

E-invoicing in India!

Concept and Challenges!

[24th December 2020]

CA Pritam Mahure and Associates

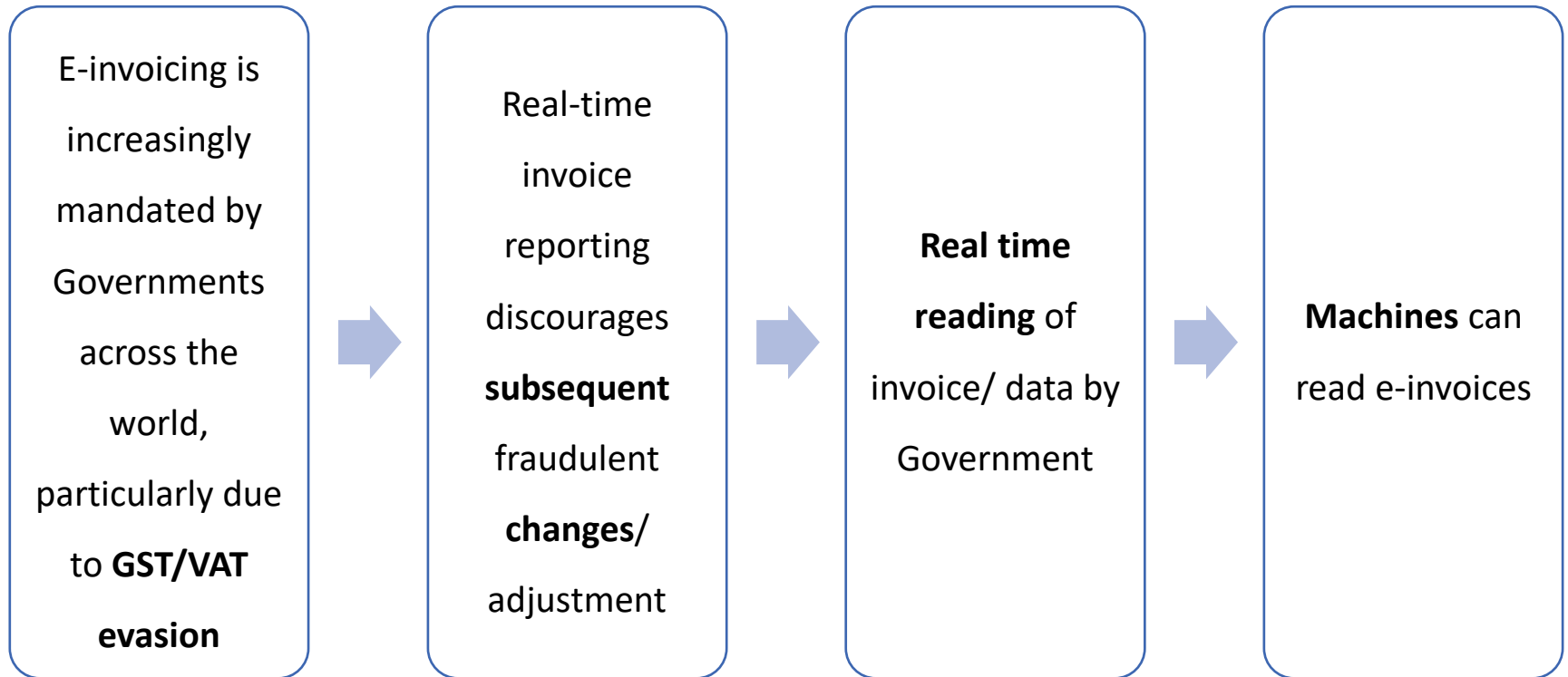
What is E-invoicing?

E-invoicing

Electronic invoicing / e-invoicing
is a form of electronic billing!

Why E-invoicing?

E-invoicing – Why preferred?



Invoice - 'Pulse' of business!



E-invoicing – Globally!

E-Invoicing – Globally!

South Korea

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

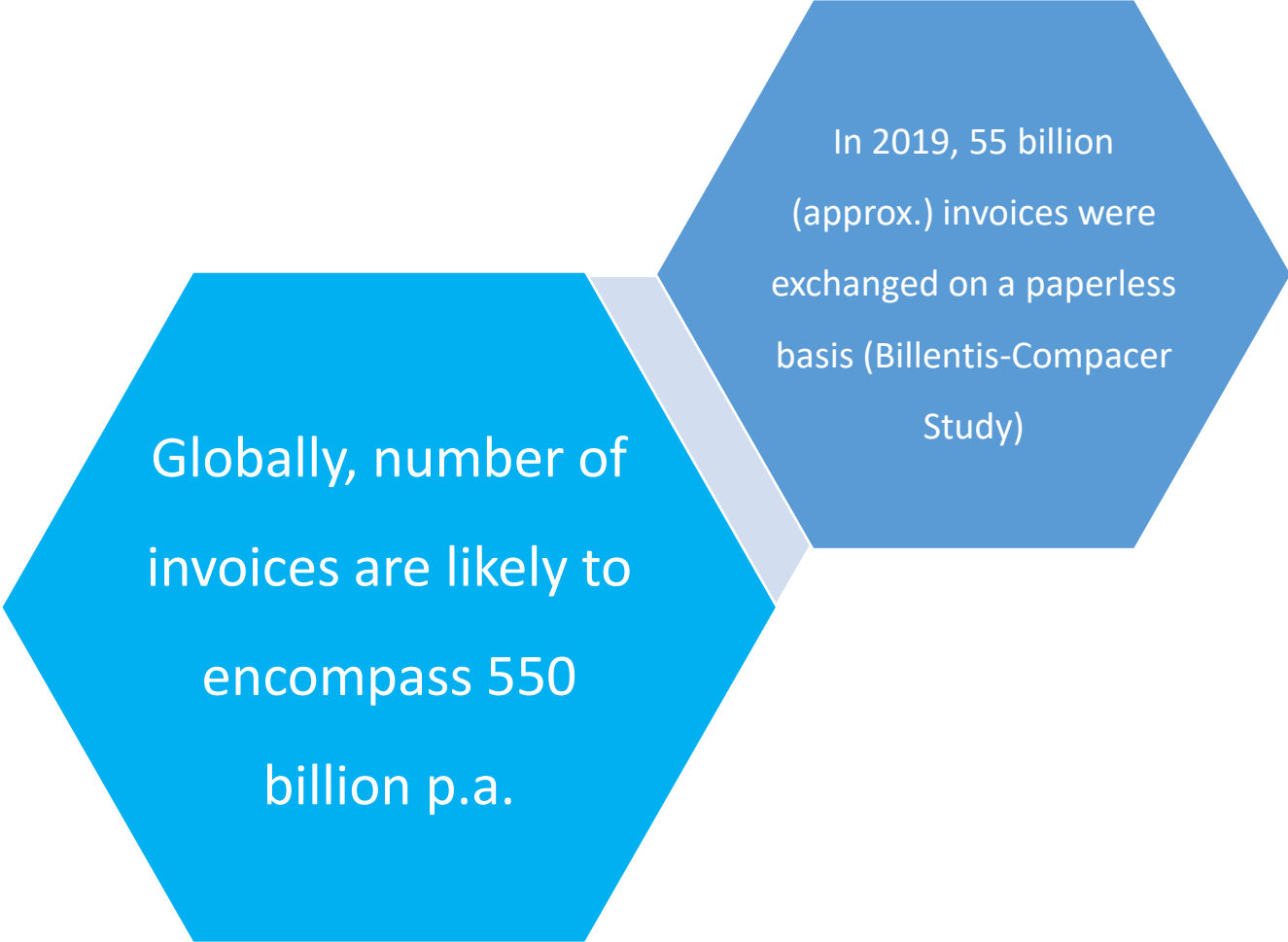
Germany

- 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)

E-invoicing – For whom?

E-invoicing – What to do?

As a supplier



Is it applicable?

- If yes, comply!
- If no, keep track of future phases!

As a recipient

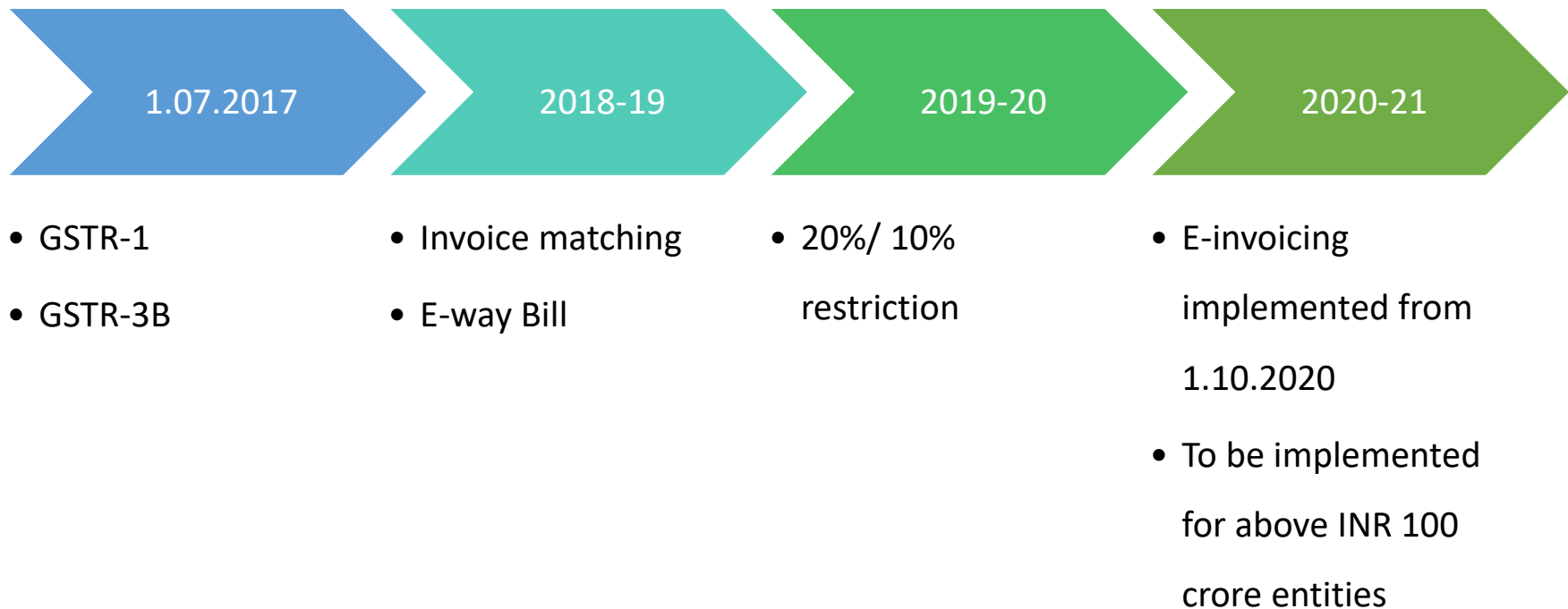


Is it applicable to vendors?

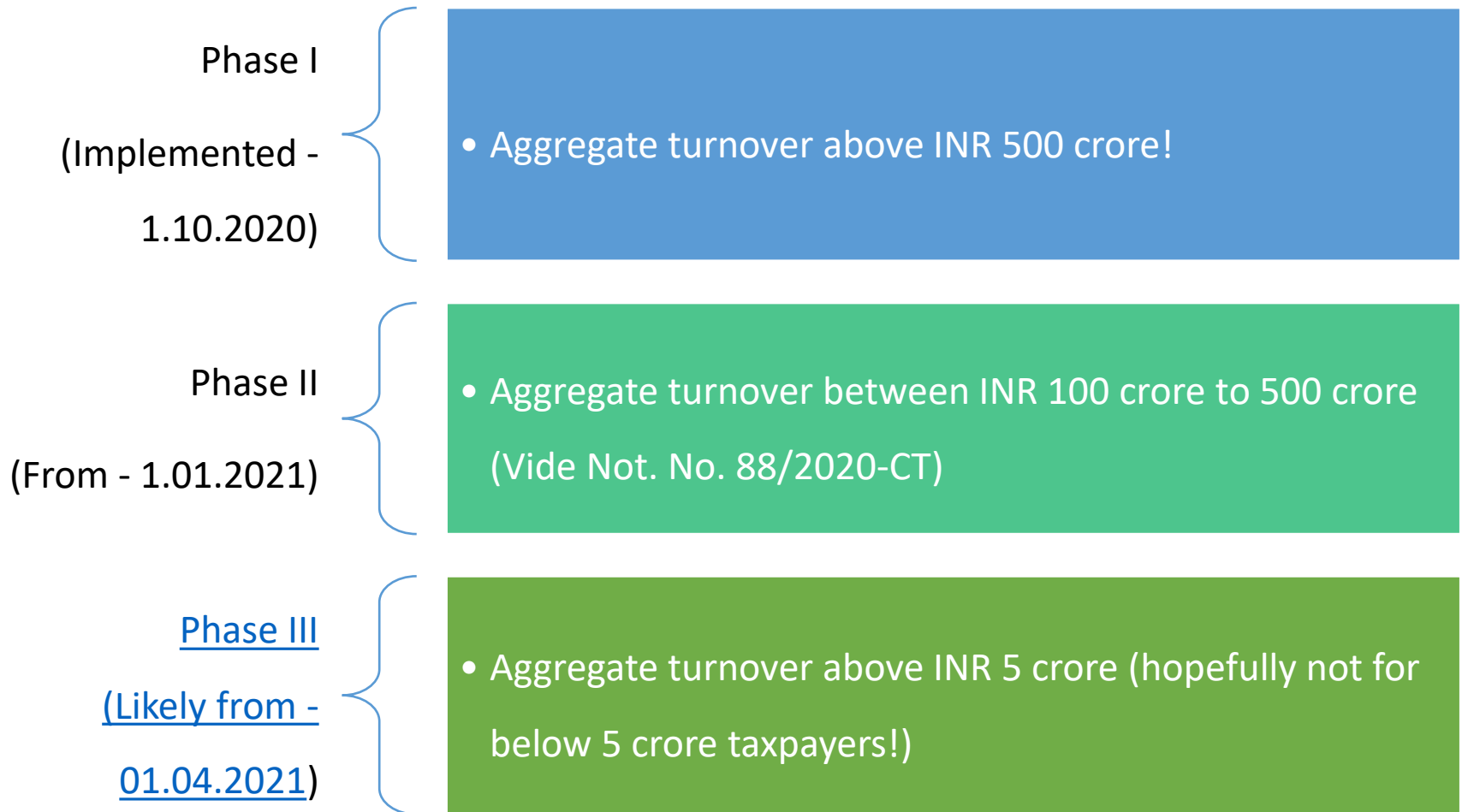
- If yes, make them comply!
- If no, keep track of future phases!

