VAT Friday – India – E-invoicing mandatory for businesses

Crowe

Issue

From 1 October 2022, E-invoicing is mandatory in India for entities with a turnover of Rs 100 > Million (~USD 1.25 Mn) and from 1st April 2023, for entities with a turnover of Rs. 50 > Million (USD 625,000).

Background

E-invoicing will help the tax authorities to track the invoices real time. Modifications to the invoices cannot be made once generated with the QR code. Some businesses are exempted from generating E-invoices. Such businesses are movie theatres, insurance, banking, transport agency, etc.

However, most of the other businesses that are exceeding the threshold of the turnover are included in this.

The invoices, that are generated from the ERP or any other software system, need to be submitted to the Government portal in a specified format (JSON). Once submitted in this format, the E-invoices will be generated from the Government portal. A unique Invoice Reference Number is generated along with the QR Code. This reference number is used by the authorities to track the invoice.

Take away

It is important for businesses to prepare their ERP or other accounting software to generate the JSON files in the specified template. Most of the large business entities have modified their ERP with this function enabled. Small businesses that are using other accounting software are customizing their ERP to generate the required (JSON) files for their invoices.

Questions

If you have any questions, please contact:
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