



E-Invoice

in

GST

E-Invoice

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'E-invoicing' or 'electronic invoicing'

- About eInvoice

- there is no standard defined for e-invoice under GST or under any other statute.
- Having a standard is a must to ensure complete inter-operability of e-invoices across the entire GST eco-system so that e-invoices generated by one software can be read by any other software, thereby eliminating the need of fresh data entry – which is a norm and standard expectation today.
- The machine readability and uniform interpretation is the key objective.
- Apart from the GST System, adoption of a standard will also ensure that an e-invoice shared by a seller with his buyer or bank or agent or any other player in the whole business eco-system can be read by machines and obviate and hence eliminate data entry errors.

Myths on eInvoice

Following statement are NOT true eInvoice

- The invoice is being generated by a software on computer so it should be an e-Invoice.
- e-invoice as a system where taxpayers can generate the invoices centrally.
- It's a NEW / standard Invoice format being designed now.
- Invoices generated by each software would look same
- It is only for Invoice and NOT for Credit / Debit Notes
- It is only for Taxable Supply
- This is only for GST Purpose

Objectives of e-Invoice

- Better taxpayer services
- Reduction of tax evasion
- Efficiency in tax administration

Documents that are currently supported

1. Invoice by Supplier
2. Credit Note by Supplier
3. Debit Note by Recipient
4. Any other document as required by law to be reported by the creator of the document

E-invoicing proposed workflow: Key aspects

Seller

- Seller to generate the invoice from ERP/Accounting system containing all mandatory fields as provided in e-invoice schema
- Seller can upload the invoice details (with all mandatory fields) in a JSON format on IRP to generate a unique Invoice reference number (IRN)
- Seller may upload the JSON either
 - directly on IRP or
 - through GSP or ASPs
 - through third party provided Apps