E-invoicing – Evolution in India!

E-invoicing – Evolution



E-invoicing – Status update!



1st January 2021!

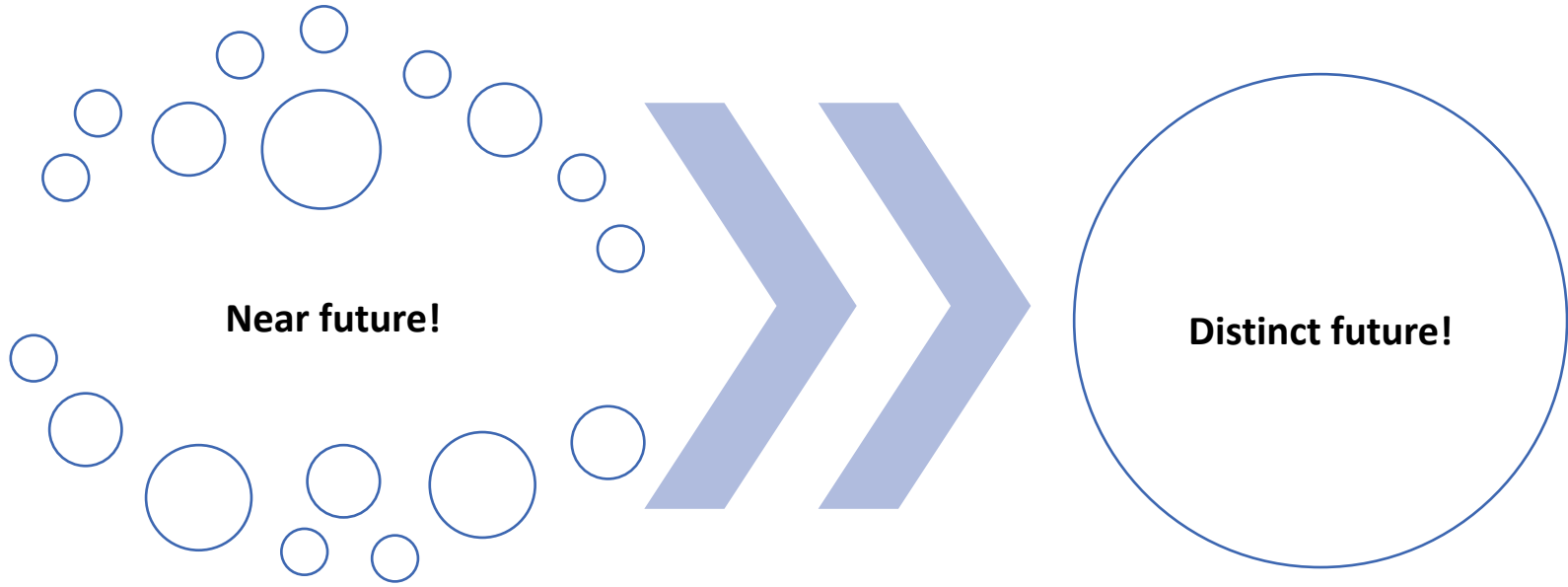
Start of journey!



Eternity!

Future e-nspector!

Future e-nspector!



- e-Invoicing [exemptions withdrawn)
- e-Invoicing for (BoS etc)
- e-Invoicing for B2C

- E-payments
- e-Agreements?

Invoicing in India

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 46A (TI-cum-BoS)• Rule 48 (Manner)• Rule 49 (BoS)• Rule 54 (Special cases)• Rule 138A (E-way bill)	<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• Not. No. 70 to 73• Not. No. 88	<ul style="list-style-type: none">• https://einvoice1.gst.gov.in/• https://einvoiceapisandbox.nic.in• https://einvoice1-trial.nic.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**

Amendments – Not. No. 72/2020 dated 30.09.2020

Rule 46
[Tax Invoice]

- *“(r) **Quick Response code**, having embedded Invoice Reference Number (IRN) in it, in case invoice has been issued in the manner prescribed under sub-rule (4) of rule 48.”*

Rule 138A
[Documents and
devices to be carried
by a person-in-
charge of a
conveyance]

- *“(2) In case, invoice is issued in the manner prescribed under sub-rule (4) of rule 48, the **Quick Response (QR) code** having an embedded Invoice Reference Number (IRN) in it, may be produced **electronically**, for verification by the proper officer **in lieu of the physical copy** of such tax invoice.”*

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.*

*[“Provided that the Commissioner may, on the recommendations of the Council, **by notification, exempt** a person or a class of registered persons from issuance of invoice under this sub-rule for a specified period, subject to such conditions and restrictions as may be specified in the said notification.”]* [**vide [Not. No. 72/2020-CT](#)*]*

(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***

Recipient – Implications!

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

...

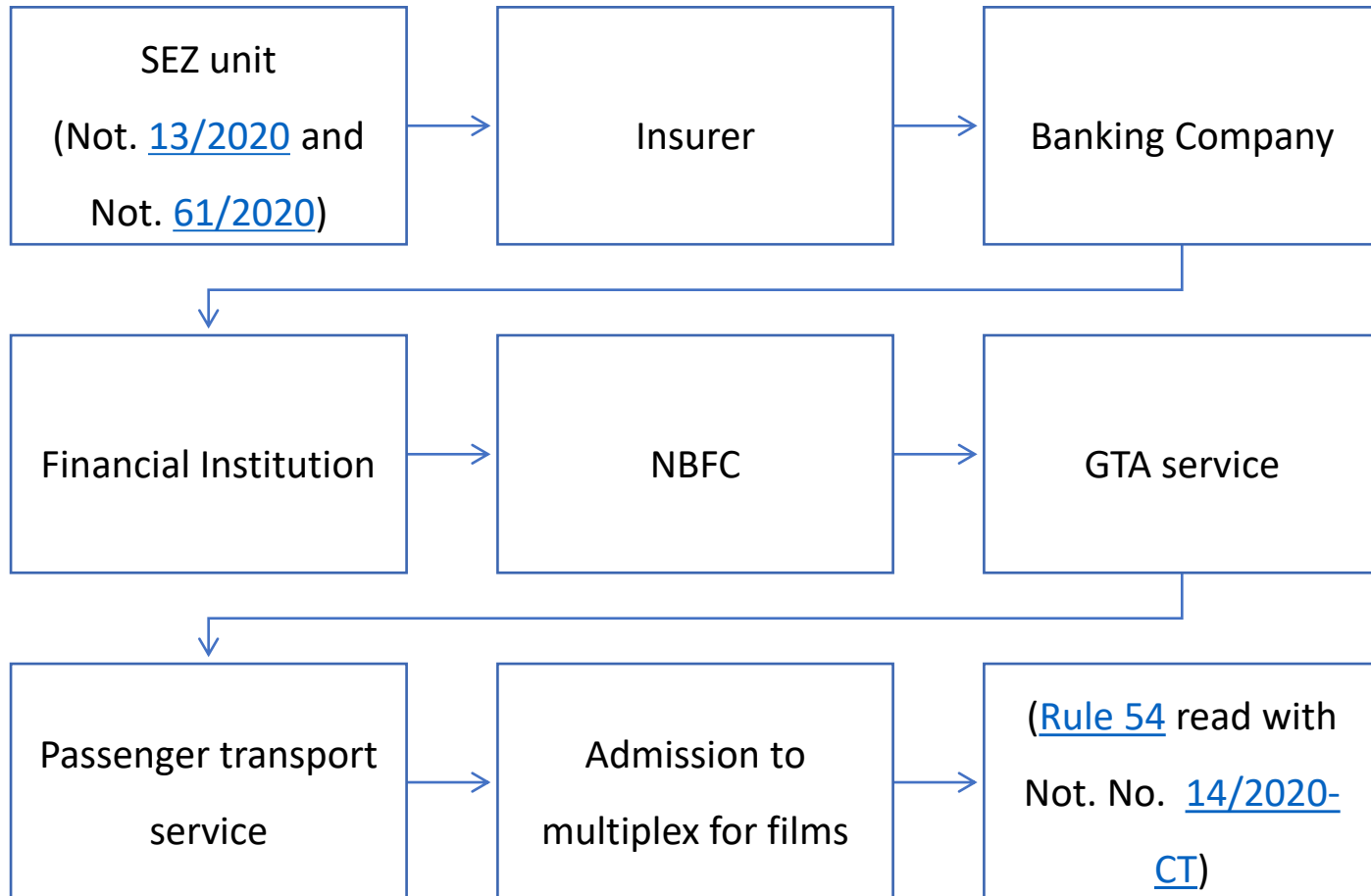
*(2) Notwithstanding anything contained in this section, **no registered person shall be entitled to the credit of any input tax in respect of any supply of goods or services or both to him unless:***

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

E-invoicing

Not applicable to whom?

Exemption from e-invoicing!



Exemption from e-invoicing!

SEZ

- Exclusion is for 'SEZ unit' and not 'SEZ Developer'

Banking etc

- Its qua the 'entity' (updated FAQs)

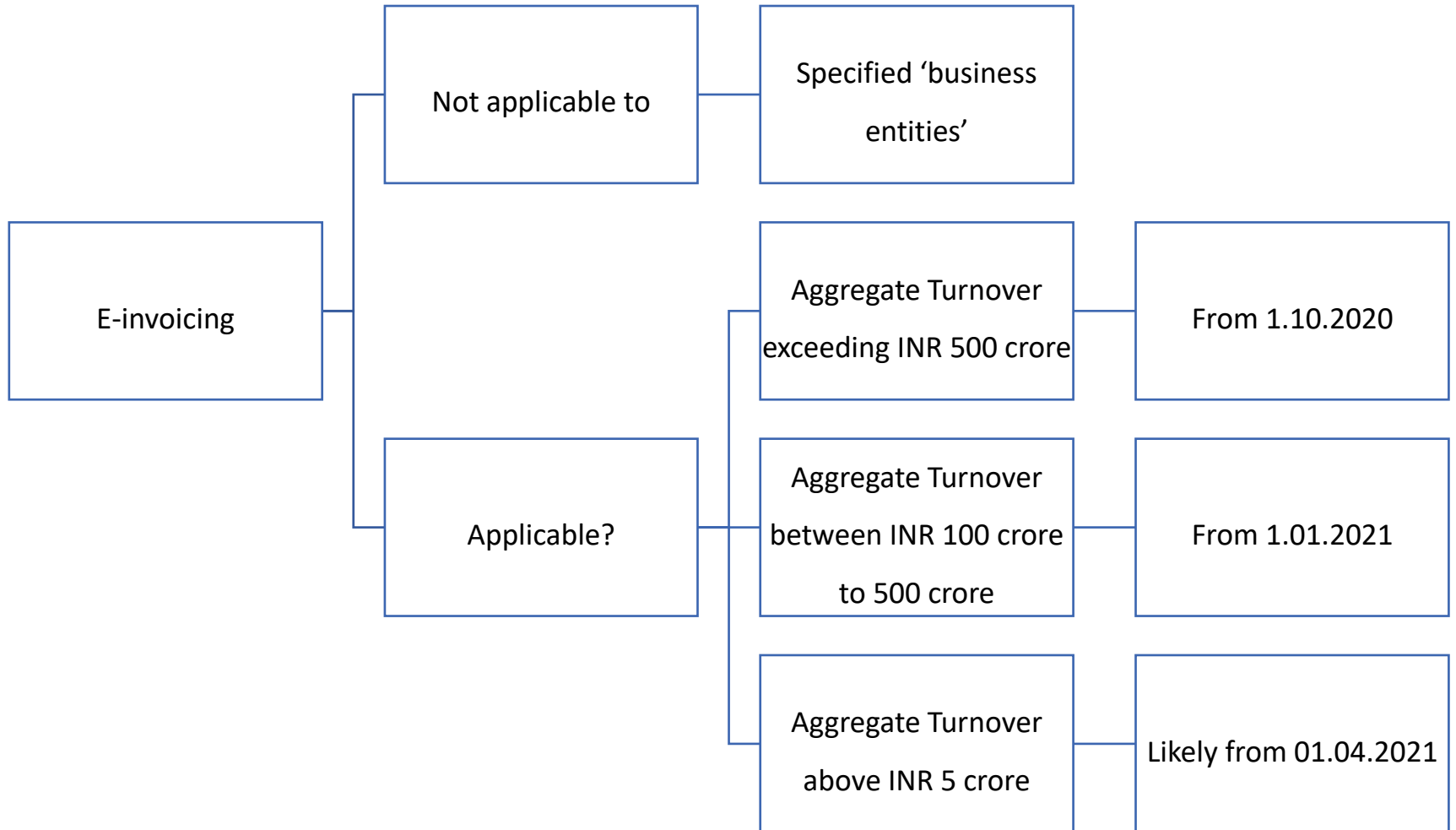
ISD

- Not applicable

E-invoicing

Applicable to whom?

