

E-invoice -Basic Details

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**This presentation will be explained in
Gujarati in this session**

Different Parts in Session

A: Applicability

B: Preparation

D: Referecne

You can unmute and ask questions at any time during the webinar.

The background features abstract, overlapping green geometric shapes in various shades, primarily on the left and right sides, framing a central white area. The shapes include triangles and polygons, some with thin white outlines.

Part A

Applicability

Benefits of E-invoice

▶ Better Tax Compliance

Invoice needs to be registered with e-Invoice portal before dispatch of goods: Tax evasion will be more difficult.

▶ Lower cost of Recording Transaction at recipient's side:

Automatic recording of invoice in recipient's accounting and store keeping system will be possible in future.

▶ Ease in GST Compliance

Return filing work will come own significantly.

Automatic updation of GSTR-1 of supplier & GSTR-2A/2B of recipient. Summary data will flow to GSTR 3B but they may need further modification.

Stages of Implementation of E-Invoice

- ▶ E-invoice was made applicable for **B2B + export** Transaction for business with aggregate turnover as follows:
 - ▶ 1-Oct-2020: \geq Rs. 500 Cr.
 - ▶ 1-Jan-2021: \geq Rs. 100 Cr.
 - ▶ 1-Apr-2021: \geq Rs. 50 Cr:
 - ▶ Notification No. **5/2021 dated 8-Mar-2021** has been issued for this.
- ▶ In future, this limit will be further brought down to cover more and more GST payers.

Aggregate Turnover -1

For Deciding whether E-Invoice is applicable to you

- ▶ It is governed by sec 2(6) of CGST Act
- ▶ It includes different types of Supply like
 - ▶ **B2B:** [Supply to customers who have GSTIN]
 - ▶ **B2G:** Supply to government
 - ▶ **B2C:** [Supply to customers who does not have GSTIN]
 - ▶
 - ▶ **Export** [with / without GST, Deemed export, Supply to SEZ],
 - ▶ **Exempt Goods & Services supply.**
 - ▶ **Inter-GSTIN transfer** from your one GSTIN to another.

Aggregate Turnover -2

For Deciding whether E-Invoice is applicable to you

- ▶ **Turnover of all GSTIN registered under one PAN** is to be added together to get aggregate turnover
- ▶ Inward supply on which **RCM** [Reverse charge Mechanism] is applicable is not to be included in Aggregate turnover.
- ▶ For deciding applicability, aggregate turnover of the **years from 2017-18** onwards is to be considered. If it exceeds the limit **in any year**, then e-invoicing will be applicable.
- ▶ If your turnover exceeds the limit of Rs. 50 cr during 2021-22, e-Invoice will be applicable from next financial year i.e. from 1-Apr-2022.
- ▶ Turnover as per **Profit & Loss Account** is not applicable to decide this applicability but it may give indication.

Exemption to SEZ

- ▶ **SEZ** [= Special Economic Zone] are exempt from applicability of e-invoice.
 - ▶ But SEZ developers are not exempt
 - ▶ E-invoicing is applicable for supplies to SEZs if supplier's aggregate turnover exceeds the limit.)
- ▶ **FTWZ:** [=Free Trade & Warehousing Zones] are also exempt.

Exemption to Businesses

Slide -1

The business which are exempted for e-invoices are: -

- ▶ **Insurer or a banking company** or a financial institution, including a non-banking financial company
- ▶ **GTA**: Goods Transport Agency supplying services in relation to transportation of goods by road in a goods carriage

Exemption to Businesses

Slide -2

The business which are exempted for e-invoices are: -

- ▶ Suppliers of **passenger transportation** service
- ▶ **Multiplex**: Suppliers of services by way of admission to the exhibition of cinematograph films in multiplex screens.
- ▶ **The above businesses makes any supply other than the specified business, they will have to make e-invoice for the same** [E. g. E-invoicing will apply to **Scrap Sale** by Insurance & banking company if the turnover crosses the limit]

Applicable to Which Transactions

Slide -1

- ▶ E-invoice is applicable to Following Transactions
 - ▶ Taxable **B2B** Supply of
 - ▶ Goods or
 - ▶ Services
 - ▶ **B2G sales** where government has GSTIN No. including GSTIN for deduction of TDS
 - ▶ .
 - ▶ **Export** [Including deemed export, export of exempt goods, supply to SEZ, export of services etc.]