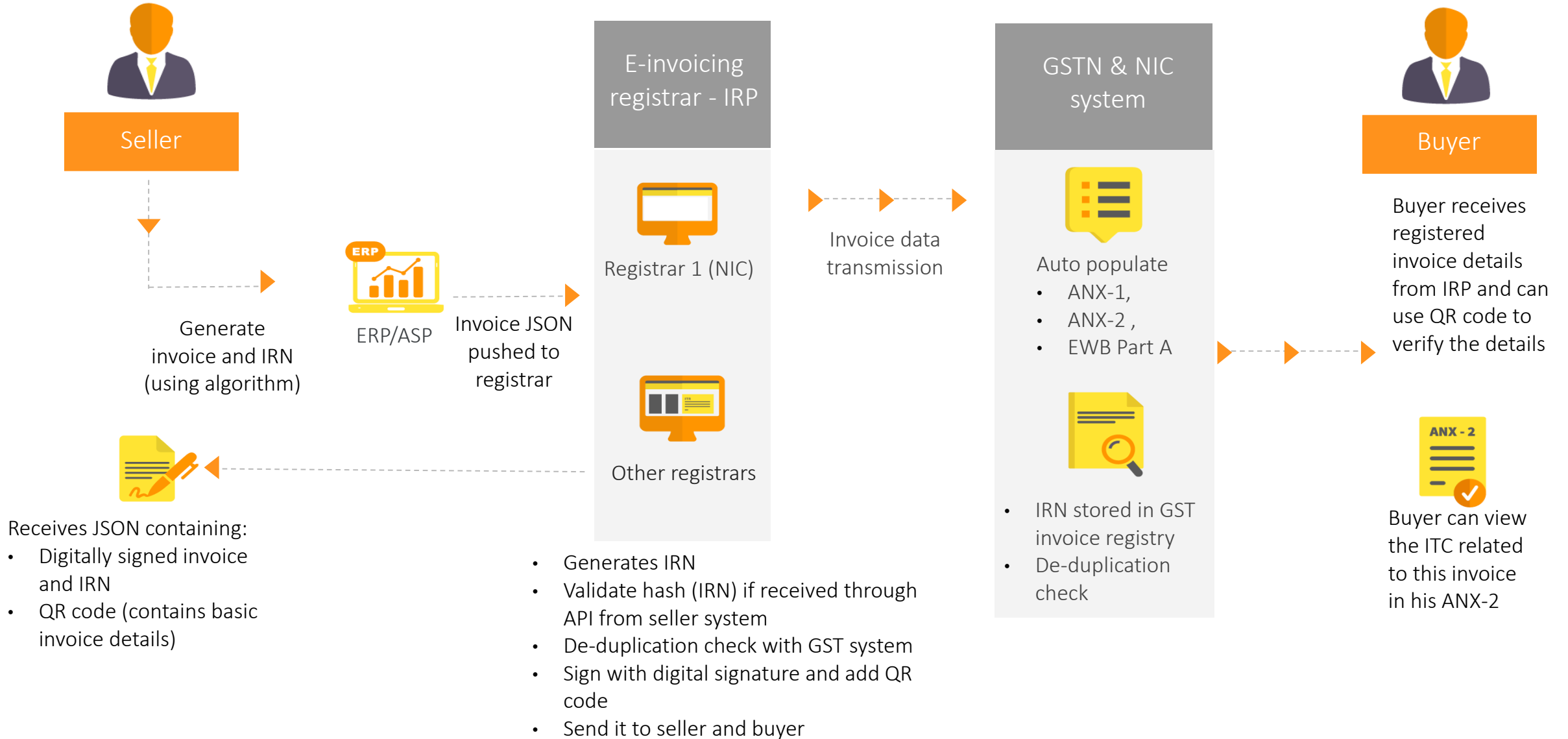
Invoice Registration Portal

- There will be one IRP in beginning (NIC) and others will be added later
- IRP would generate the IRN. It would also digitally sign the invoice and generate QR code which will contain all the key information of the invoice
- IRP would send the JSON along with signed invoice, IRN, QR code to the requestor/seller
- E-invoice will also be sent to seller and buyer on mail ID provided in invoice
- IRP to perform duplication check from a central uniqueness of IRN