Is it applicable to everyone?



'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; “*

FY and exports!

[[Not. No. 13/2020](#) amended vide [Not. No. 70/2020](#) and [Not. No. 88/2020](#)]

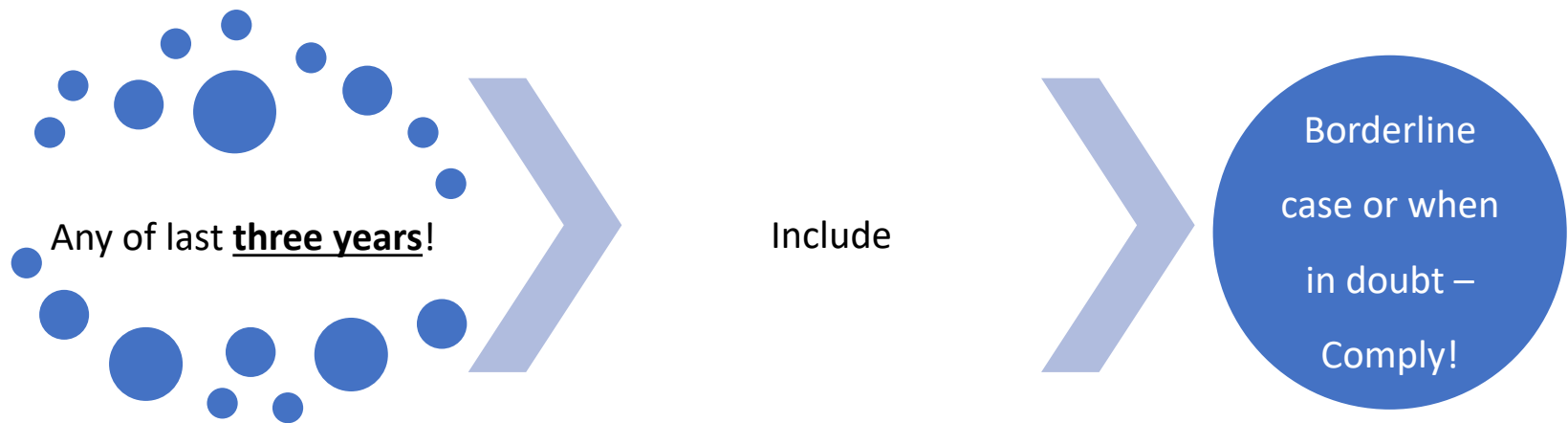
Any FY from FY 2017-18!

- “...aggregate turnover in ~~a~~ *financial year* any preceding financial year from 2017-18 onwards exceeds...”

Exports to be counted!

- “...in respect of supply of goods or services or both to a registered person *or for exports*”

Aggregate Turnover!



- Exempt supplies
- Exports
- Supply to distinct persons (Look beyond Financials or GST returns!)

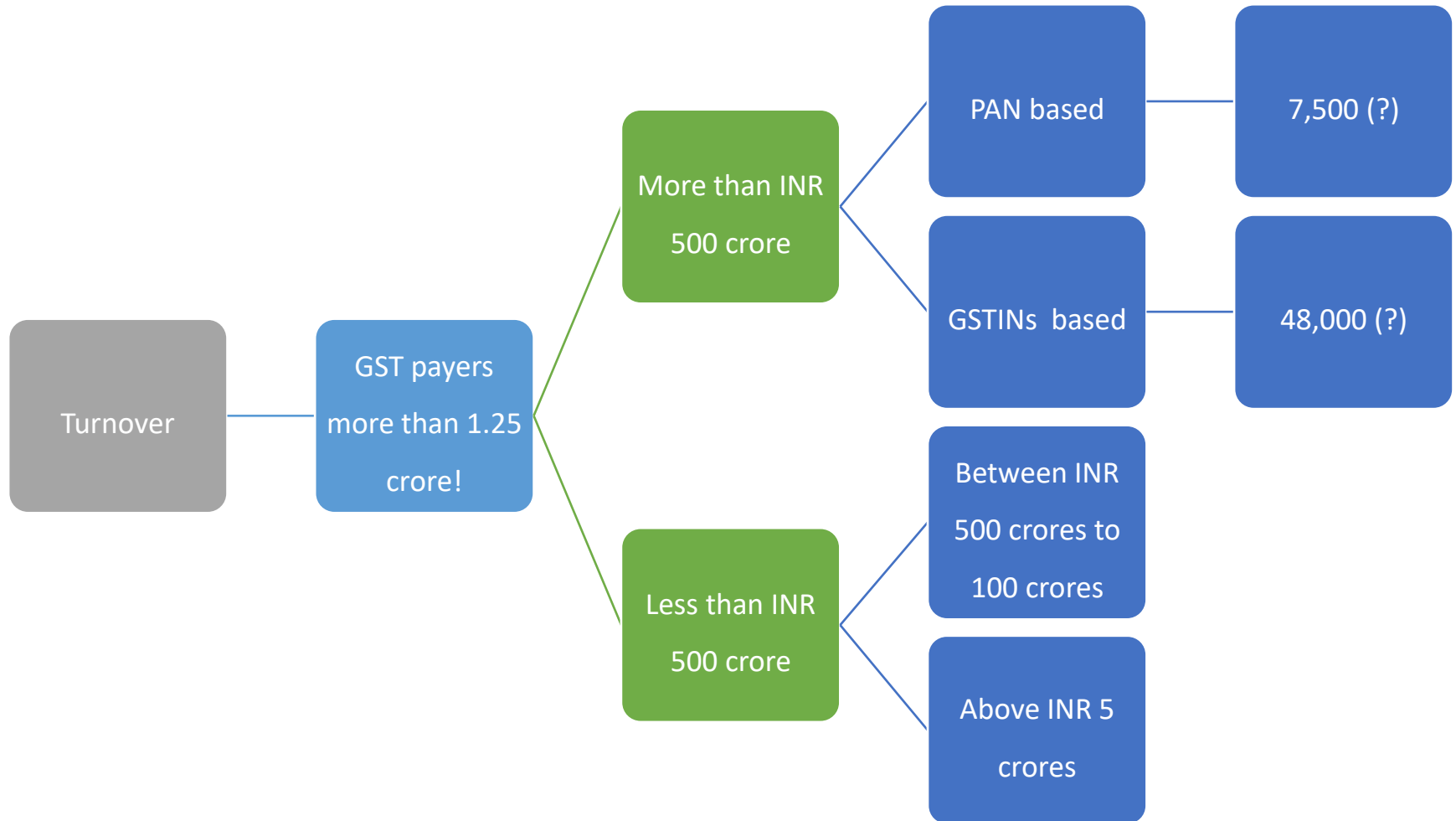
You may check!

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

The screenshot displays the 'Status of E-Invoice enablement of Taxpayer' page on the GST e-Invoice System. The page features a blue header with 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 content area contains a form with a 'GSTIN:*' label, an empty input field, a CAPTCHA image showing 'Q7XXD', and a text box labeled 'ENTER ABOVE CAPTCHA'. Below the text box are 'Go' and 'Exit' buttons. A note on the right states '*[Indicates mandatory fields]'. The footer includes 'Version 1.01' and '© 2020 - Powered By National Informatics Centre.' The Windows taskbar at the bottom shows the search bar and various application icons.

Which entities are likely to be affected?

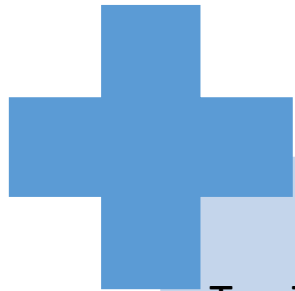
Likely impacted taxpayers in India!



E-invoice registered suppliers - 32K!

- NIC has issued list of GSTINs who have issued e-invoices (i.e. entities above INR 500 crore turnover)
 - https://lnkd.in/e_pzi5p
- Remaining taxpayers?
 - What if turnover of last three years is considered?

GST Revenue – Pareto analysis!



Top 7%
(above INR 5 crore turnover)

Contribute more than 80% of
GST revenue!

- Phase-wise implementation
(by reduction in threshold)

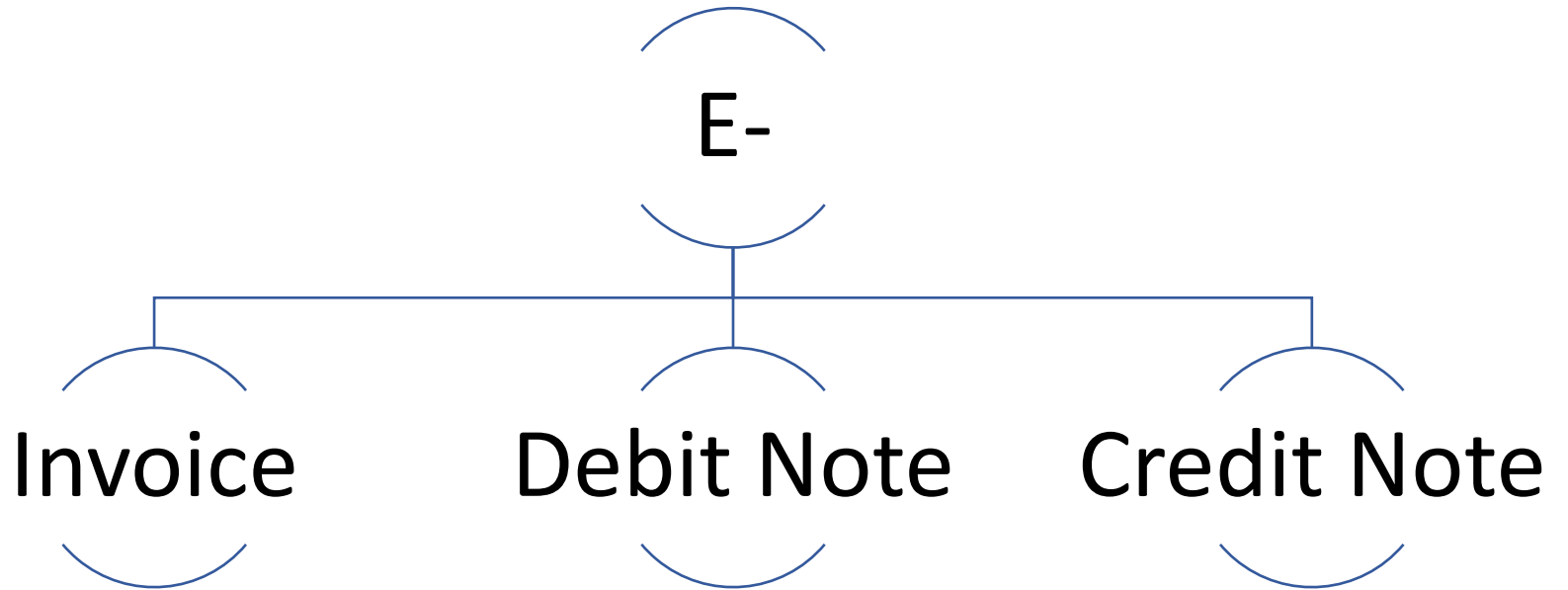


What's my name...

What's my name...

What's my name... !

My name is...!



Applicable or Not!

E-invoicing - Applicable!

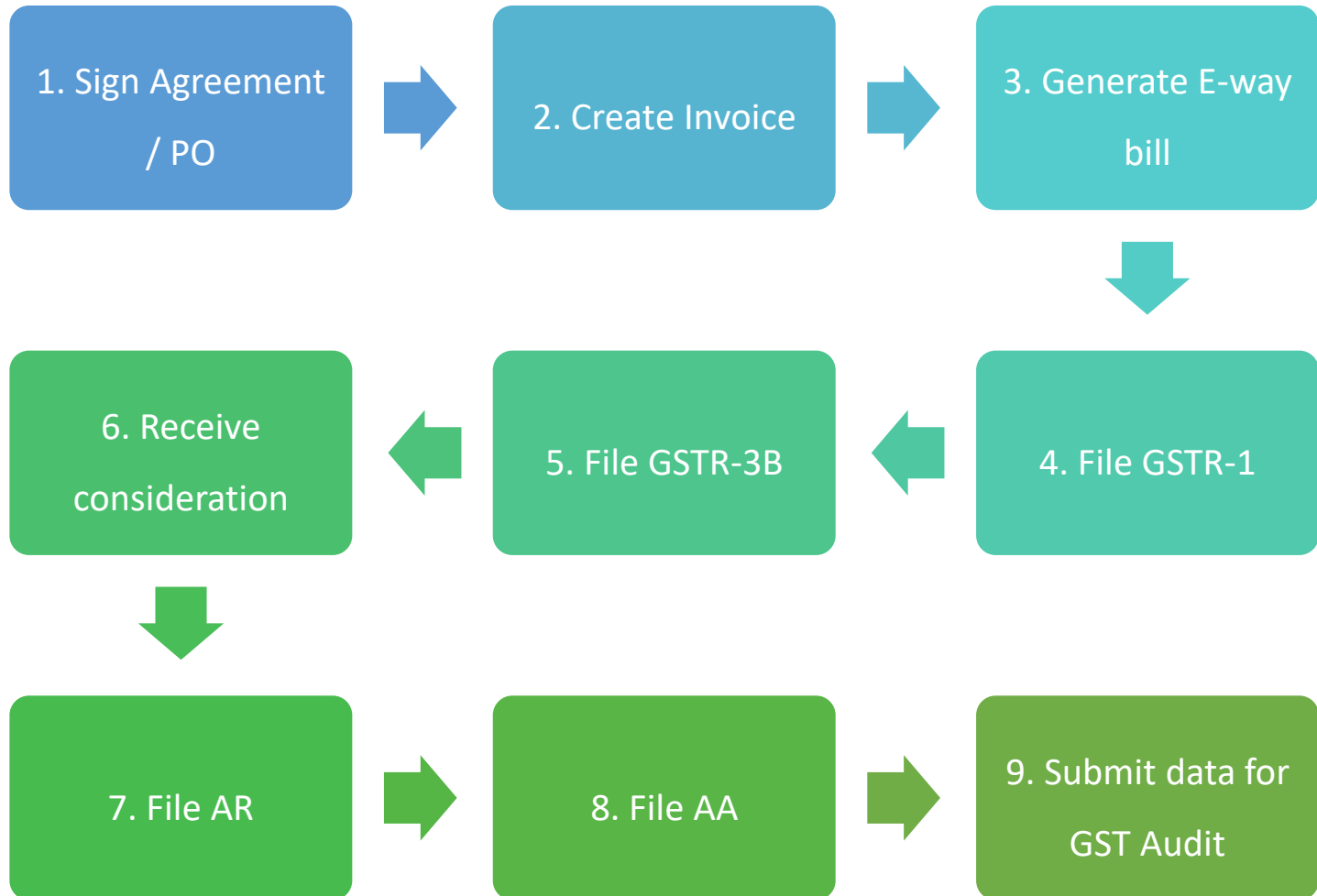
B2B supply	Deemed Supply (Distinct Person)	Supply by SEZ Developer
Export	Deemed export	Credit Note/ Debit note (issued after 1 st January 2021)
	Supply to Government / PSUs	

E-invoicing - Not applicable!