Applicable to Which Transactions

Slide -2

- ▶ E-invoice is applicable to Following Transactions
 - ▶ **Inter-GSTIN:** Transfer of goods from your One GSTIN to another GSTIN in the same or different state.
 - ▶ **Forward Charge Invoices by supplier under RCM** if he is notified for e-Invoice.

Example: A is providing security services to B and B is paying GST on it on reverse charge. E-invoice for this supply will be prepared by A only if his Aggregate turnover exceeds the limit. B will not prepare e-Invoice even if his aggregate turnover exceeds the limit.

Not Applicable to which Transactions

Slide -1

- ▶ E-Invoice is **Not** applicable to
 - ▶ **B2C sales**
 - ▶ For B2C sales separate provisions of **Dynamic QR Code** are applicable but e-Invoice is not applicable.
 - ▶ If a business has majority of B2C sales and some sales in B2C, they have to generate e-invoice for B2B, if it exceeds the limit.
 - ▶ Supply of GST **Exempt products / or Service** by tax payer whose aggregate turnover exceeds the limit
 - ▶ E-invoice is not applicable for medical services supplied by a hospital but **if hospital sales scrap** to registered dealer, e-invoice will be required for it if the limit exceeds.
 - ▶ E-invoice is not required for Supply of petrol, diesel etc. but **if the petrol pump sells other goods** to which GST is applicable, they will have to make e-invoice, if the turnover exceeds the limit

Not Applicable to which Transactions

Slide -2

- ▶ **Job work:**
 - ▶ **Materials sent for or returned after job work:** E-invoicing is not applicable
 - ▶ **Deliver challan** [+E-way bill depending upon distance and value if applicable], to be use for such transactions
 - ▶ But it is applicable to
 - ▶ **Job work charges** if turnover of job worker crosses the limit
 - ▶ **Goods Sold after Job Work** if turnover of the supplier exceeds the limit.

Not Applicable to which Transactions

Slide -3

- ▶ E-Invoice is also **Not** applicable to
 - ▶ **Intra GSTIN Transfer**: Transfer of goods from your own place of business to another place of business in the same state if GSTIN is also the same.
 - ▶ **High Sea Sales**:
 - ▶ **Bonded Warehouse Sales**
 - ▶ **IDS**: Input Service Distribution
 - ▶ **RCM Inward Supply** [Self Invoice]. But it is applicable to Supplier for transactions under RCM if supplier's aggregate turnover exceeds the limit

Applicability to Documents

- ▶ It is applicable to following documents
 - ▶ **Invoice**
 - ▶ **Debit Note** [Only Supplier can prepare it]
 - ▶ **Credit Note** [Only Supplier can prepare it]
- ▶ **It is not applicable to**
 - ▶ **Delivery challans.** [E-invoicing is not required for all transaction which require delivery challan, including job work transaction].
 - ▶ **RCM self invoices** [Recipient is not expected to make e-invoice]
 - ▶ **Receipts for Advance payment for Service** [GST is payable on them but e-Invoice is not applicable]

Implication of Not preparing e-invoice

- ▶ As per Rule 48(5), where e-invoice is applicable, if the invoice is issued in any other manner, it will be treated as **invalid**.
- ▶ If the goods are found moving without e-invoice / e-way bill, they can be **detained** / confiscated.
- ▶ Recipient **will not be eligible to claim ITC** because he is not in possession of valid invoice.

Time of e-Invoice Preparation

- ▶ **Future dated e-invoices can not be prepared.**
 - ▶ I. e. If invoice date is 5-Nov-2020, its e-invoice cannot be prepared on 4-nov-2020 or earlier
- ▶ E-Invoice can be prepared either on the date of Invoice or within certain time limit [48 hours] thereafter.
 - ▶ However, as of now, e-invoice portal has **removed validation** on date of Invoice so invoice of any past date can be uploaded there for generating IRN.
- ▶ E-invoice has to be prepared **before delivery of goods or issue of invoice to recipient.**

Part A: Applicability is over

Any Questions ?

