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E-Invoicing System

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CHARTERED ACCOUNTANTS



E-Invoice under GST

The GST Council, at its 37th meeting held at Goa on 20th September, 2019 approved the introduction of E Invoicing System. Accordingly the government has issued Notification No 68/2019 - CT to 72/2019 - CT to make applicable all the provisions relating to E Invoicing w.e.f. 1st April, 2020.

In this document, we have covered all the aspects relating to E Invoicing provisions in simple terms for the benefit of one and all. We have covered following topics in this document.

1. What is E Invoicing?
2. Why E Invoicing is required?
3. What are the benefits of E Invoicing Provisions?
4. How to generate E Invoice?
5. E Invoice applicable to whom?

What is E Invoicing?

The introduction of GST E Invoicing means generation of documents such as a Tax Invoice, Credit Note, Debit Note, etc through a government portal, transferring each data relating to such document on the portal. The concept of E Invoicing has been made applicable in many foreign countries such as Brazil, South America, Mexico, Japan & Eurpoe.

Myth & Misconceptions about E Invoicing

Most people believe that E Invoicing means invoice will be prepared through government portal.

- This is not true. Invoices will continue to be generated through regular accounting or invoicing software. But the difference is that, a JSON file containing all details of the invoice will be generated after preparing invoice and uploaded on the government portal. The portal will verify the correctness of the data entered therein and generate a unique Reference Number known as Invoice Reference Number (IRN).

Many people believe that E invoicing is applicable to each and every registered person.

- As per Notification No 70/2019 - CT dated 13th December, 2019 issued by the Central Government, the provisions relating to E Invoicing has been made applicable to
 - Registered person whose aggregate turnover in a financial year exceeds Rs. 100 Crores and
 - In respect of all supplies made to Registered Person (B2B Supplies) only

Why E Invoicing is required?

Since the introduction of GST w.e.f 1st July, 2017, the biggest challenge for the government has been to curb the menace of bogus billing and ingenuine claim of Input Tax Credit by the registered persons. This results in a big revenue loss to the exchequer and also impacts the economy very badly.

As per official data, the Directorate General of GST Intelligence (DGGI) alone has detected tax frauds worth more than Rs. 1,00,000 Crores in last 3 years, which, amongst others involve fraudulently availing Input Tax Credit by issuing fake invoices.

In order to control this menace of fake invoicing, the government has introduced the concept of E Invoicing. Further, many developed countries have successfully implemented E Invoicing system. The government will also have data available right from the stage of invoice generation, which will further help in Data Analytics.

What are the benefits of E Invoicing Provisions?

Introduction of E Invoicing will result in a number of benefits for the registered persons. Some of which are outlined hereunder:

1. Elimination of Fake Invoice
2. Reduction in duplication work - since E Invoice portal is linked with E Way Bill Portal and also with GST Returns, it will eliminate the need to

enter same data on multiple portals for all of them and hence it will save time.

3. Benefit at the time of Audit / Assessment by government agencies.
4. The government will have data right from the inception stage, which will help a big way in Data Analysis.

How to generate E Invoice?

The process of generation of e invoice is explained in following steps:

Step 1 : Invoice & JSON File Generation

- Registered dealer is required to generate invoice as per its routine practice in its own accounting software.
- The invoice must conform to the e-invoice standard. The seller's software should support creation of json file containing all details.
- If the supplier's software does not have feature of json file creation, they can do so by downloading offline utility for JSON file creation and then submit the same.
- Taxpayer must thereafter raise a normal Tax Invoice on that software. It must provide all the mandatory fields such as vendor name and address, GSTN of the supplier, transaction value, Item rate, GST rate applicable, and Tax amount.
- Final JSON file will be uploaded on the IRP (Invoice Registration Portal). IRP will only take JSON.

Step 2 : Uploading of JSON

- The supplier first needs to register on any one of the 10 IRPs identified by the government. Registration process would be simple with basic details required. The government has identified following IRPs.
- www.einvoice1.gst.gov.in
- www.einvoice2.gst.gov.in
- www.einvoice3.gst.gov.in
- www.einvoice4.gst.gov.in
- www.einvoice5.gst.gov.in
- www.einvoice7.gst.gov.in
- www.einvoice8.gst.gov.in

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- www.einvoice9.gst.gov.in
- www.einvoice10.gst.gov.in
- Above web portals or Invoice Registration Portals has been notified by the government. The same will be managed by the Goods and Services Tax Network (GSTN).
- After login in, JSON file will be uploaded on the IRP directly or it may also be uploaded using GSP.

Step 3 : Data Validation by IRP

- Once the data is successfully validated by the IRP, it will register the invoice on the portal and generate a Unique Invoice Number which is known as the Invoice Registration Number (IRN).
- The IRP will validate the IRN from Central Registry to ensure that same invoice of that supplier is not repeated.
- Once the data is confirmed by the Central Registry, IRP will add its signature on the Invoice Data as well as a QR Code to the JSON.
- Invoice with a valid digital signature of IRP will be a valid invoice.

Step 4 : Invoice Sharing

- The IRP will have the facility to directly e-mail the signed invoice to the buyer's e-mail address.
- The IRP will also transmit the invoice data from its portal to E Way Bill Portal and also the ANX 1 of the Supplier and ANX 2 of the buyer.

Other Important Points

- E Invoice will be digitally signed by the IRP. Thereafter, affixing of manual stamp & signature is not required on it. Digitally signed invoice is a valid invoice for all purpose.
- Default currency will be INR. Seller can also display the currency in invoice.
- Maximum number of line items is 100 per invoice.
- E invoice can be printed. But it will be a valid invoice only if it is containing IRN on it.
- The option to cancel e-invoice will be made available within 24 hours of invoice generation.

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- Amendments are allowed on GST portal as per provisions of GST law. All amendments to the e-invoice will be done on GST portal only.
- The e-invoice schema also caters to the export invoices as well.
- E-invoice system has a reverse charge mechanism reporting as well.
- It will be possible for both the seller as well as the buyer to print the invoice, using the QR code as well as signed e-invoice returned by the Invoice Registration Portal (IRP).

QR Code

The QR code will enable quick view, validation and access of the invoices from the GST system . It will be generated by IRP after uploading JSON of invoices. 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.

Modes of Generation of E-Invoice under GST

Multiple modes will be made available so that taxpayer can use the best mode based on his/her need. The modes given below are envisaged at this stage under the proposed system for e-invoice, through the IRP (Invoice Registration Portal):

- Web based
- API based
- SMS based
- mobile app based
- offline tool based and
- GSP based.

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E-Invoice Portal [Invoice Registration Portal - (IRP)]

E-Invoice Portal [Invoice Registration Portal - (IRP)] is going to perform the following-

- Generate a unique Invoice Reference Number (IRN)
- Digitally sign the e-invoice
- Generate a QR code
- Send the signed e-invoice to the recipient of the document on the email provided in the e-invoice

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