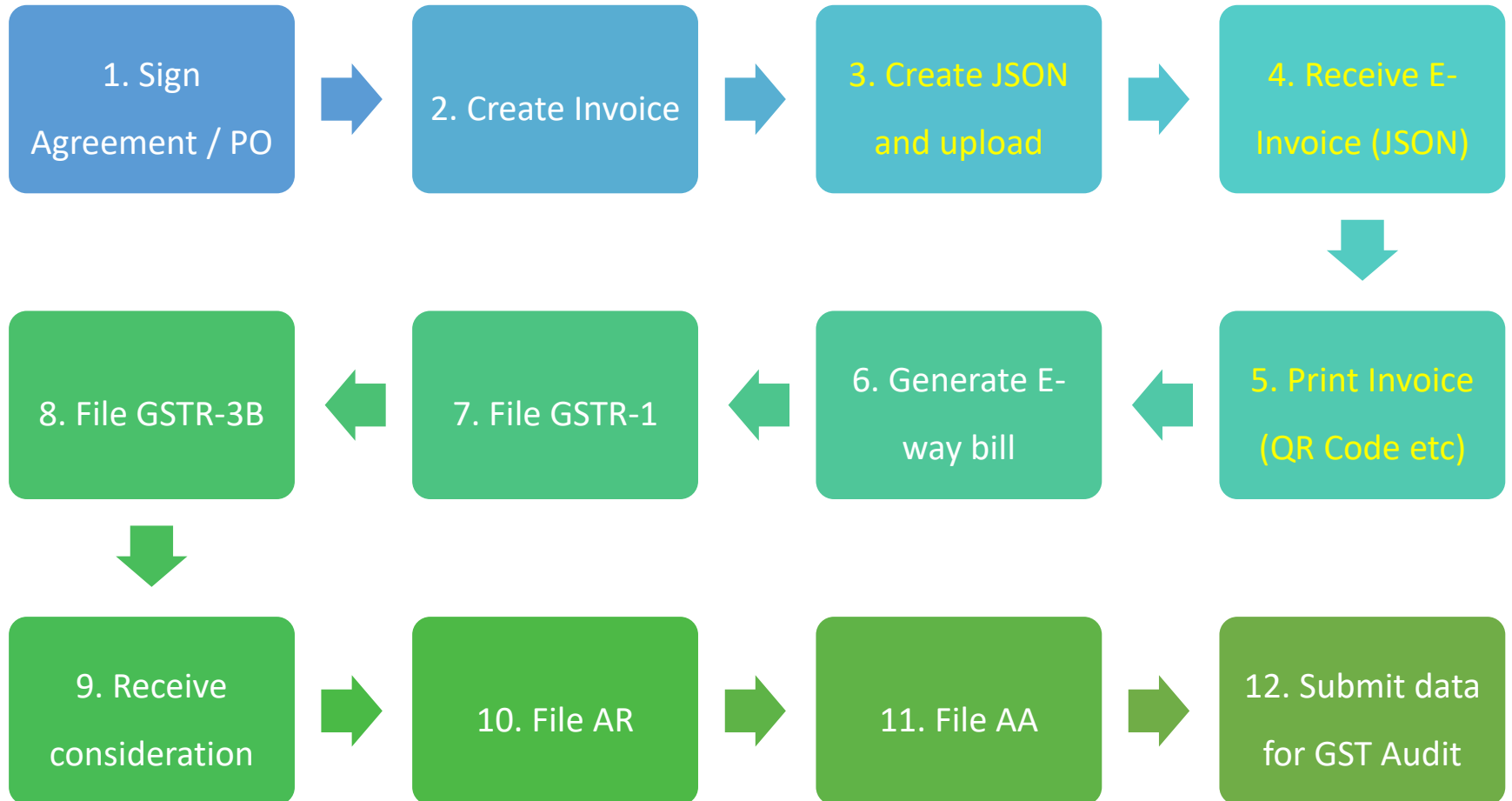
Bill of Supply	Delivery / Job Work Challan	B2C	Import
ISD	Exempt supply	RCM (eg. recipient paying advocate)	Invoices prior to 31 st December 2020 (for above INR 100 crore)
	Financial Credit Note (?)	Supply by SEZ units, banks, NBFC etc	

E-invoicing - Process

Process – Before!

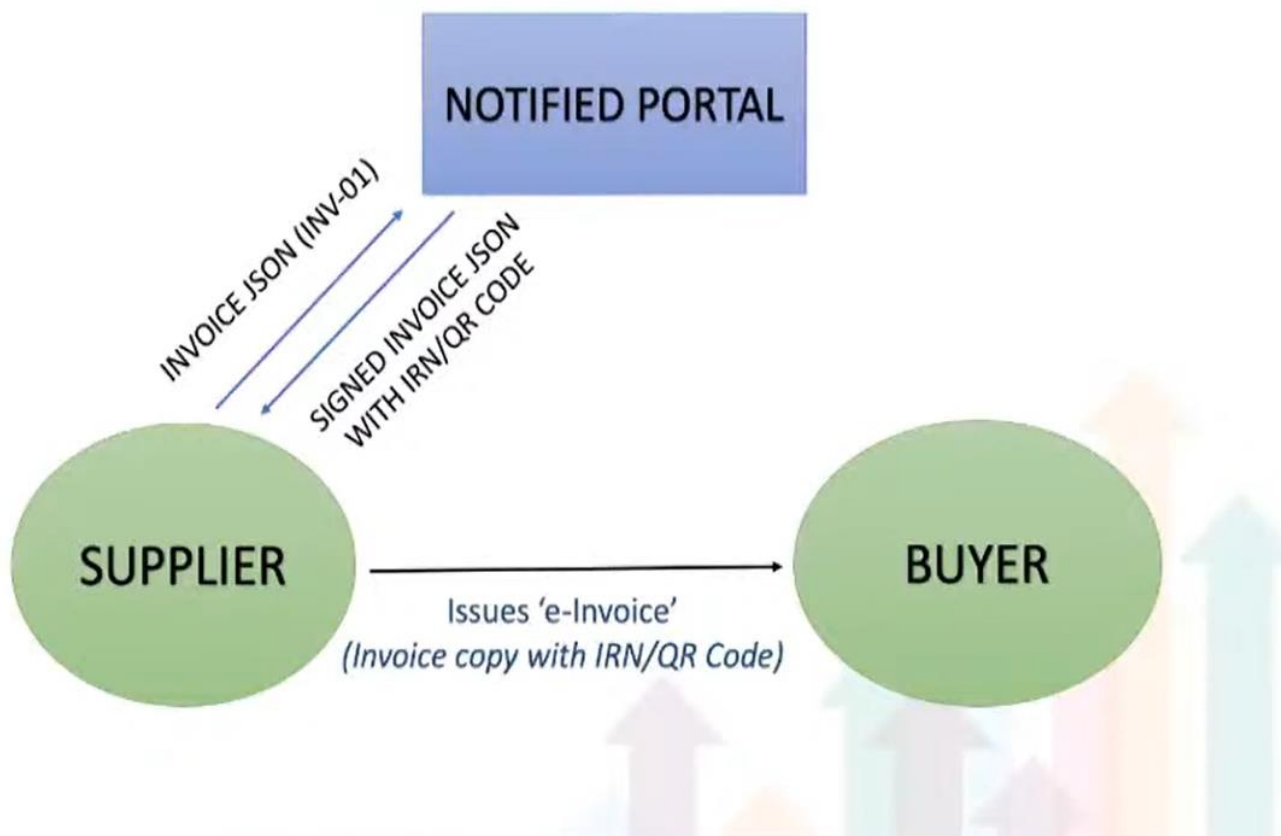


Process – After!



What will change!

Issuing invoice in e-invoicing scenario



Who will generate?

Who to generate!

E-way Bill

- Supplier
- Recipient
- Transporter

E-invoice

- Supplier
- E-comm. operator

How to prepare E-invoicing?

E-invoicing –

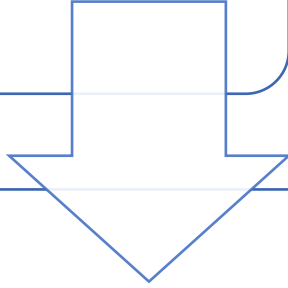
Step Plan for Suppliers!

Step Plan for Suppliers!

[Using Bulk IRN Generation Tool]

1. Preparing the data sheet (refer [Bulk IRN Generation tool](#)):

- Supply of goods - B2B [Intra-State or Inter-State], Supply to SEZ (with or without payment), deemed export, export (with or without payment), etc
- Supply of services - B2B [Intra-State or Inter-State], Supply to SEZ (with or without payment), deemed export, export (with or without payment), etc



2. Ideally, aforesaid data/details should be available in ERP/accounting system. Thus, after retrieving data, these details should be added in Bulk IRN generation tool (this is applicable if API integration is not done!)

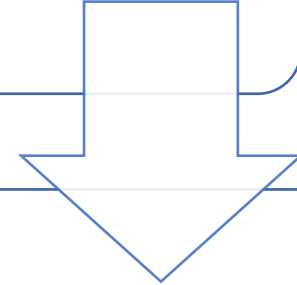
Step Plan for Suppliers!

[Using Bulk IRN Generation Tool]

3. Login into the e-invoice portal

(<https://einvoice1.gst.gov.in/>). Login to e-invoicing portal

can be done with e-way bill credentials.

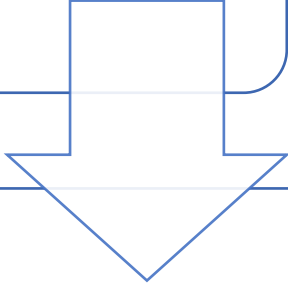


4. Upload the JSON file. After this, JSON with QR/
IRN will be received from the e-invoice portal.

Step Plan for Suppliers!

[Using Bulk IRN Generation Tool]

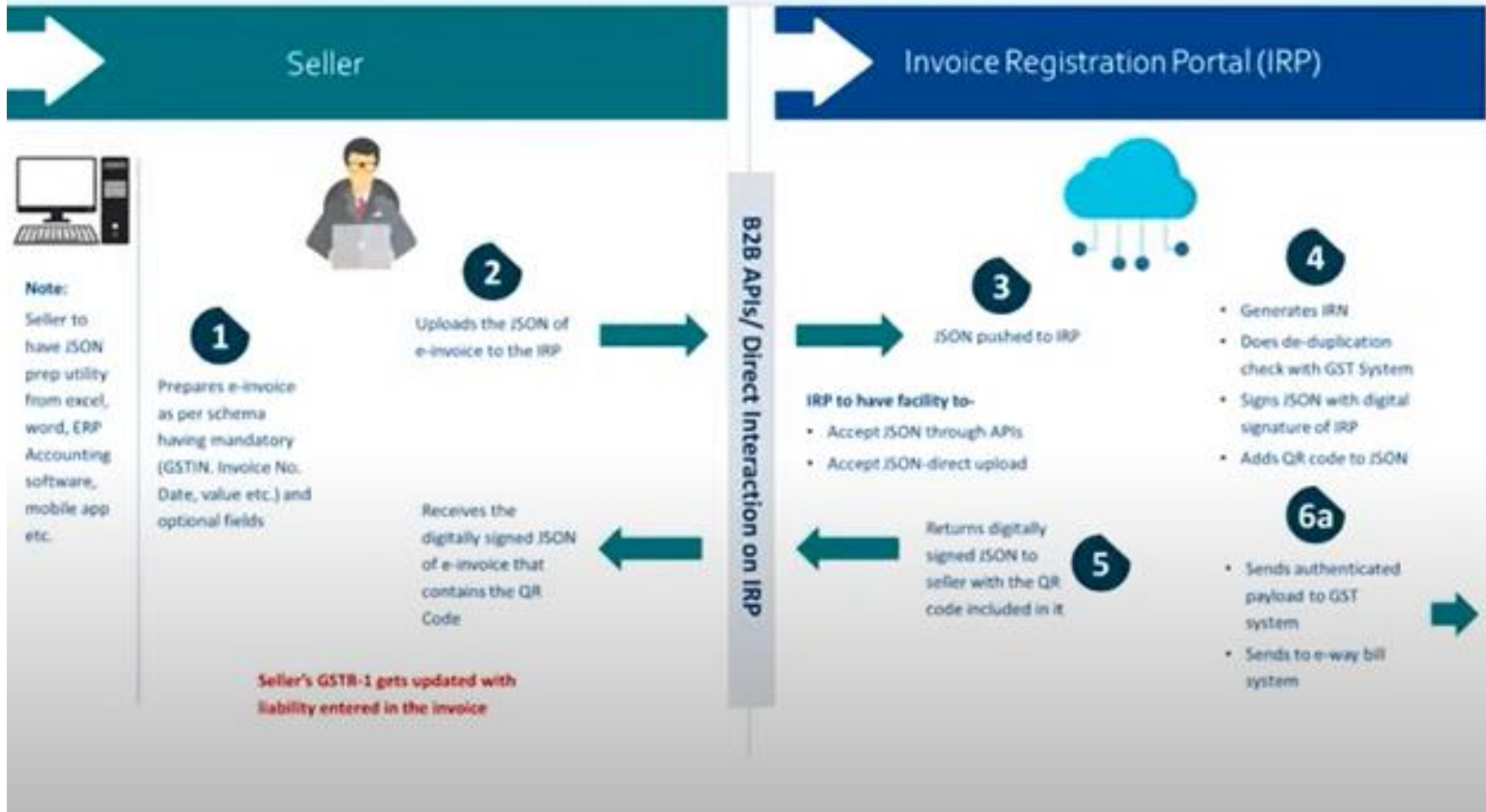
5. Subsequently, after adding QR code, the tax invoice can shared with customers. Before adding the QR code in the invoice, QR code should be converted into a picture. If required, IRN or Ack. no. can also be added in the invoice.



