# E-invoicing

## Introduction:

The GST Council, in its 37th meeting held on 20th Sept 2019, has approved introduction of 'Electronic Invoicing' in a phased manner for reporting of business to business (B2B) invoices to GST System, starting from 1st January 2020 on voluntary basis

## Need for E-Invoicing:

Difficulty that is faced in the current invoicing system is that the Invoice generated by different software (SAP / TALLY / ORACLE etc.,) cannot be understood by the GST System. All these software uses their own formats to store information electronically and so the data on such invoices can't be understood by the GST System if reported in their respective formats. Hence a need was felt to standardize the format in which electronic data of an Invoice will be shared with others to ensure there is interoperability of the data. Standardizing the format will not impact the way the user would see the physical (printed) invoice or electronic (pdf version) invoice.

All these accounting & Billing software would adopt the new e-Invoice standard by making some changes and re-align their data access and retrieval in the standardized format suggested by GST Council. However, users of the software would not find any change since they would continue to see the physical or electronic (PDF) output of the invoices in the same manner as it was existing.

## Steps Involved:

The various stages involved in generation of e-invoices and their reporting in the Invoice Registration Portal (IRP) is as follows,

### *Step 1 :*
The seller generate invoice in his own accounting / billing software system. The software should be capable to generate a JSON file of the final invoice that is ready to be uploaded to the Invoice Registration Portal (IRP) The IRP can only take the JSON of the e-invoice.

*(The invoice must conform to the e-invoice standards set by GST council. Seller should have an ERP / Software that will output invoice data in JSON format. Those who do not use such ERP / Software will be provided with an offline tool to key-in data of invoice and to generate the JSON file. The small and medium size taxpayers (having annual turnover below Rs 1.5 Crores) can avail accounting and billing system being offered by GSTN free of cost)*

**Number of economies offering e-invoices**

| | |
|---|---|
| **YES** - 112 | |
| **No** - 59 | |



| High Income OECD | Europe & Central Asia | East Asia & Pacific | Latin America & Caribbean | South Asia | Middle East & North Africa | Sub-Saharan Africa |
|---|---|---|---|---|---|---|
| 33 / 1 | 19 / 4 | 15 / 8 | 17 / 10 | 5 / 3 | 8 / 9 | 15 / 24 |

■ Yes  ■ No

## E-invoicing

**Step 2:**

Seller uploads the JSON file of the e-invoice into the IRP.

*(Multiple modes are available to upload the JSON file to IRP - web / Application Program Interface (API) / SMS / Mobile App / Offline tool / GST Suvidha Provider (GSP))*

### About IRP

IRP is an entity authorized by Government of India (GoI) to accept JSON file submitted by the Registered Person through an online portal, to verify whether the document is valid as per the e-Invoice schema and to check for duplication with the central system of GST. The IRP will then generate a unique Invoice Reference Number (IRN), digitally sign the e-Invoice, and generate QR Code that contains the details of the invoice and provide it to the Registered Person. Once IRP validates an e-invoice it forwards the details to the GST system & E-Way Bill System to automate the filing of returns in GST system & to create E-way bill respectively. Hence, the website of an IRP and that of the GST portal is separate. The first IRP authorized by the Government of India is National Informatics Centre (NIC). However, there could be more IRPs in future to handle the increasing workload.

**Step 3:**

The IRP hashes the invoices based on various parameters such as seller's GSTIN, Document Number and Financial Year etc., inorder to eliminate duplication in invoice.

**Step 4:**

IRP will digitally sign the JSON file, generate QR code & generate Invoice Reference Number (IRN) and return it back to the Supplier (Seller). E-Invoice will be valid only if it has IRN.

*(All the information regarding the invoice will be transferred from this portal to both the GST portal and e-way bill portal in real-time thereby eliminating the need for manual data entry while filing ANX-1 / GST returns as well as generation of Part-A of the e-way bill)*

### Myth Buster:

**Myth:**
Businesses will now be required to generate e-invoices on the GST portal or the e-invoice portal or the IRN portal

**Fact:**
Businesses will continue to generate e-invoices on their own billing systems. The e-invoicing mechanism only specifies the invoice schema and standards to be adopted. Existing software of the organization are required to adopt the new e-invoice standards wherein they would re-align their data access and retrieval in the standard format to generate E-invoices. Invoice Registration Portal (IRP) will NOT provide facility to generate invoices. IRP is only to report the invoice data.