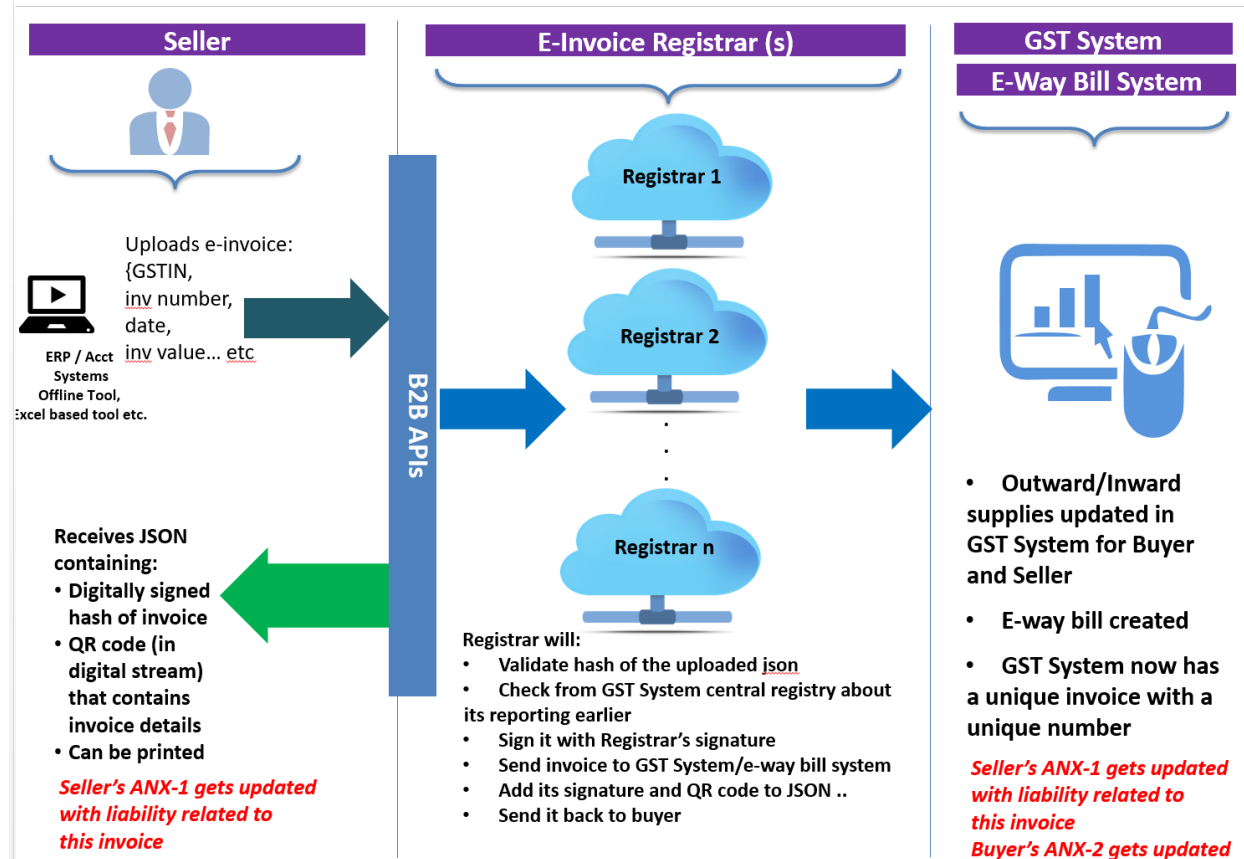
Consumers of eInvoice

- GST System
 - The IRP will transmit the data (e-invoice with IRN details) to:
 - GSTIN - ANX-1 and ANX-2 would be updated (seller and buyer can view such data)
 - EWB system (NIC portal) Part A of EWB to be created. Part B to be generated by the user itself
- Buyer : Integration of Accounting using API
- Banker : Financing of the Invoice
- Others

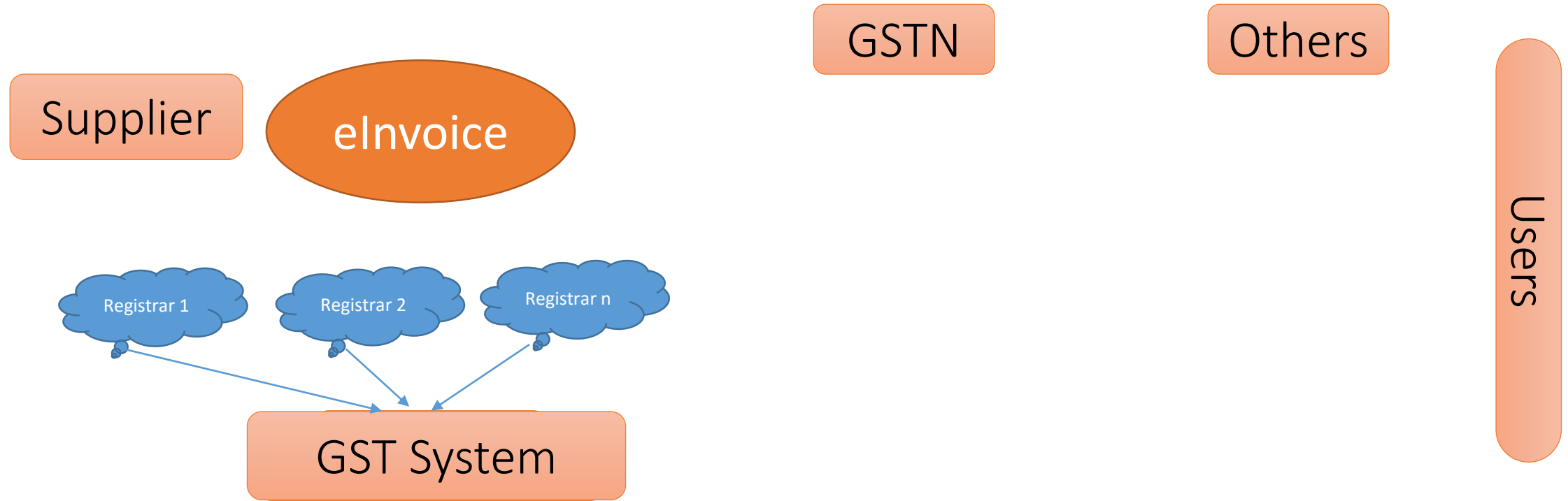
Operating model for invoice reference number



GSTN Consumption of e-Invoice



E-Invoicing :: New Business Language of Accounting



IRN : Invoice Reference Number

- The unique IRN will be based on the computation of hash of
 - GSTIN of generator of document (invoice or credit note etc.),
 - Year and
 - Document number like invoice number.
- This hash will be 32 bytes
- This way hash will be the same irrespective of the registrar who processes it.
- The hash could also be generated by the taxpayers also.
- Accounting and billing software would also incorporate this feature
- One can pre-generate and print it on the invoice book, however, the same will **not make the invoice valid** unless it is registered on the portal along with invoice details.