6. Then the final sample invoice and layout would be reviewed (one each for all sample transaction types). After taking print, QR code should be **legible** and QR code should be on the **first page of invoice**.

Process –Seller IRP Flow of Activities

A. Seller-IRP Flow of Activities



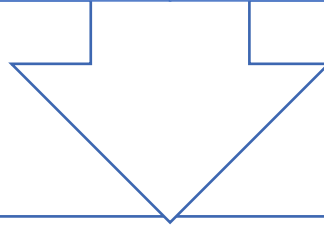
IRN and QR code

IRN and QR Code

After uploading JSON, validation by IRP various parameters like

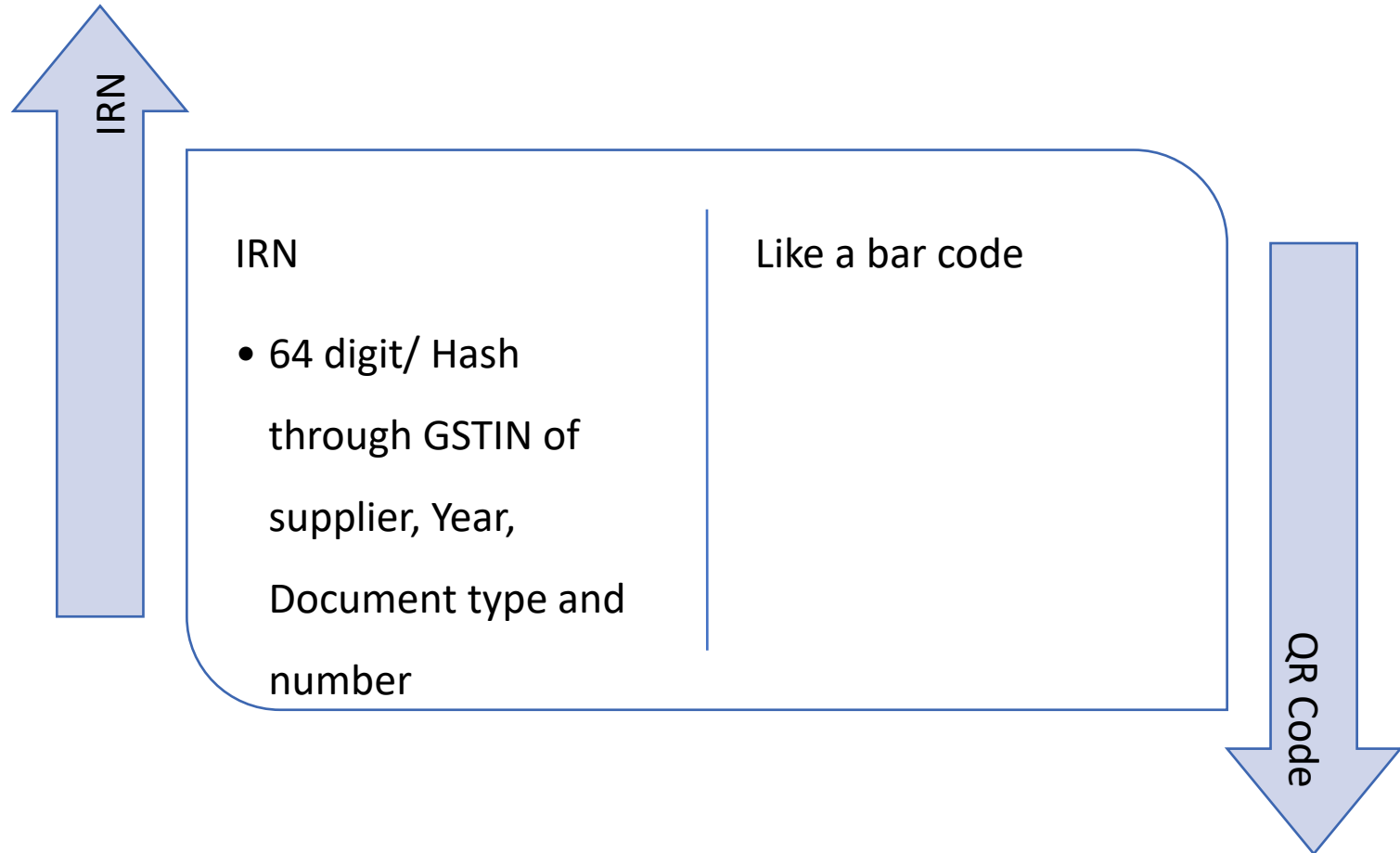
GSTIN of Supplier and Recipient

Invoice Number (Duplication Check)



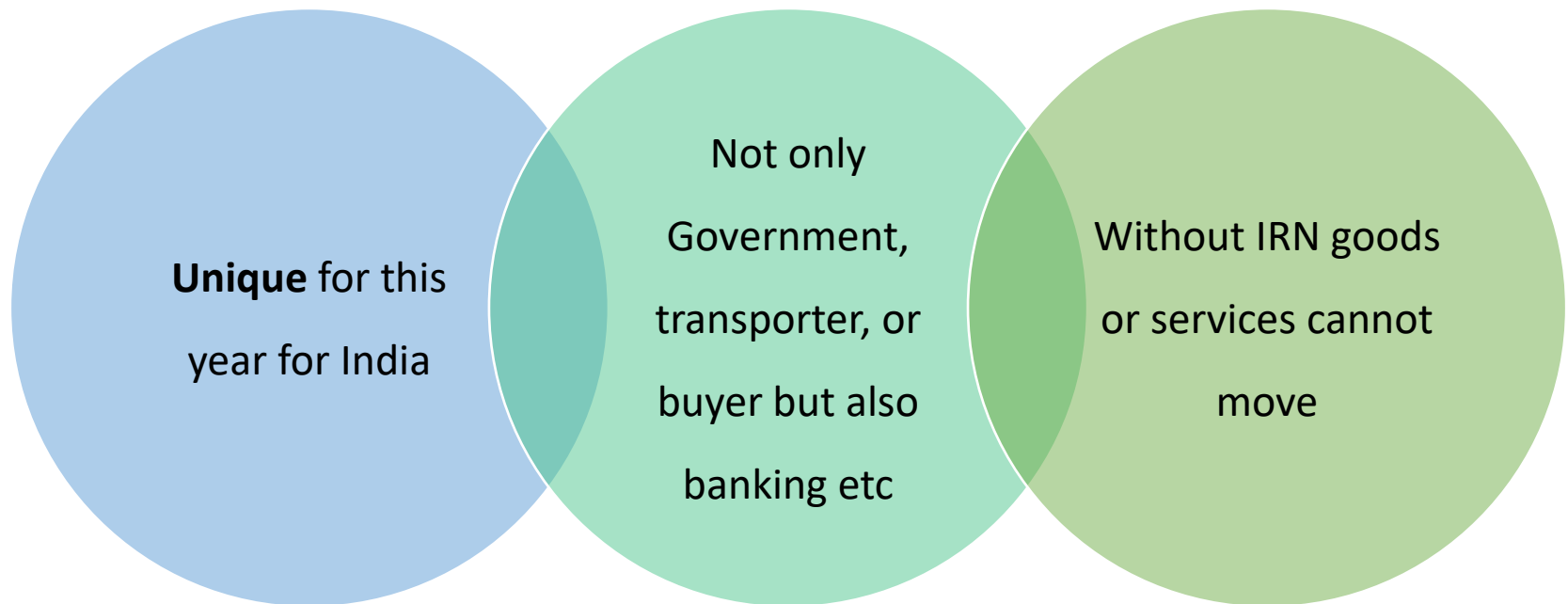
After validation, IRN and QR Code generated

IRN and QR Code



IRN

IRN – Relevance!



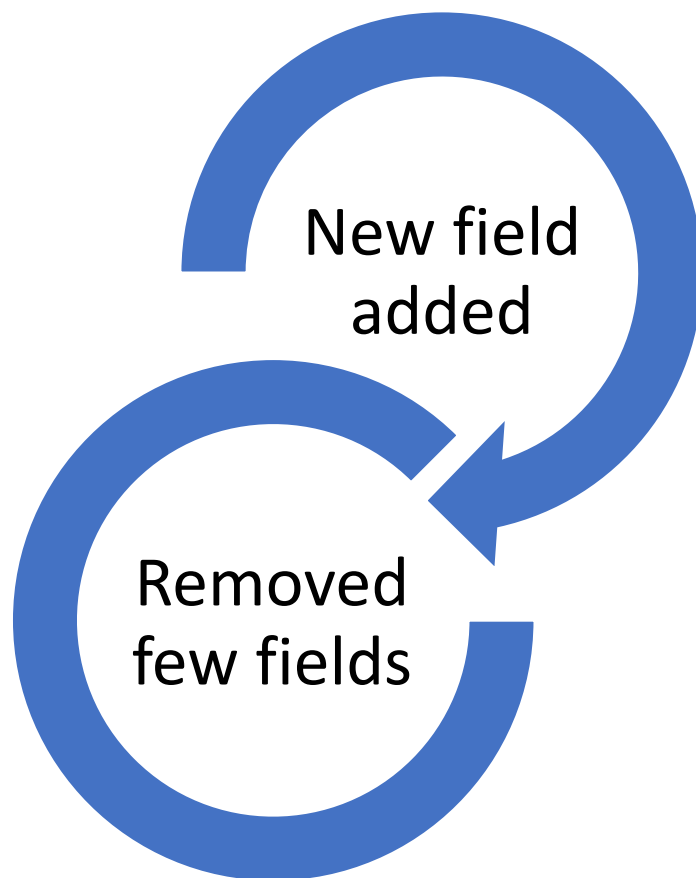
QR code

QR Code

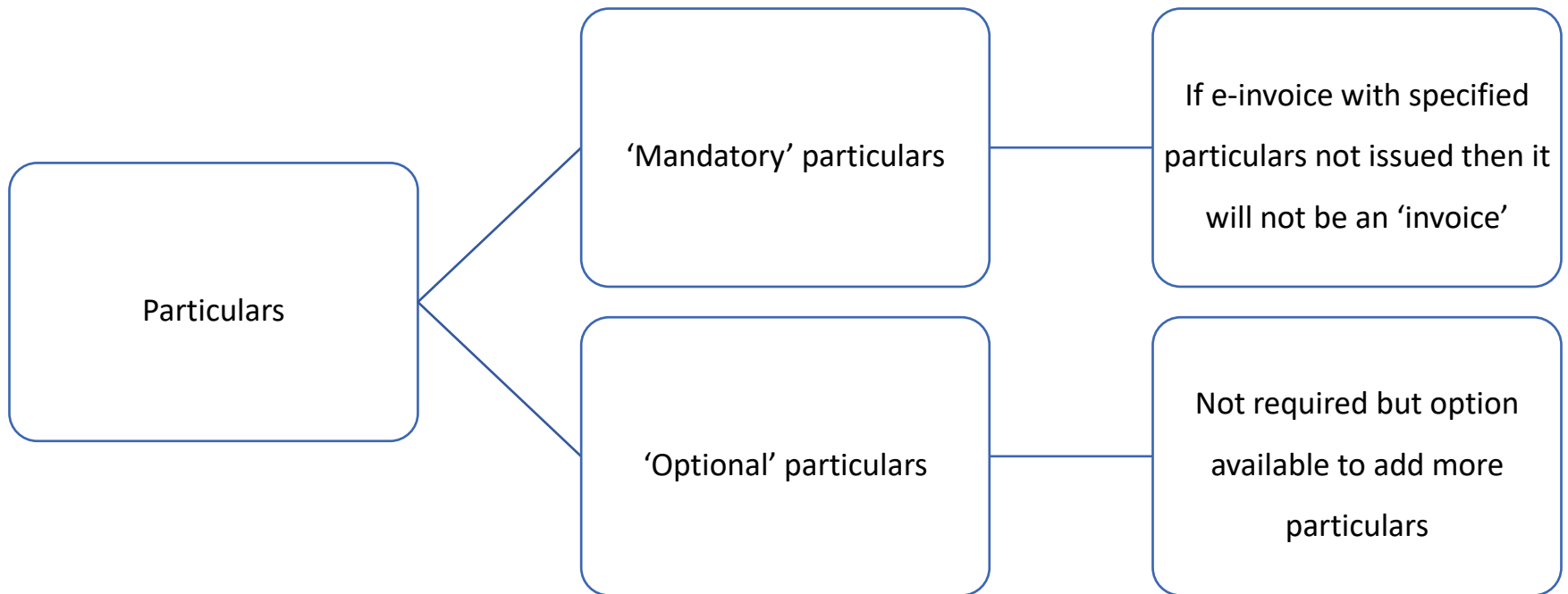
- Through QR code, following particulars will be available:
 1. GSTIN of supplier
 2. GSTIN of Recipient
 3. Invoice number as given by Supplier
 4. Date of generation of invoice
 5. Invoice value (taxable value and gross tax)
 6. Number of line items.
 7. HSN Code of main item (the line item having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

Invoice contents

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



E-Invoice Schema contents!



