

E-INVOICING THE WAY FORWARD

08 Sept 2020

Duration: 2 hrs.

E-INVOICING - ISSUES UNDER CONSIDERATION

1.Coverage of E-invoicing regime - whether any entity/ transaction level exemption is available

1.E-invoicing process - How is it different from present billing system

1.Its relevance including its impact on supply chain, procurement/ billing/ payment processes and related documentation

1.Impact of E-invoicing regime on processes pertaining to E-Way Bill, GST returns etc

1.Key issues for consideration from a reporting requirement standpoint

1.Steps companies need to take to implement E-invoicing - what are the different options for implementation

1.Penal provisions for non-compliance

WHAT IS E-INVOICING ?

- ▶ E-invoicing (INV -01) is not the generation of invoice on the GST portal but the submission of an already generated standard invoice on a common portal
- ▶ To digitise and standardise the process and authentication
- ▶ Companies continue to generate invoices through internal accounting systems but require modifications in ERP as per invoice schema
- ▶ Specified details pertaining to invoice are to be submitted to the online Invoice Registration Portal ('IRP') which will generate a unique Invoice Reference Number ('IRN') and Quick Response ('QR') code for the invoices raised
- ▶ Taxpayer benefits through alleviation of data reconciliation and reduction in mismatch errors





OVERVIEW

Key Highlights

Implementation date	E-Invoicing is <u>applicable</u> from October 01, 2020
Applicability Criteria	Applicable for taxpayers having <u>aggregate turnover</u> > than 500 Cr. The taxpayers have been enabled to self-register, if they have crossed the <u>aggregate turnover of the business with Rs 500.00 Crores during any of the previous 3 FY's of GST.</u>
Format	Revised Form - GST INV-01 notified on 30 July 2020 with amendments in data fields and validations prescribing particulars required to be mentioned on invoices prepared by taxpayers
Other Points	<ul style="list-style-type: none">▪ Obtaining IRN mandatory for <u>B2B</u> Tax Invoice, credit note and debit note including Exports▪ Only a registered invoice with IRN shall henceforth be a <u>valid</u> invoice▪ E-way bill can also be generated along with IRN
Exempted Units	SEZ unit, Goods Transport Agency (GTA) under RCM , Insurance Company, Banking, NBFC, Financial institution, exhibition of cinematograph films in multiplex screens

E-INVOICE - APPLICABILITY

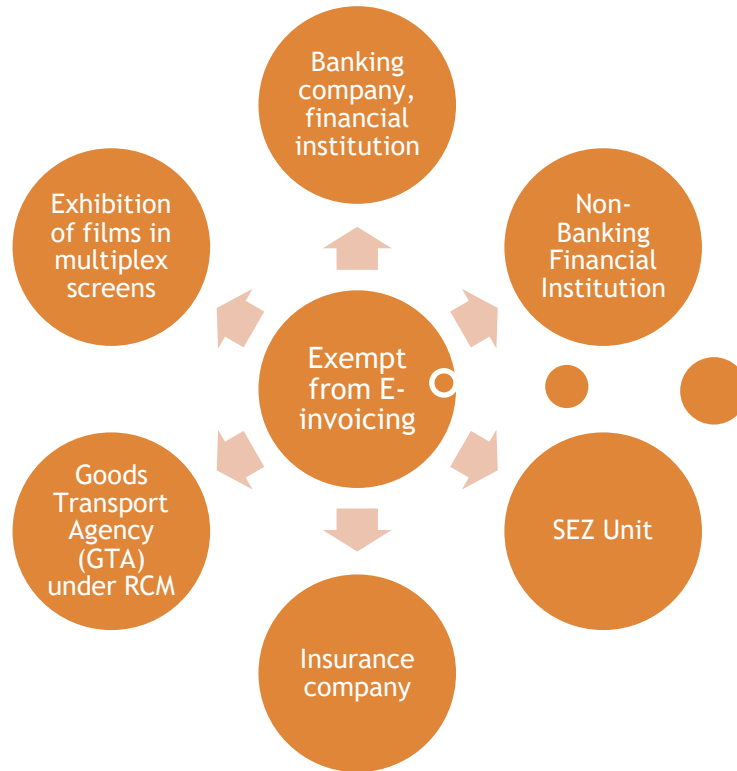


Applicability of E-Invoice

- E-invoice shall cover the following B2B documents that are required to be reported to IRP:
 - Supplier Invoice
 - Credit Note
 - Debit Note
- E-invoice also covers:
 - Reverse charge mechanism (outward supplies)
 - Export/zero-rated supplies (Except SEZ units)
 - Business to Government invoices - TDS
 - Supplies through e-Commerce Operator (on behalf of seller)

Delivery challan and Bill
of supply - IRN Not
applicable


CATEGORIES EXEMPTED FROM E-INVOICING



Exemption - whether for business or entity ?

