

E INVOICING IS ULTIMATE TOOL FOR INVOICE MATCHING



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Invoice Matching Under Goods and Services Tax.

Every purchase invoice in GST regime must reconcile with sale invoice of the supplier on GST common portal for availing input tax credit. For many businesses, this will also mean a complete overhaul of IT systems and major re-engineering work. Many small and medium businesses will, for the first time, use technological tools for book keeping tax compliance purpose. In this regard Govt has amended the section 16 (2) aa as under

the details of the invoice or debit note referred to in clause (a) has been furnished by the supplier in the statement of outward supplies and such details have been communicated to the recipient of such invoice or debit note in the manner specified under section 37.

It Means assessee will not get any credit if it is not appeared in GSTR2B.

Why do We Need an IT System under GST for matching?

Continuing the reforms agenda, they have now come up with the concept of invoice matching under Goods and Services. This invoice matching is possible only when both the buyer and the supplier are tightly integrated through an information system, which will enable a seamless flow of information and fool-proof validations. Thus it becomes highly critical for businesses to be highly compliant on a real-time basis and thus needs to have a proper system in place to support it. It's all depends upon the IT System of the company.

What is e-invoicing?

Electronic invoicing or e-Invoicing is a system of raising invoices, under which invoices generated by one software can be read by any other software, eliminating the need for any fresh data entry or errors. In simpler words, it is an invoice generated using a standardised format, where the electronic data of the invoice can be shared with others, thus ensuring the interoperability of data.

Is e-invoicing mandatory? To whom will e-invoicing apply?

e-Invoicing is mandatory from 1st October 2020 to all businesses whose aggregate turnover has exceeded the Rs.500 crore limit in any of the previous financial years from 2017-18 to 2019-20. From 1st January 2021, e-invoicing became applicable to businesses exceeding the Rs.100 crore turnover limit in any of the financial years between 2017-18 to 2019-20. Likewise, it is extended to businesses with a total turnover of more than Rs.50 crore from 1st April 2021. From 1/4/2022 it is mandatory those who are having turnover of Rs 20 crore vide Notification No 1/2022 dated 24th Feb 2022. Shortly Govt will make mandatory to all the assesses.

How will the system of e-invoicing be integrated with GST returns?

An e-Invoice will be uploaded into the relevant GST return only once it has been validated and registered by the invoice registration system. After the validation has been done, it will be visible to the taxpayer for viewing and editing in the GSTR-1 return. From the supplier's GSTR-1 return, the data will be further auto-populated into the recipient's (buyer's) GSTR-2A/2B/4A or 6A as applicable.

Conclusion.

The main aim of the tax department is to enable the pre-population of GST returns, which will reduce reconciliation-related problems. Once e-Invoicing has been implemented, the data in the invoices can be pre-populated into the relevant tables of the tax returns without the need for fresh data entry. As a whole may be stakeholders shortly free from all the hurdles of matching process & reversal of input tax.