INV-01

12 parts

- 5 mandatory

133 fields

- 29 mandatory
- 16 conditional mandatory

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

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

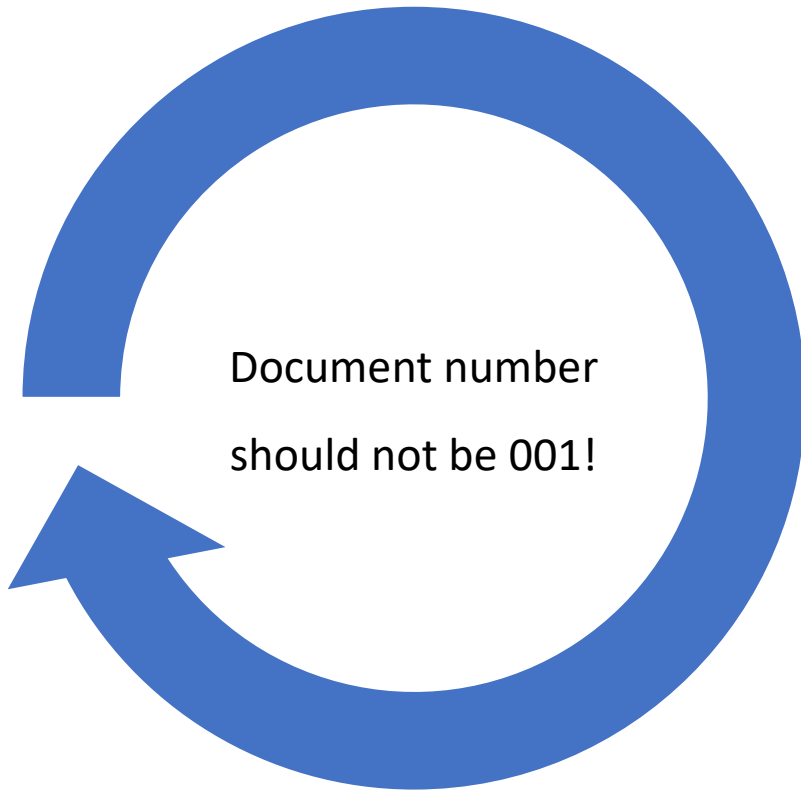
4. Origin Country of Item

5. Expiry Date

6. Warranty Date

7. Amount due /outstanding etc

Invoice Contents – Formats



- Human can understand
but machines cannot!

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'

Digitally Signed Invoice



GOODS AND SERVICES TAX
e - INVOICE SYSTEM

सत्यमेव जयते



NIC
एन आई सी
National
Informatics
Centre



✓ This is Digitally Signed Invoice

Government of India e-Invoice System



1.e-Invoice Details

IRN : 11f153fbd9d3993fefe529dc0e7ebaa3bc02fc20
26212198e6c3fa6de66f4dd1 **Ack. No** : 12102603869 **Ack. Date** : 09-06-2020 10:57:00

2.Transaction Details

Category : B2B **Document No** : NIC12/C5556656
Document Type : Invoice **Document Date** : 08-06-2020 **e-Com GSTIN** : 03bnpm9430m1kl

3.Party Details

Seller

Purchaser

Invoice copies

Invoice copies

Normal invoice copies

Goods [Rule 48 (1)]

- Original for recipient
- Duplicate for transporter
- Triplicate For Supplier

Services [Rule 48 (2)]

- Original for recipient
- Triplicate For Supplier

E-invoice

Rule 48 (1) and (2) not applicable to e-invoice
[refer Rule 48 (6)]

Documents to be carried!

Rule 138A. Documents and devices to be carried by a person-in-charge of a conveyance

(1) The person in charge of a conveyance shall carry—

(a) the invoice or bill of supply or delivery challan, as the case may be; and

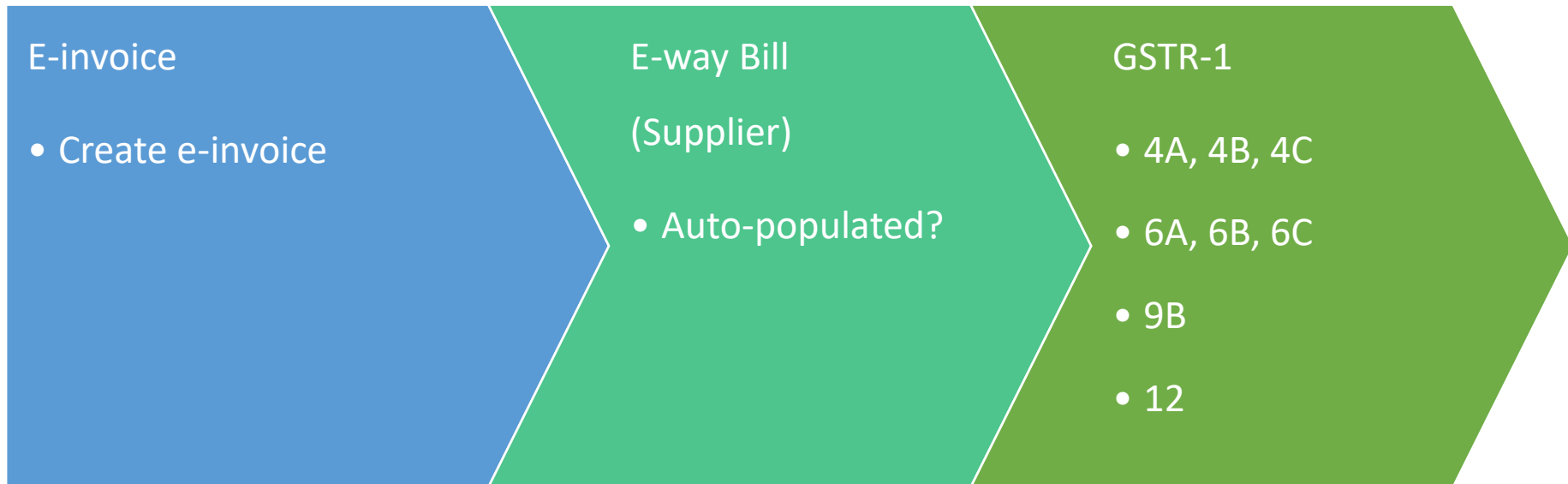
(b) a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner

...

*(2) In case, **invoice** is issued in the manner prescribed under sub-rule (4) of rule 48, the Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced **electronically**, for verification by the proper officer **in lieu of the physical copy** of such tax invoice [[Not. No. 72/2020](#)]*

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

Cancellation of E-invoice

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!

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

  एन आई सी
National Informatics Centre

Home User

e-Invoice Cancel

Based On : Ack No. IRN

Enter Ack. No. :

Version 1.01 © 2020 - Powered By National Informatics Centre.

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

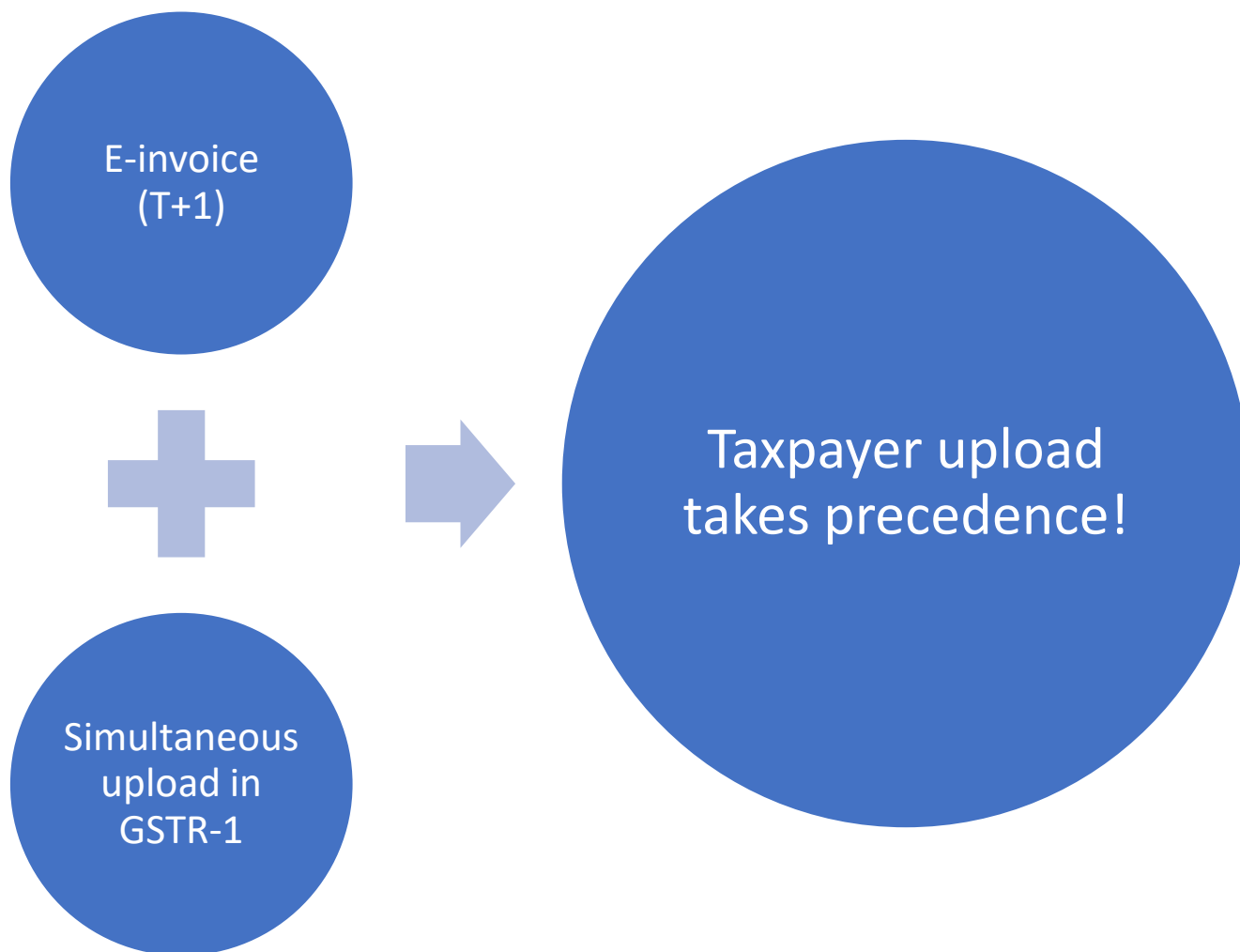


E-invoice - Corrections?

After generation of E-invoice:

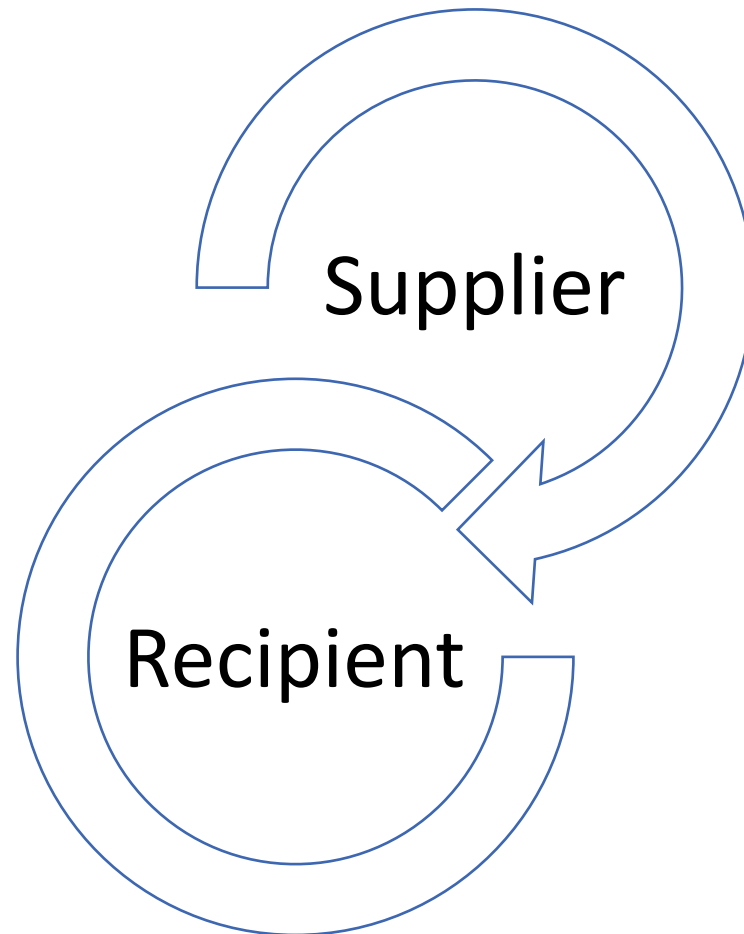
- Subsequent changes can be done in GSTR-1!
- Audit trail will be available for Authorities

What if!



