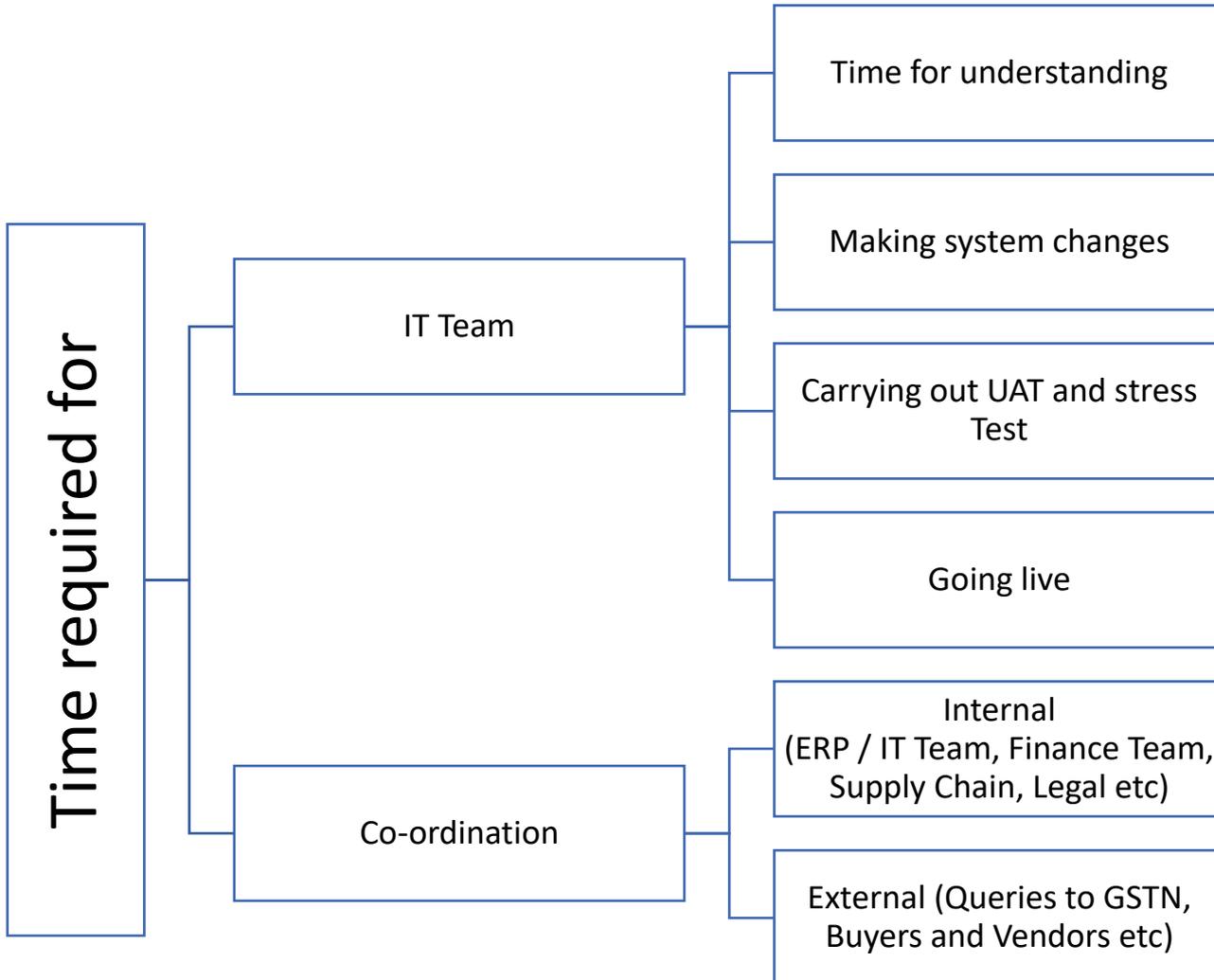
Few more re-conciliations!

- E-invoices (B2B) and normal invoices (B2C) vis-à-vis GSTR-1
- E-invoices and normal invoices received vis-à-vis GSTR 2A
- E-invoices vis-à-vis IRN generated
- E-invoices vis-à-vis E-way Bill

Challenges – What if?



Challenges – Paucity of time!



Way Forward

Way Forward

Few days left for implementation – UAT!

Represent to Authorities if concern during testing!

Internal Team Training for

- Procurement Team
- Sales Team
- Accounts Team
- Logistics Team

Useful features at <https://einvoice1.gst.gov.in/>

Taxpayer Search

- GSTIN No.