Part B:

Preparation of E-Invoice

Starts now

IRN

Slide 1

- ▶ IRN Stans for **Invoice Referecne Number**
- ▶ To get IRN, you have to send the JSON file of invoice to e-Invoice portal. **The portal assigns** one unique IRN number, if it is found to be valid.
 - ▶ **JSON** =Java Script Object Notation. It is file format which computerize system can understand and update in respective fields without data entry
- ▶ Following is **specimen** of IRN No.
 - ▶ **35054cc24d97033afc24f49ec4444dbab81f542c555f9d30359dc75794e06bbe**
 - ▶ It is not designed to be use by Humans. It is suitable for **computer to computer communication**.

IRN

Slide 2

- ▶ IRN is **included in QR code**. So when you scan QR code, the system gets IRN number.
- ▶ There is another number called **acknowledge number** which can be use for easy searching.

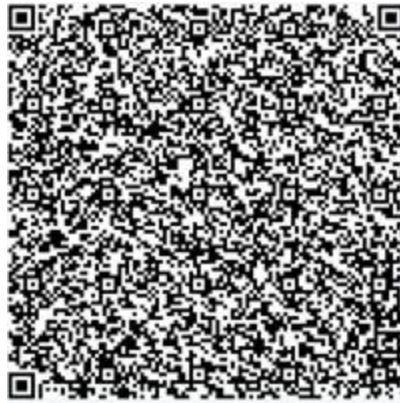
IRN

Slide 3

- ▶ It is **derived from** following Details: -
 - ▶ Supplier GSTIN No
 - ▶ Year of invoice
 - ▶ Document type: [Invoice, debit note. credit note]
 - ▶ Document Number assigned by the supplier

Sample QR Code

- ▶ QR Code will look like following



QR Code

- ▶ QR Code [Quick Reference Code] Contains following information [invoice level only, not product line level]
 - ▶ 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.
 - ▶ HSN Code of **main item only** (the line item having highest taxable value)
 - ▶ Unique Invoice Reference Number (hash) & IRN Generation Date

Preparation of Invoice as per Schema

- ▶ Prepare an invoice including all the fields required as notified in the schema [CGST notification No. 60/2020]
 - ▶ **Schema** = Rules specifying what data are permitted in the invoice.
- ▶ You can study the above notification which explains schema nicely.
- ▶ If your **Invoicing / ERP software** is modified to incorporate all validation then your work will become very simple.
 - ▶ **ERP** = Enterprise Resource Planning software. It is software for recording purchase, production, sale, stock, accounts, taxes etc.
 - ▶ **Validation** = Check carried out by software to reject invalid [i. e. incorrect] data.

Validation & Conversion to JSON

- ▶ **Validate the Invoice:** To ensure that it meets the requirements of scheme.
- ▶ **Conversion to JSON:**
 - ▶ To convert the invoice to JSON format
 - ▶ JSON = Javascript Object Notation. It is a language which computer can understand easily and update its database.
 - ▶ Portal provides tool for conversion to JSON.
 - ▶ You can use e-Invoice software to **automate** this task

Uploading JSON to Portal to Generate e-Invoice

- ▶ **Uploading JSON:**
 - ▶ The portal provides option to do this
 - ▶ Software can **automate** this
- ▶ **Receiving Digitally Signed e-invoice:**
 - ▶ The portal will give you digitally signed JSON file. This is the valid e-Invoice.
 - ▶ Signature of supplier is not needed on it.
 - ▶ It also gives **Excel file** containing
 - ▶ IRN
 - ▶ Digitally signed QR code.
 - ▶ Acknowledgement number and date
 - ▶ **Digitally signed:** It is technology feature that prevents modification to a file after it is digitally signed. If it is modified, it will be known by verification.