E-invoicing – Challenges for Suppliers!

Challenges – Recipient



E-invoicing – For?

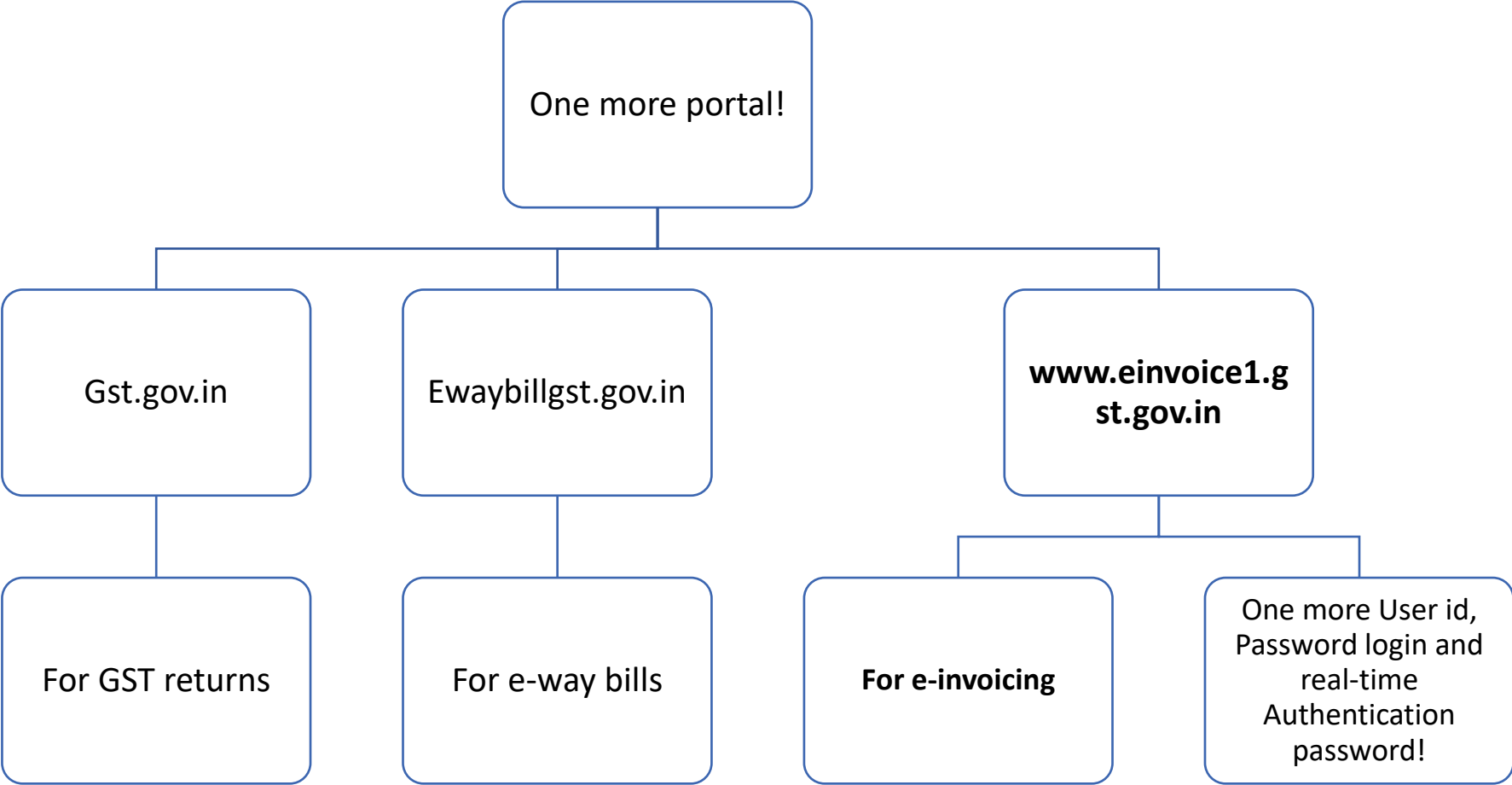
Tax evasion

- By large taxpayers?

Timing

- Increase in compliances!

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

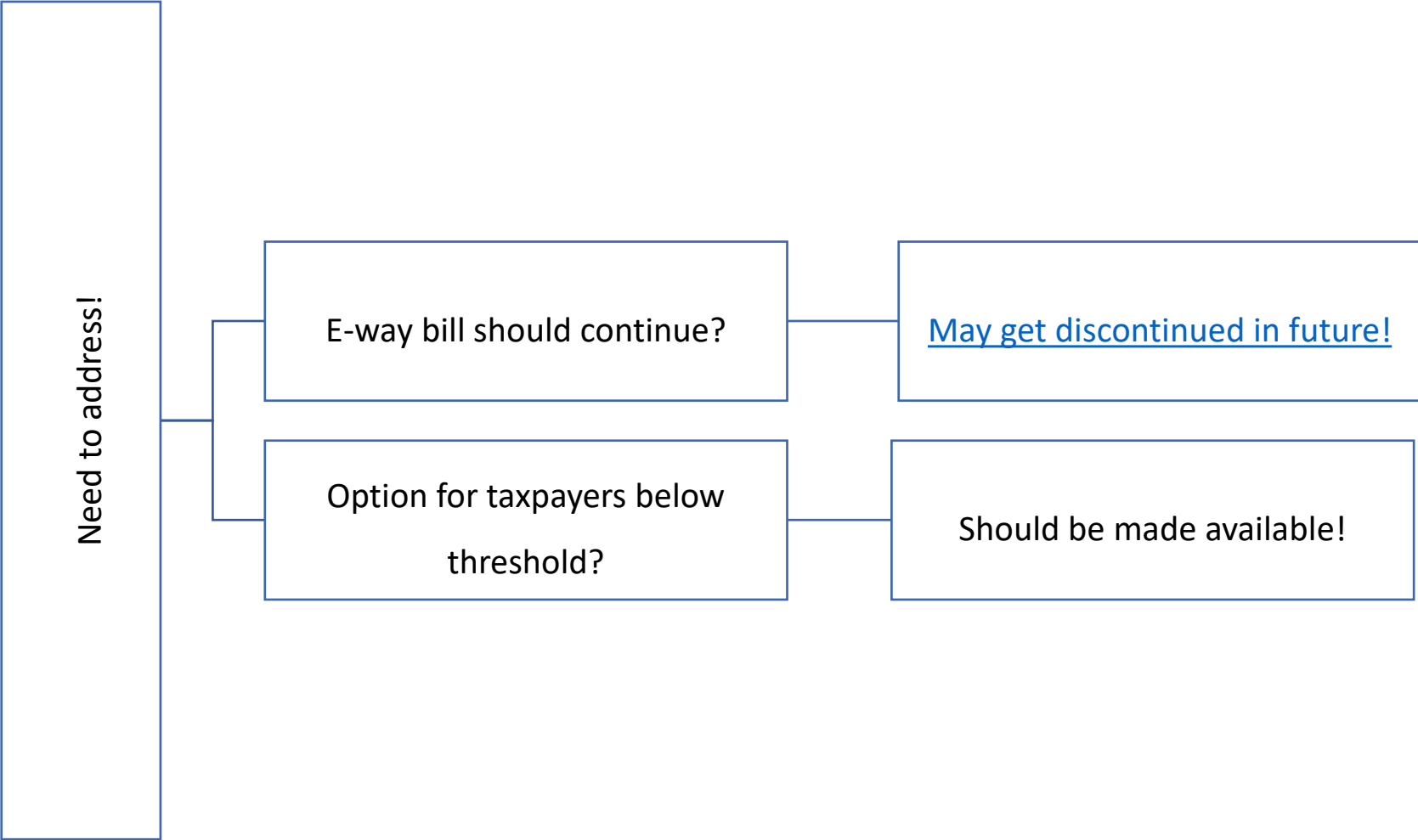


Login and check whether details auto populated in GSTR-1



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

Challenges – Others!

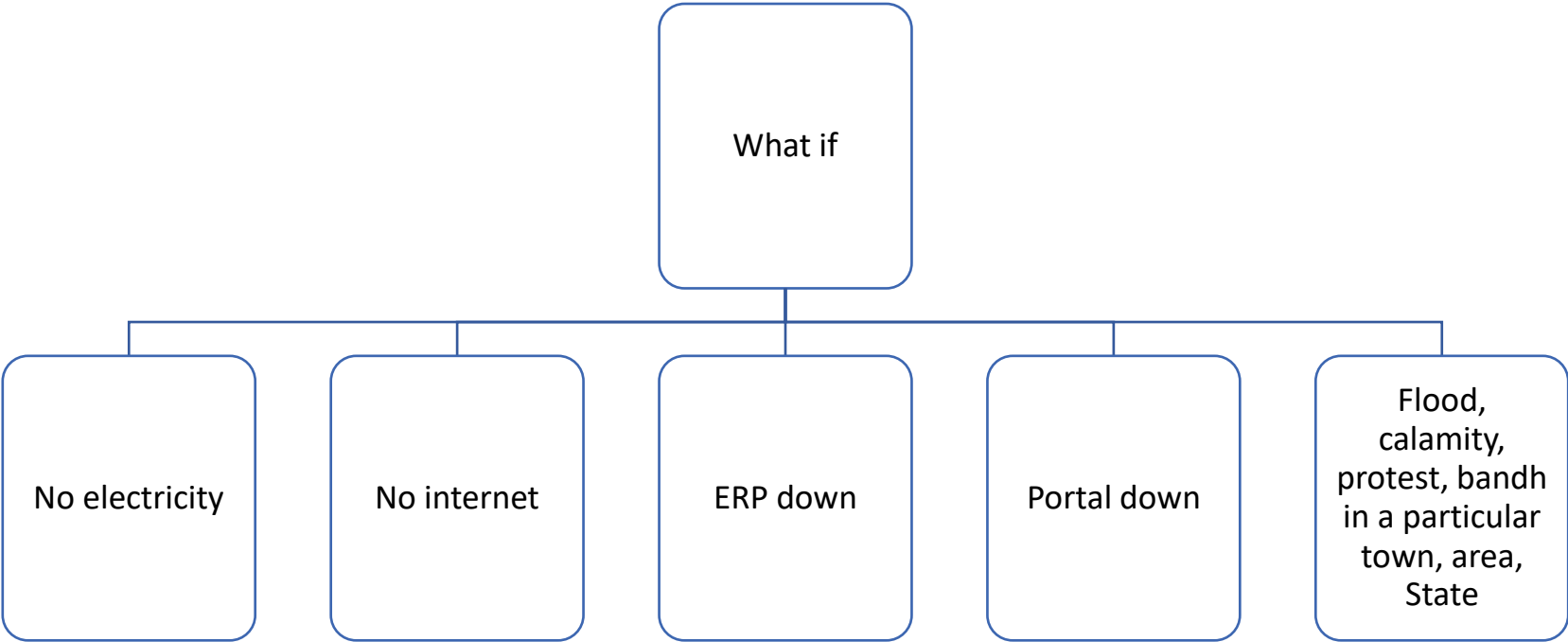


Challenges – Re-conciliations!

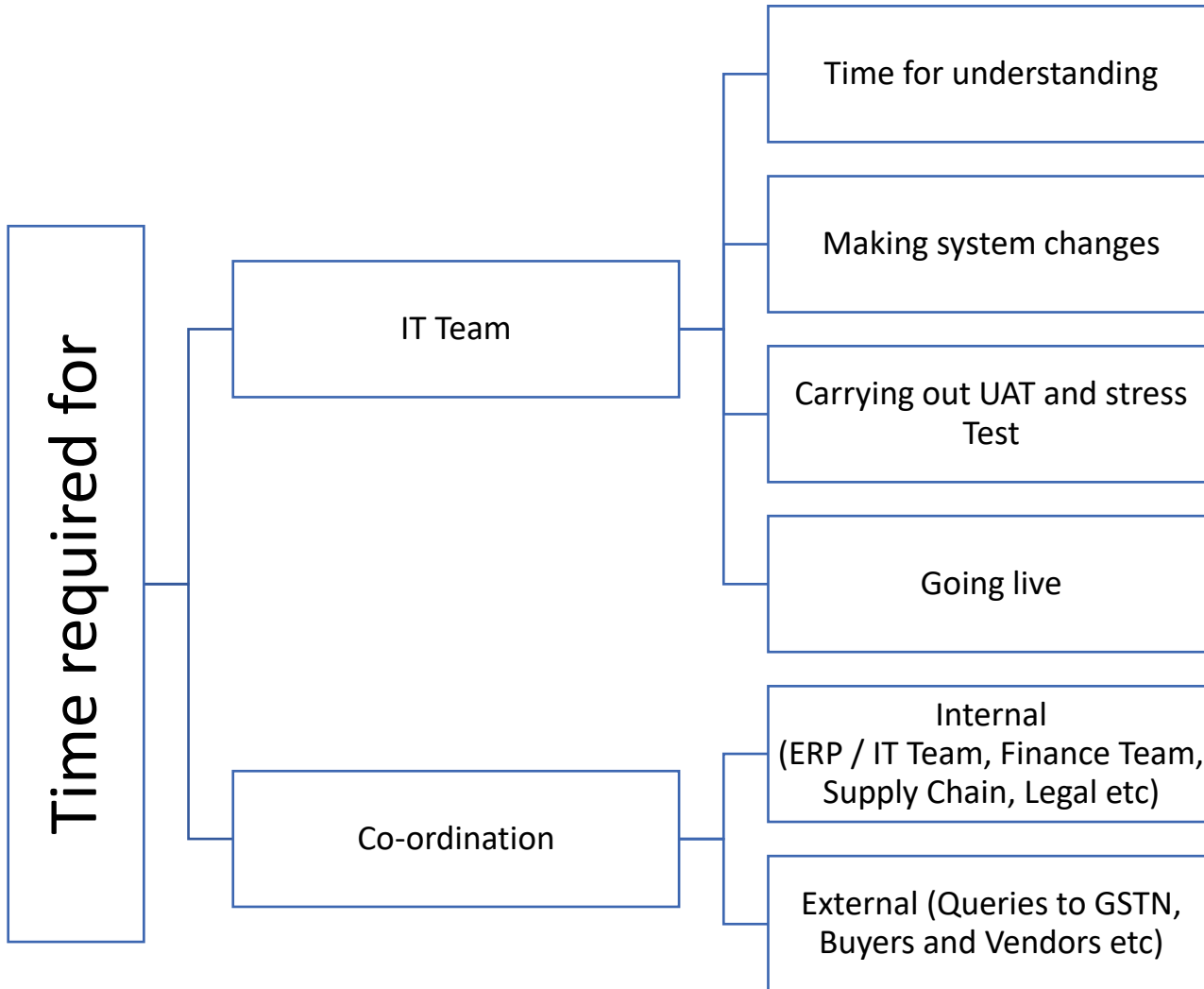
Few more re-conciliations!