**Rollout Timeline:**

| | |
|---|---|
| On trial basis for taxpayers having aggregate T/o > Rs 500 Cr in previous Fin Year. | From 1st Jan 2020 |
| On trial basis for taxpayers having aggregate T/o > Rs 100 Cr in previous Fin Year. | From 1st Feb 2020 |
| Mandatory rollout for taxpayers having aggregate T/o > Rs 100 Cr in previous Fin Year. | from 1st April 2020 |

# E-invoicing
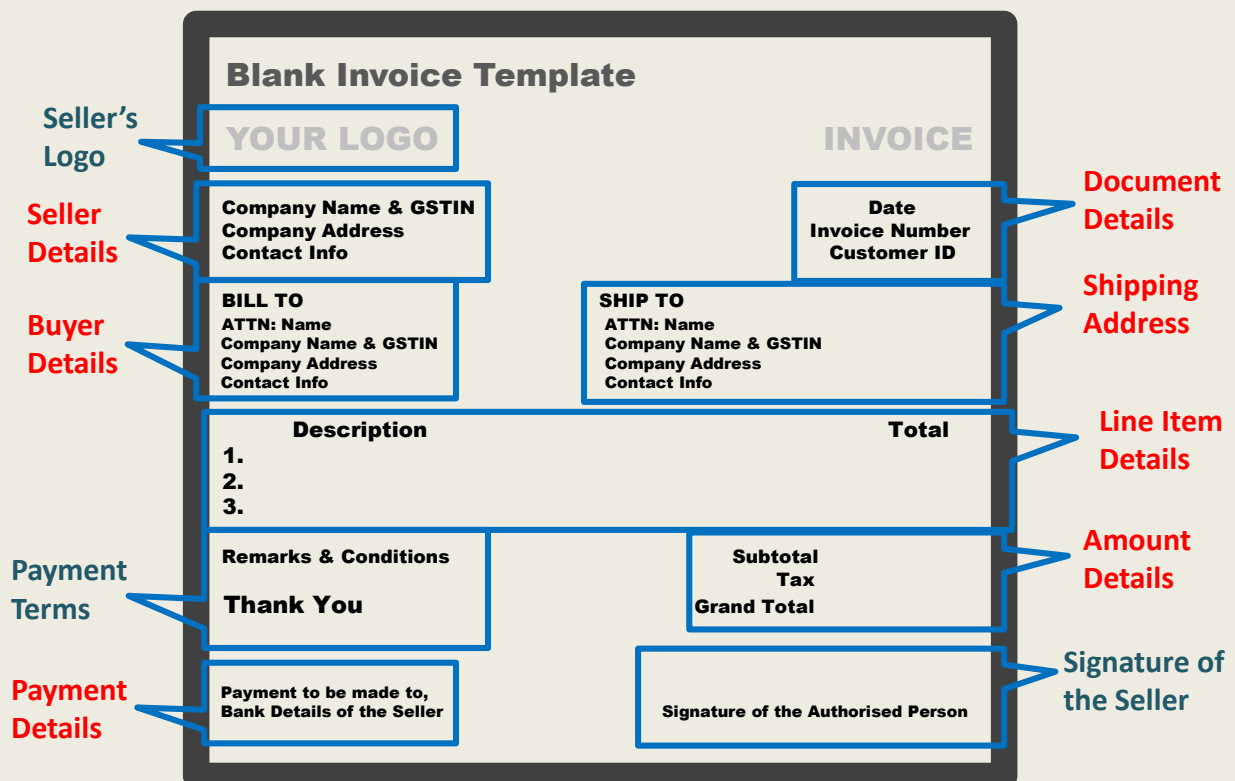
**Anticipated Benefits:**

## To Registered Persons:

• The B2B invoices once reported in IRP can be filled in across the entire GST system.

• Auto-filling of the B2B details in the GST returns.

• Auto-filling of the Part-A of the e-way bills at the time of e-way bill creation.

• E-invoices created in one software can be read by another, allowing interoperability and reduction of data entry errors.

• Ability to pre-populate the GST return and reduce the reconciliation problems of output liability with the input credit.

• E-invoice resolves and plugs a major gap in data reconciliation under GST to reduce mismatch errors.

## To Government:

• Complete trail of B2B invoices.

• Elimination of fake invoices. *(GST officers have booked 535 cases of fake invoices involving a total fraudulent claim of ₹2,565 crore of Input Tax Credit (ITC) and arrested 40 persons so far in the financial year 2019-20. In 2018-19, 1,620 cases of fake invoices were registered involving fraudulent ITC claim of ₹11,251 crore under the GST. As many as 154 persons were arrested)*

• Real-time tracking of invoices prepared by the supplier is enabled through e-invoicing system.

• Lesser possibility of audits / surveys by the tax authorities since the information they require is available at transactional level.

• System level one-to-one matching of input tax credit with the corresponding output tax liability.