Saving Signed E-Invoice

- ▶ You should save the signed e-invoice, and the excel file. **It will not be available from portal afterwards.** [At present available up to T+3 days but it may change]
- ▶ Most of the software helps you to save it **automatically**

Data Migration to GSTN & E-Way Bill Portal

- ▶ From e-invoice portal, the summarized data of e-invoice will be migrated to **GSTN portal and e-Way bill portal**
- ▶ The data of e-invoice will be populated in **GSTR-1** of supplier and **GSTR-2A & 2B** of Recipient.
- ▶ Currently it is done **within T+3 days** but it may change in future
- ▶ The e-Invoice portal **will not keep** e-Invoice data after T+3 days.
- ▶ NIC is also **planning** to Provide e-invoice to supplier as well as recipient **on GSTN portal** after it is removed from e-invoice portal.

E-Way Bill Generation

- ▶ There is **no change in legal requirement** of e-way bill. [i. e. rules where e-invoice is needed and where not remains the same.]
- ▶ If while generating e-Invoice, transporter ID or GSTIN is entered, **Part A** of e-way bill is generated and transporter can generate part B of e-way bill later from e-way bill portal.
- ▶ While generating e-Invoice, if full details of e-way-bill is provided, e-way-bill **[part A + B]** will also get generated.
- ▶ If e-way bill is not generated with e-Invoice, it can be generated on e-Invoice portal later.

PDF / Printed E-Invoice Slide-1

- ▶ After you get the digitally signed JSON file with IRN and QR code, it can be converted to **PDF** file and print it using GePP tool.
- ▶ You can add your **business logo**.
- ▶ **QR code** must be included in PDF file or printed copy of e-invoice.
- ▶ Including **IRN** in e-invoice PDF / Hard copy is **optional**.
- ▶ You can also add **digitally signed QR code to invoice generated in your format**. It meets the legal requirements.

PDF / Printed E-Invoice

Slide -2

- ▶ You need to **send to your recipient** and also **give to transporter** along with e-way bill any of the followings: -
 - ▶ JSON file Digitally signed by NIC receive from the portal in soft form [e. g. via e-mail]. It needs conversion to PDF for reading by humans. It can be presented as proof in court of law.
 - ▶ E-invoice converted to PDF file, or
 - ▶ Printed copy of e-invoice [**Desirable option to give to transporter**]
- ▶ If recipient's software has option to accept soft copy of E-invoice, **double data entry will be avoided**. Software companies are still working on this option.

PDF / Printed E-Invoice

Slide-3

- ▶ Printing with **dot matrix printer is not permitted**. So laser printer will be required. [inkjet printer less desirable]
- ▶ **Stapling** the QR code on the printed Tax invoice does not meet the requirement.
- ▶ **Stapling or punching** should not be on the QR code otherwise it will become unreadable.

Changes to E-invoice

- ▶ **No changes are permitted** to e-invoice after it is registered with e-invoice portal. [not even minor changes]
- ▶ Options for changes in e-invoice: -
 - ▶ Raising **debit note and credit note**, which needs to be registered on e-invoice portal and IRN & QR Code needs to be obtained.
 - ▶ **Cancellation till end of next day** and re-generation of corrected e-invoice with **new invoice number**
 - ▶ Modification of auto generated entry in **GSTR-1** [or Deletion and re-entry of corrected details]

Cancellation to E-invoice

- ▶ It can be cancelled on the e-invoice portal **till end of next day**. [24+ hours]
- ▶ Before its cancellation, **e-way bill** generated against it needs to be cancelled.
- ▶ The cancellation details will be available to GST officers. He may ask questions about it if you are cancelling large number of invoices.
- ▶ If cancelled, **the same Invoice number can not be used** to generate another invoice. New Invoice number will have to be assigned

Checking Whether E-Invoice is Applicable to Supplier or not

- ▶ **All GST Taxpayer should check** whether e-invoice is applicable to their supplier or not. If it is applicable and if he is not sending e-invoice but sending ordinary invoice, it is treated as invalid and you are not eligible to get credit for the same.
- ▶ It can be checked on e-invoice portal.
 - ▶ Path: <https://einvoice1.gst.gov.in> -> Search -> E-invoice Status of Tax payers -> Enter GSTIN and captcha -> OK. The status will be displayed below

Checking whether an Invoice is Valid E-Invoice or not

- ▶ If you receive an invoice from the supplier to whom e-invoice is applicable, you should check whether the invoice is valid e-invoice or not
 - ▶ If there is **no QR Code**, it is not valid e-invoice
 - ▶ QR Code on the invoice can be verified using offline **Mobile application**. It is available on e-invoice portal, not on Play Store / Apple Store.
 - ▶ Path to download the application:
<https://einvoice1.gst.gov.in/> -> Help > Tools > Verify QR Code App
 - ▶ **Soft copy of signed E-invoice** can be verified on the e-invoice portal.
 - ▶ Path: <https://einvoice1.gst.gov.in/> Search > 'Verify Signed Invoice'. You need to browse and select the soft copy of the e-invoice. It will verify and if it is valid, display contents of the invoice.