Note: The hash algorithm that is to be used by the taxpayers has been specified in the e-invoice standard that is published. **The hash will be the IRN**

QR Code

QR Code:

1. The IRP will also generate a QR code containing the unique IRN (hash) along with some important parameters of invoice and digital signature.
2. it can be verified on the central portal as well as by an Offline App.
3. This will be helpful for tax officers checking the invoice on the roadside where Internet may not be available all the time.
4. The web user will get a printable form with all details including QR code.

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

- 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 (the line item having highest taxable value)
- Unique Invoice Reference Number (hash)



modes generating e-invoice?

Web based

- Entry in IRP Portal

API based

- ERP
- ASP Solutions

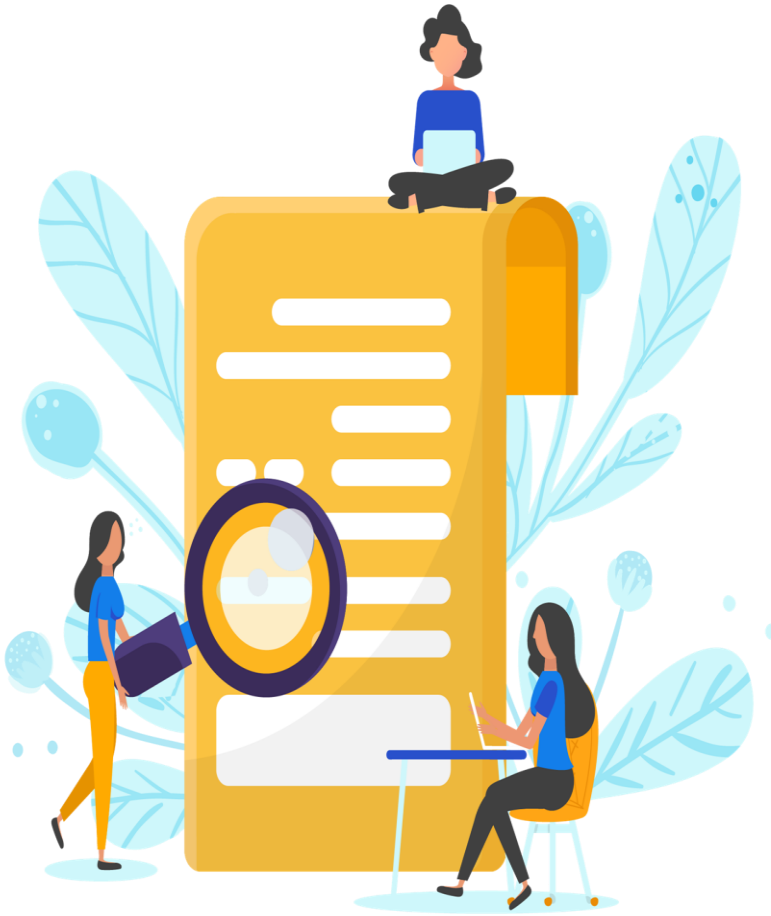
Offline tool

- ASP Solutions

Mobile app

GSP

Examination of Key Takeaways - Schema



- To cover invoices, CN, DN, RCM, exports and other documents required by law to be reported
- Cancellation allowed only fully (within 24 hours on IRP after which on GSTN) and not partially
- Amendments if any could be possible only on GSTN portal
- IRN should be mandatory for each and every invoice
- CN and DN could be linked to multiple invoices
- Only 100 line items per invoice
- Printing of invoice (including logo and other information) would be possible same as today. E-invoice schema only mandates what will be reported in electronic format to IRP
- Signature of seller would not be mandatory requirement
- The IRP will be able to handle a large sequence of invoices for registration and validate them. Dependence on ERP or accounting system for sequential upload (for bulk upload)
- Discount at line item level or at total level
- Default currency would be INR (could be changed)

Thank You

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