- 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!



E-invoicing – Challenges to Recipient


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.

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Challenges – Expenses

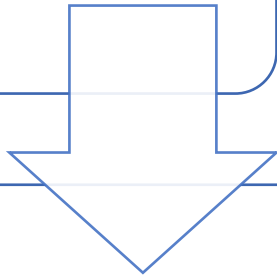
Particulars	Goods	Service
<ul style="list-style-type: none">• Tax Invoice / BoS• QR Code, if applicable• E-way bill, if applicable	<ul style="list-style-type: none">• Yes• Yes• Yes	<ul style="list-style-type: none">• Yes• Yes• NA

E-invoicing –

Step Plan for Recipient!

Step Plan for Recipients!

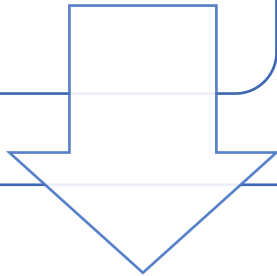
1. Initiate **discussion** with the vendor about applicability of E-Invoice and/or turnover confirmation!



2. Appropriate **clause** to be included in the Agreement and/or PO to cover the risk of ITC on account of Non-compliance by vendor!

Step Plan for Recipients!

3. From 1st October 2020 to 31st October 2020 – From the vendors to whom e-invoicing is applicable, receive IRN (either on real-time basis or within 30 days from date of invoice) for Tax invoices, Credit Notes, Debit Notes issued after 1st October 2020!

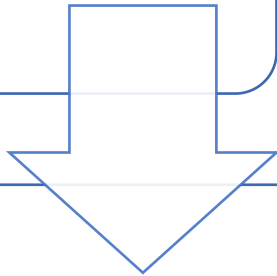


4. From 1st November 2020 – From the vendors to whom e-invoicing is applicable, receive IRN on real-time basis!

Step Plan for Recipients!

5. Expenses with e-invoice and without e-invoice could be accounted **separately** to trace valid Tax Invoice.

Also, try to add IRN No./ Ack. No. in the data / master field for ease in tracking e-invoices.



6. Track Phase-wise implementation of e-invoicing and take steps as e-invoicing becomes applicable for above 100 crore from 1.01.2021!

Way Forward

Way Forward

Start early!

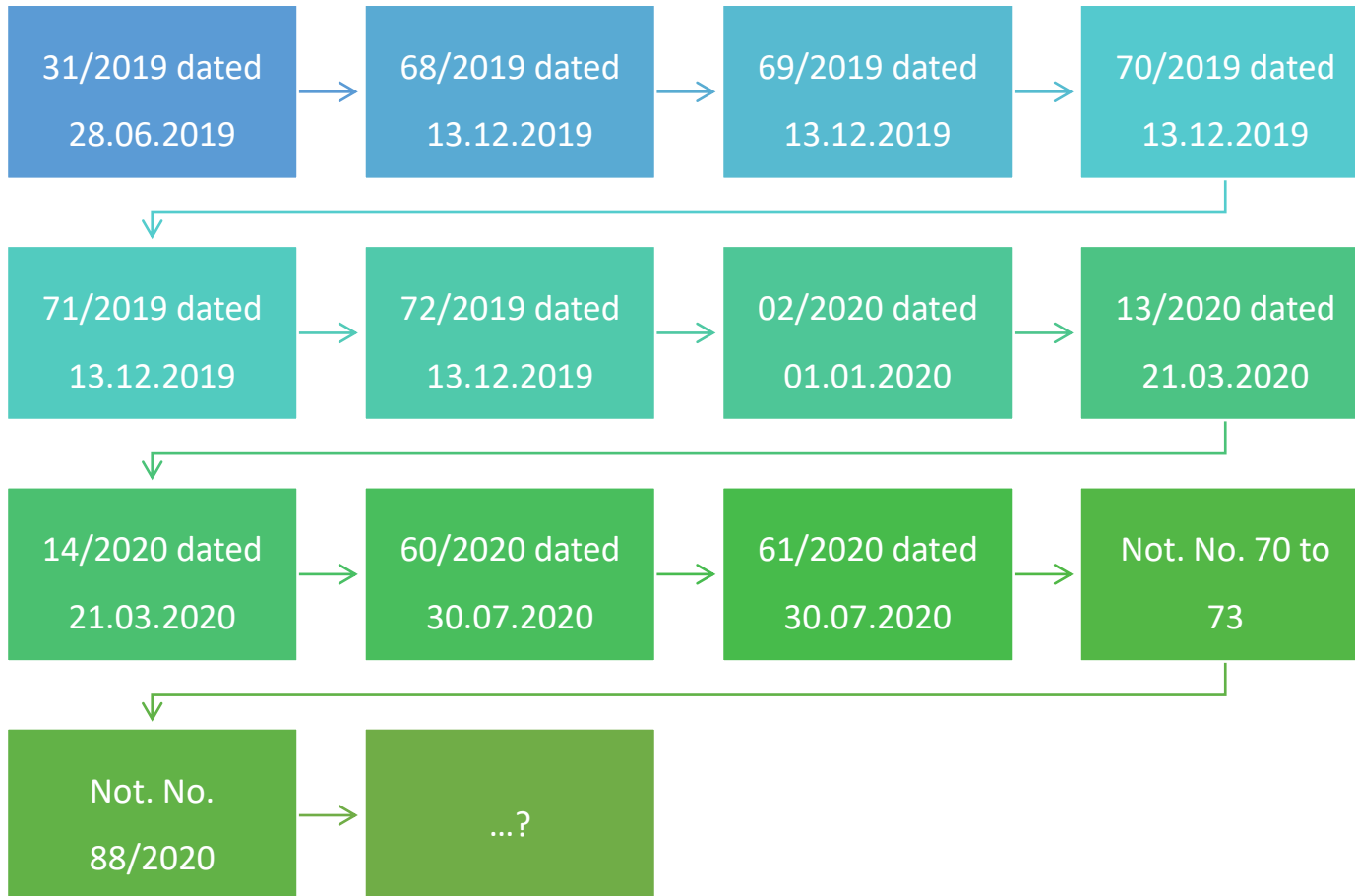
For e-invoicing implementation, work closely with:

- IT /ERP Team
- Finance Team
- Procurement Team
- Sales Team, Logistics Team etc

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 and 88/2020-CT
5.	71/2019-CT	Date for QR code notified as 1.04.2020	-

Official documents/ links on E-invoicing

No.	Notification	Remark	Amended later by
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 , 70/2020-CT and 88/2020-CT
9.	14/2020-CT	Dynamic QR Code from 1.10.2020	71/2020-CT (from 1 st December 2020)
10.	60/2020-CT	INV-01 substituted	-

Official documents/ links on E-invoicing

No.	Notification	Remark	Amended later by
11.	61/2020-CT	Turnover increased to INR 500 crore and SEZ excluded	-
12.	72/2020-CT	Rule 46, Rule 48 and 138A amended	-
13.	73/2020-CT	Relaxation for the month of October 2020	-
14.	88/2020-CT	E-invoicing applicable from 01.01.2021 for taxpayers (other than SEZ unit) whose aggregate turnover in any of FY from 17-18 exceeds INR 100 Crores	-

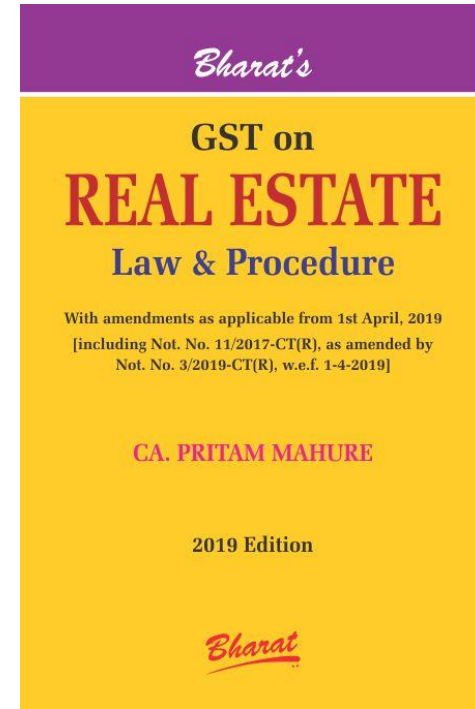
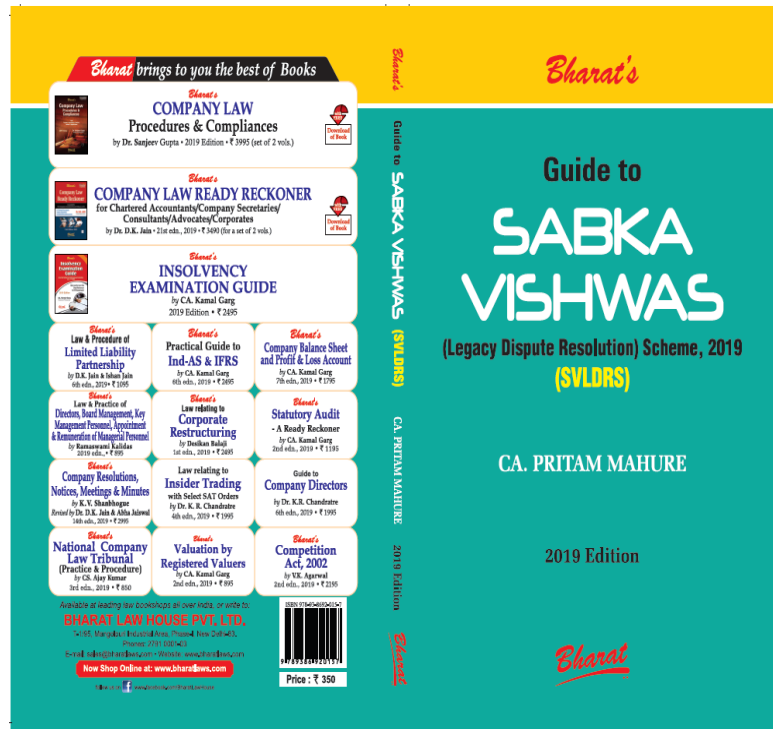
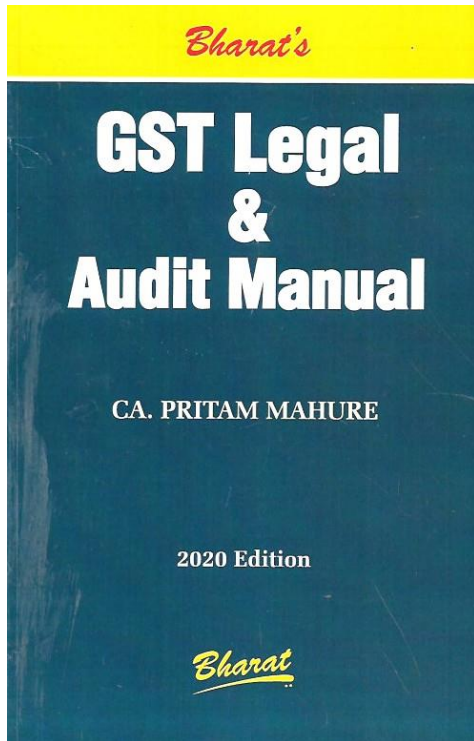
Official documents/ links on E-invoicing

No.	Link to Other Documents
1.	Rule 48 of CGST Rules
2.	Format of INV-01
3.	User Manual –Web System
4.	User Manual –Bulk Uploading
5.	Computer Based Training
6.	FAQ
7.	FAQ on QR Code
8.	E-Invoice System
9.	Webinar on e-invoice by GSTN -20 September 2020

Feedback!

- Say line items is more than 1,000
 - Support.einv.api@gov.in

Our Books



Thank you!

CA Pritam Mahure and Associates

Happy to Discuss

For suggestions: info@lawgical.in / +91 9920644648 / 020-27293425

[E-books on GST](#)

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

Smile please 😊

Its over (for the time being!) 😊

Next rush begins on or after 1.04.2021 (i.e. once taxpayers **below** INR 100 crore get covered)!