Part B
Preparation of E-Invoice
is over

Any Questions ?

Part C:
Legal Referecne

Starts now

E-Invoice Portal Address

▶ E-invoice Portal

▶ <https://einvoice1.gst.gov.in/>

- ▶ This web site provides goods help, resources and tools even to those who are not registered for e-invoice generation

▶ E-Invoice Trial Portal

▶ <https://einvoice1-trial.nic.in/>

- ▶ Here you can learn how to generate e-invoice by doing trial and error. The invoices generated here are not treated as valid E-invoice.

Referecne for further Study

- ▶ Good Article by Editor from TaxGuru
 - ▶ <https://taxguru.in/goods-and-service-tax/gst-e-invoice-system.html>
- ▶ A to Z of E-Invoicing Under GST by Anita Bhara on TaxGuru
 - ▶ <https://taxguru.in/goods-and-service-tax/e-invoicing-gst-detailed-analysis.html>

CGST Notifications for E-Invoice -1

- ▶ **5/2021 dated 8-Mar-2021: Limit revise to Rs. 50 crores from 1-apr-2021**
- ▶ **13/2020 date 21-Mar-2020: This is the main notification**
- ▶ **60/2020 dated 30-Jul-2020 Giving amended Schema for e-Invoice [Contents of e-invoice]**
- ▶ **61/2020 dated 30-Jul-2020: It changes the limit to Rs. 500 Crores and excludes SEZ**
- ▶ **70/2020 dated 30-sep-2020: turnover of any preceding year to be considered**
- ▶ **72/2020 dated 30-sep-2020: It permits use of soft copy in place of Printed e-invoice and gives power to exempt.**

CGST Notifications for E-Invoice -2

- ▶ **73/2020** dated 1-Oct-2020: It gives 30 days grace period during Oct-2020 for e-invoice preparation
- ▶ **80/2020** dated 10-Nov-2020: It extends e-invoice to business with Rs. 100 Cr turnover from 1-Jan-2021
- ▶ **Web Page**: The above notification are available at following web page of CBIC. You need to select correct year on the right top corner of the list of notification. There is option to get the notification in Hindi as well as English.
 - ▶ **<https://www.cbic.gov.in/htdocs-cbec/gst/central-tax-notfns-2017>**

CGST Rules relating to E-invoice

- ▶ **Rule 46:** Contents of Invoice including QR code for e-Invoice
- ▶ **Rule 48:** Manner of Issue of Invoice, including e-Invoice
- ▶ **Rule 54(2) to (4A):** It gives Relaxation in Invoice format [including e-invoice exemption for certain business]

CGST Rules are available on following web address: -

[https://www.cbic.gov.in/resources//htdocs-cbec/gst/09.10.2019_CGST%20Rules,%202017_\(Part-A_Rules\).pdf](https://www.cbic.gov.in/resources//htdocs-cbec/gst/09.10.2019_CGST%20Rules,%202017_(Part-A_Rules).pdf)

Part D is over
Any Questions ?

Legal Notice

- ▶ We have taken great care to provide the information as accurately as possible.
- ▶ However, we advise all concerned to verify the information and its applicability to the specific situation before acting based on it.
- ▶ We can not take any responsibility for any inaccuracy / error in the information or its lack of applicability to specific situation or any loss, damage caused by acting on this information.

Thank you

CMA Satish H Mehta

E-Invoicing & ERP Specialist

- ▶ Please contact me to get assistance
 - ▶ For guidance on e-Invoice or ERP
 - ▶ To become member of e-Invoice Hub or GST Hubs [Including GST Hubs in Gujarati and Hindi] [WhatsApp Group]
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