PROCEDURE TO OBTAIN IRN & QR CODE

- ▶ Invoice details to be uploaded and registered on notified **IRP**
- ▶ Details to be **uploaded in the Schema format (currently API - V1.03)** released by National Informatics Centre ('NIC')
- ▶ **IRP will generate the unique IRN** and QR code which needs to be printed on the invoice

IRP Invoice Registration Portal	IRN Invoice Reference Number	QR Code Quick Response Code	
<p>IRP is the government body under NIC to handle e-invoice IRP will generate the unique IRN and QR code for such e-invoice</p>	<p>Unique IRN is generated for each e-invoice, basis following parameters:</p> <ol style="list-style-type: none">1. Supplier GSTIN2. Invoice type3. Supplier Invoice Number4. Financial Year	<p>QR Code shall consist of the following:</p> <ol style="list-style-type: none">1. Supplier GSTIN2. Recipient GSTIN3. Invoice number (as given by supplier)4. Date of generation of invoice5. Invoice value6. Number of line items7. HSN Code of the main item (the line item having the highest taxable value)8. Unique IRN	

Note: Common portal for e-invoice generation:

GST INV-01 PARTICULARS

Particulars	No of Fields
Mandatory fields	31
Conditional Mandatory fields	32
Optional fields	69
Total number of fields	132

Heading	Fields		
	Mandatory	Conditional Mandatory	Optional
Additional Doc details	0	0	3
Buyer details	6	1	4
EWB details	0	1	7
Item details	10	10	13
Seller details	6	0	4
Total value details	2	5	4
Transaction details	2	0	3
Dispatch details	0	5	1
Document details	3	0	0
Export details	0	1	6
Header	2	0	0
Payment details	0	0	11
Reference details	0	4	10
Ship to details	0	5	3
Grand Total	31	32	69

01

Verification of Inter-state and Intra-state supplies based on 'Supplier State' and 'POS'

02

In case of 'credit note' and 'debit note', 'original invoice number' will not be validated

03

New field introduced for 'IGST on intra state transactions'

04

In case of bill to ship to transaction, verification of place of supply has been removed from 'ship to state code'

05

Field for 'Discount Amount' and 'other charges' at invoice level provided

06

Field for 'Amount of export duty in INR' provided

KEY CHANGES IN NEW API VERSION 1.03

MODES OF CREATION E-INVOICE



01

API BASED



02

OFFLINE TOOL
BASED



03

GSP BASED

E-INVOICING

Key Aspects

- ▶ E-invoice applicable for invoice / credit note and debit note
- ▶ IRN and QR code to be printed on invoice
- ▶ Functionality enabled to know the applicability of e-invoice for taxpayer
- ▶ For B2B reverse charge supplies, IRN to be generated by supplier
- ▶ No IRN to be generated by recipient for B2B and B2C reverse charge supplies
- ▶ No clarity on generation of QR code for B2C invoices
- ▶ No cancellation of IRN after 24 hours of generating the IRN



E-INVOICING

Key Validations

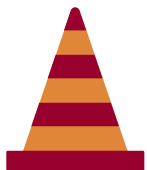
- ▶ E-invoice cannot be re-generated for cancelled IRN
- ▶ Only allowed tax rates can be entered
- ▶ Tax amount validation at Item and total level
- ▶ Direct exports | GSTIN = 'URP' & State Code = '96'
- ▶ SEZ transactions | GSTIN = Mandatory & State Code should be state in which it is located
- ▶ HSN Code should be valid as per the GST master - 4/6/8 for goods and 4/5/6 for services
- ▶ In case of export of goods, Ship to address should be place/ port in India from where export is made.



RELATIONSHIP OF E-INVOICING + E-WAY BILL



- ▶ IRN and EWB can be generated together
- ▶ Generation of e-way bill from IRN has also been enabled
- ▶ In case 'Transporter ID' is entered, EWB is generated with Part-A only
- ▶ E-waybill will be generated only if requisite details are uploaded (distance can be kept 0)
- ▶ E-way bill for other than E-invoice scenario shall be dealt independently via E-way bill portal.