**Mandatory Fields in E-Invoice (Extract)**
**Optional Fields in E-Invoice**

**Blank Invoice Template**

| | |
|---|---|
| **Seller's Logo** | YOUR LOGO |
| | **INVOICE** |
| **Seller Details** | Company Name & GSTIN / Company Address / Contact Info |
| **Document Details** | Date / Invoice Number / Customer ID |
| **Buyer Details** | BILL TO / ATTN: Name / Company Name & GSTIN / Company Address / Contact Info |
| **Shipping Address** | SHIP TO / ATTN: Name / Company Name & GSTIN / Company Address / Contact Info |
| **Line Item Details** | Description — Total / 1. 2. 3. |
| **Payment Terms** | Remarks & Conditions / Thank You |
| **Amount Details** | Subtotal / Tax / Grand Total |
| **Payment Details** | Payment to be made to, Bank Details of the Seller |
| **Signature of the Seller** | Signature of the Authorised Person |

**Other Key Points from FAQs:**

*Amendment / cancellation of invoices:*

• IRP also allows cancellation of the invoices in the portal. However, the cancellation has to be done in IRP within 24 hours of the invoice being reported. Any cancellation after 24 hours could not be possible in IRP as the IRP does not store the details of the invoices beyond 24 hours. However, one can manually cancel the same on GST portal before filing the returns for that Tax Period. E-Invoice can't be partially cancelled. It has to be fully cancelled.

• Amendments to the e-invoice are allowed only on the GST portal as per the provisions of GST Act.

*For Small Taxpayers:*

Small taxpayers can use one of the eight accounting / billing software currently listed by GSTN free of cost.

Also, GSTN will provide Offline Tools where data of an invoice can be keyed in. It, in turn, will create JSON file that could be uploaded in the IRP.

**conclusion:**

Even though the word "Invoice" is used throughout the document, it is clarified that all the documents that are required to be reported as per the provision of the Act must be reported in IRP as well. Currently, following documents are to be reported in IRP,

1. Invoices by the Supplier (B2B & Exports)
2. Credit Notes by the Supplier
3. Debit Notes by the Recipient

Initially, e-Invoicing is introduced on a mandatory basis for taxpayers above a certain turnover threshold as specified in the roll out plan. Eventually, the objective is to bring all taxpayers under its gamut in a phased manner.

Separate JSON file must be generated for each of the e-invoices which makes the process more tedious. However, the Government of India may bring in certain facilities such as bulk upload option to ease the process.

Also, the entire benefit of e-invoicing can be reaped only when all the documents are reported in IRP. Certain details such as B2C invoices, details of goods sent to job workers etc., cannot be reported in current IRP. Perhaps, to begin with, the government has introduced this practice for key documents as an initial phase of implementation and to rectify the lacunae identified in the course of implementation and in future course it would extend the scope of IRP.

With the change, comes the resistance. However, just like other changes in the current business environment, the entities have to embrace this new procedure as well for the betterment of self and the GST ecosystem in whole.

**Citations:**

Link to IRP: einv-apisandbox.nic.in/

FAQs: https://www.gstn.org/e-invoice/doc/Updated-e-invoice-FAQs-v6.pdf

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18/01/2020 9:40 AM

Schema Version: 1.0
Tax Scheme: GST

Original for Recipient

Sample E-invoice

1. GSTIN          05AAACG2207L1ZT
2. Name           GSTN Ltd
3. Address        Godrej, Vikhroli, Mumbai
                  Maharashtra - 400076
4. Invoice Number  GSTN001
5. Invoice Date    18/01/2020
6. IRN No.         05AAACG2207L1ZT/GSTN001/2019-20

Dispatch from: 05AAACG2207L1ZT, GSTN LTD
Address: Godrej, Vikhroli, Mumbai
Maharashtra - 400076

**Details of the Receivers (Billed to)**

| | |
|---|---|
| Name | ABC India Ltd |
| Address | Mumbai |
| Pin Code | 400011 |
| State | Maharashtra |
| State Code (Place of Supply) | MH |
| GSTNIN / Unique ID | 05AAACG2207L1ZT |

**Details of the Consignee (Shipped to)**

| | |
|---|---|
| Name | ABC India Ltd |
| Address | Mumbai |
| Pin Code | 400011 |
| State | Maharashtra |
| State Code (Place of Supply) | MH |
| GSTNIN / Unique ID | 05AAACG2207L1ZT |

Supply Type:        Outward

Transaction Mode:   Tax Invoice

| S.No. | Description | HSN Code | Quantity | Rate / Unit | GST Rate | Taxable Value | CGST % | CGST Amount | SGST % | SGST Amount | IGST % | IGST Amount | Cess % | Cess Amount |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1. | Laptop | 8703 | 2 | 50000 | 18% | 1,00,000 | 9 | 9,000 | 9 | 9,000 | - | - | - | - |
| | | | | | Total | 1,00,000 | | 9,000 | | 9,000 | | - | | |

| | | |
|---|---|---|
| Taxable Invoice Value (In Fig) | One Lakh Eighteen Thousand No | Total Taxable Amount    1,00,000 |
| Amount of Tax subject to Reverse Charge | | Total Tax Amount    18,000 |
| | | Final Amount    1,18,000 |

Payment Information:
Payee Name: GSTN Ltd
Account Number:
Payment Mode:
IFSC Code:

Remark 1
Remark 2