Pin code Search

Verify Signed Invoice

E-invoice status of
Taxpayer

Master Codes

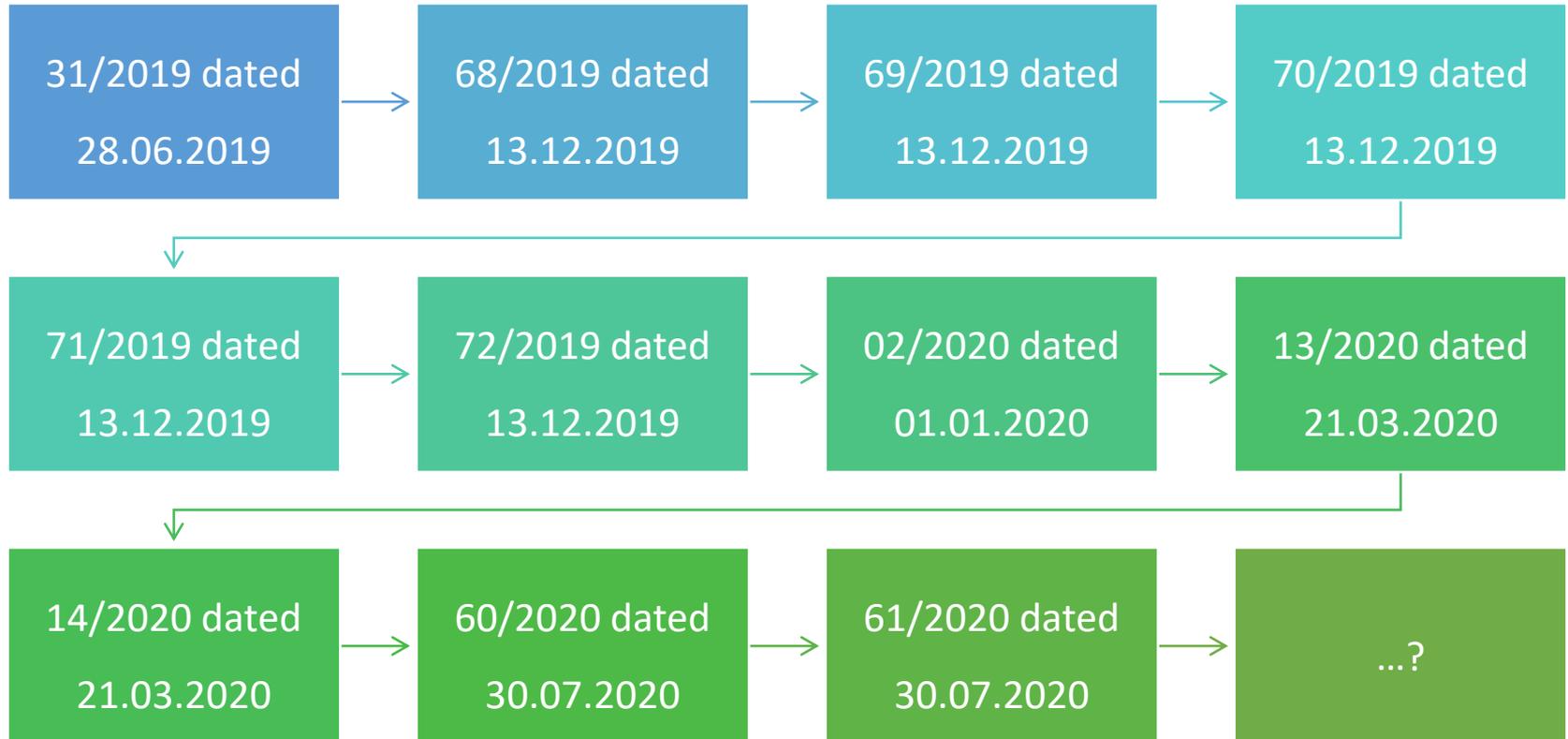
QR Code Verify App

Sandbox Testing

E-invoicing

Official Documents and Details

Notification – Chronology!



Official documents/ links on E-invoicing

No.	Notification	Remark	Amended later by
1.	31/2019-CT	Enabling power for QR code on invoice	60/2020-CT
2.	68/2019-CT	Sub-rule (4), (5) and (6) introduced in Rule 48	-
3.	69/2019-CT	http://www.einvoice1.gst.gov.in/ portals notified	-
4.	70/2019-CT	E-invoice date for INR 100 crore notified as 01.04.2020	13/2020-CT

Official documents/ links on E-invoicing

No.	Notification	Remark	Amended later by
5.	71/2019-CT	Date for QR code notified as 1.04.2020	-
6.	72/2019-CT	QR code for B2C from 1.04.2020	14/2020-CT
7.	02/2020-CT	Format INV-01 introduced	60/2020-CT
8.	13/2020-CT	Applicable for INR 100 crore from 1.04.2020	61/2020-CT
9.	14/2020-CT	Dynamic QR Code from 1.10.2020	-

Official documents/ links on E-invoicing

No.	Notification	Remark	Amended later by
10.	60/2020-CT	INV-01 substituted	-
11.	61/2020-CT	Turnover increased to INR 500 crore and SEZ excluded	-

Official documents/ links on E-invoicing

No.	Link to Other Documents
1.	<u>Rule 48 of CGST Rules</u>
2.	<u>Format of INV-01</u>
3.	<u>User Manual –Web System</u>
4.	<u>User Manual –Bulk Uploading</u>
5.	<u>Computer Based Training</u>
6.	<u>FAQ</u>
7.	<u>FAQ on QR Code</u>
8.	<u>E-Invoice System</u>
9.	<u>1st Webinar on e-invoice by GSTN -14th August'20</u>

Relevant extracts of Not. No. 70/2019-CT as amended vide Not. No. 13/2020-CT!

- ... except as respects things done or omitted to be done before such supersession, **hereby notifies registered person, other than a Special Economic Zone unit and those referred to in sub-rules (2), (3), (4) and (4A) of rule 54 of the said rules**, whose aggregate turnover in a financial year exceeds ~~one hundred crore rupees~~ **five hundred crore rupees**, as a class of registered person who shall prepare invoice and other prescribed documents, in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person.
- 2. This notification shall come into force from the **1st October, 2020**.

Thank you!

CA Pritam Mahure and Associates

Happy to Discuss

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[E-books on GST](#)

[E-books on How to be Future Proof](#)

Smile please 😊

Its over (for the time being!) 😊