- ▶ Cancellation to following sequence - First EWB and Next IRN
- ▶ IRN cannot be cancelled, if active e-way Bill exists
- ▶ Cancellation of e-way bill is enabled through IRP based on e-way bill number
- ▶ Re-generation of EWB on same document is possible

CLARIFICATIONS FROM LATEST FAQ'S

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➤ VOLUNTARY E-INVOICE

⑩ Entities having T/O less than 500 Crores will not be allowed/ enabled to report invoices in IRP.

VENDOR MANAGEMENT

• The facility has been provided in E-invoice sandbox environment to check the status whether a particular supplier is supposed to issue

EXCEPTIONS

• Mechanism for providing relaxation in case of breakdown due to internet connectivity will be notified soon.

TCS UNDER INCOME TAX

• TCS can be mentioned under the head other charges of Schema.

ISD INVOICES

• E-Invoice is not applicable to invoices issued by Input Service Distributor

NON- GST SUPPLIES

• For the items which are outside GST levy, separate invoice may be issued by such establishments

ROUNDING OFF

• Rounding off to be done at invoice level and not at line item level.

CLARIFICATIONS FROM LATEST FAQ'S

TENURE OF REPOSITORY

- Record of E-invoice has to be maintained until expiry of 72 months (section 36 of CGST Act)

GSTR 2A

- GSTN will examine to include the IRN number to be part of GSTR 2A

TRANSITION PROVISIONS

- Reporting is based on the date of invoice, irrespective of supply period

CREDENTIALS

- There shall be same credentials for E-invoice & E-way bill

DOCUMENT IN TRANSPORTATION

- Carrying of E-invoice print is not mandatory in case of transportation of goods. It can be maintained electronically

CHRONOLOGY WITH E-WAY BILL

- E-invoice has to be generated first and then E-way bill has to be generated.

OTHER CHARGES

- This field is not part of taxable value. In case of taxable charges, separate line item to include.

E-INVOICING

Key Challenges

Real time generation of e-invoice along with resolution of issues faced at the time of generation

Only cancellation is possible, no option for amendment

Management of month/ quarter/ year end sales where dispatch takes place after a time lag

Will outward supplies details in GST returns be auto-populated?

IRN cannot be re-generated for cancelled E-invoice (IRN), even if invoice is correct as per ERP



IMPACT OF NON-GENERATION OF E-INVOICE

IMPACT OF NON GENERATION OF INVOICE

As per Rule 48(4) of CGST Rule'2017) without an IRN and QR code embedded in an invoice, such document would not be a valid invoice in the eyes of GST and consequently below could be some of the major challenges and consequences before the businesses.

- The most contiguous, penalty in respect to non-compliance of E-invoice provisions in case there is movement of goods involved could be attraction of minimum penalty amounting to INR 10,000. Refer Section 122(1)
- Also, a general penalty which may extend to INR 25,000 be imposed, if a business fails to issue invoice in accordance with the provisions of Act or Rules which may also include E-invoice. - Refer Section 122(3)(e)
- Also, goods along with conveyance may be liable for detention and seizure if any business is transporting goods while in transit as it is a contravention of provisions of rules. - Refer Section 129.
- This may create avoidable disputes in regard to payment of consideration, as many companies have a practise to clear payments only upon receipt of valid invoice and disclosure of the same on government portal.

E-INVOICING

Ease in ITC reconciliation ?

1

Will ITC admissibility be questioned if inward invoice does not contain IRN?

2

How to determine if the vendor is required to issue e-invoices?

Do you need to update vendor master?

3

How to capture 64-digit IRN from input invoices?



Note: After implementation of E-Invoice, only an invoice registered with IRP shall be a valid invoice

E-INVOICING

What Next

Ascertaining the ERP readiness in terms of compatibility and data availability

Evaluating the extent of automation/integration required based on factors like nature and volume of transaction

Comparing current invoice/ debit note/ credit etc. contents vis a vis what has been prescribed in Schema

In case of optional fields, deliberating on what to report, what not to report basis parameters such as MIS etc.

In case the prescribed fields are already there in ERP, whether these are in the notified format

Deliberating on handling month end transactions, post-sale adjustments, etc. given the guidelines that have been released so far

Deliberating on other consequent issues such as whether to maintain two separate series of invoices/ documents etc.

For any queries or additional information related to e-invoicing, kindly write to:

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