



E-INVOICING IN GST

CMA Bhogavalli Mallikarjuna Gupta
SME, Speaker, Author & Advisor on GST

Goods and Service Tax has been rolled out from 1st of July 2017 and has completed two years. During this period there were many changes introduced as part of the tax ease of doing business and also to curb the menace of tax evasion. Once such measure to curb tax evasion is the introduction of e-waybills. As a next step now, the government wants to introduce the electronic invoice or commonly known as e-invoice across the globe. It has been introduced in many countries and they have followed different standards. In many countries the issue of e-invoice is mandatory for Business to Business and Business to Government transactions.

e-invoice not only reduces the tax evasion but also improves tax transparency. The seller has to upload the tax invoice issued from his accounting or ERP on the Government / Tax Department portal, get it authenticated and then only ship the goods or deliver the services. e-invoice is an invoice created, processed by the seller and received electronically by the supplier in PDF or XML or any other format. e-invoices reduce the turn-around time for the processing and delivery of invoices along with

a reduction in the cost of issue of the invoice. Advantages of e-invoice

- Lesser cost of invoice
- Reduced delivery time of invoice to suppliers
- Elimination or minimal cost for shipping of invoices to the customer (no courier costs)
- Reduction of usage of paper
- E-waybills to be autogenerated using e-invoice data
- Enabling filing of returns seamlessly by avoiding duplication of data entry and reconciliation issues
- Enabling digital tax administration

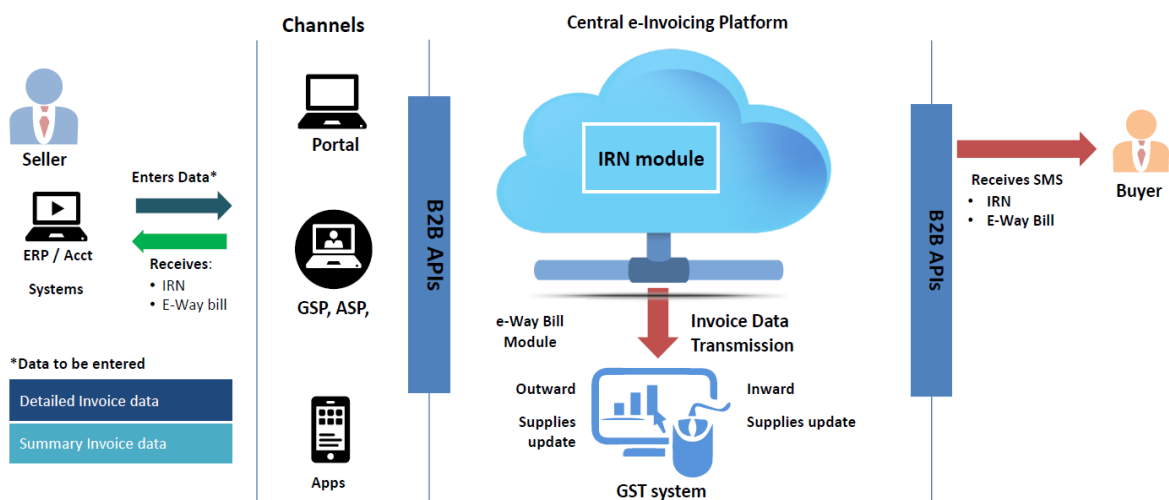
For the issue of e-invoice the supplier generates the invoice in his accounting or ERP system and then transmits the same to the Tax Authority Portal / Server for the basic validation. Once the invoice is validated by the Tax Authority Portal / Server, the same is transmitted back to the Supplier and a copy of the same is sent to the customer. In GST, the supplier's tax invoice will be updated in the Annex - 1 and the same will be reflected in the Annex - 2 of the buyer / customer in the new return formats proposed.



The GSTN is proposing the following for the issue of e-invoice in India

1. Invoice Reference Number will be issued for each and every invoice which is validated by the system. There is a provision for the issue of IRN given in Rule 138 (2) of CGST Rules 2017.
A registered person may obtain an Invoice Reference Number from the common portal by uploading, on the said portal, a tax invoice issued by him in FORM GST INV-1 and produce the same for verification by the proper officer in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.
2. The IRN issued will be 12 Characters ABX 99,99,99,999
A indicates the database identifier
B indicates the year – A for 2019, B for 2020, C for 2021...
X is a check digit
99999999 digits are running serial number, covers 100 Crore numbers
A..99999999 provides more than 1000 Crores of IRN per year.
3. Any invoice issued without IRN will be an invalid invoice
4. Six types of options / interfaces will be provided by the GSTN for the upload / transmission of the e-invoice. Online, Offline, SMS, Mobile Interface, Third Party and Direct Interface.
5. Small tax players are provided with the option of 7 free accounting packages, they can use any of them and issue e-invoice,
6. IRN can be canceled within 24 hours of the issue of IRN
7. In case of offline mode, data for e-invoice can be uploaded in two parts, Part A – contains basic information like Buyer GSTIN, Invoice Number, Invoice date, Taxable Value and aggregate tax. IRN issued on the basis of Part A data is a provisional number in nature.
8. In Part B – the complete information has to be uploaded and the basis of this only the final IRN will be issued.
9. Basis of the IRN issued, the data will be shared with the recipient and the recipient can accept, Reject or Amend the invoice.
10. For ease of verification by the buyer and the department, similar to QR code being issued for each and every e-waybill generated, it will be issued / generated for the e-invoices also.

The flow of data for the e-invoice proposed by the GSTN



Following are the changes required in the taxpayer's system

- a) Every accounting or ERP should be supporting the e-invoice requirements.
- b) The tax invoice number generated in the Accounting / ERP package should be able to export to the IRN Module of the GSTN for the issue of IRN Number.
- c) Once the IRN number is issued, the same should be imported into the Accounting / ERP System.
- d) There should be a provision to capture the IRN Number corresponding to the tax invoice number in the system.
- e) The final tax invoice issued should be having the IRN along with QR Code.
- f) The dispatch / packaging slip, which many taxpayers use must be having the facility to capture and display the IRN Number.
- g) Material movement can happen only receipt of IRN.
- h) Basis of the IRN, e-waybill is also being generated, there should be a facility to capture the IRN against the e-waybill also in the system.
- i) Proper care should be taken by the taxpayer and recipient for communication between them, it should be either basis of the tax invoice number or IRN Number else it will lead to confusion and reconciliation issues.
- j) Changes may be required in the bill payment process as many of the companies in India take a physical copy of the invoice for approval before payment is released.
- k) The recipients should be checking their e-mail at regular intervals for the e-invoices issued on them for their inward supplies.
- l) The recipient should ensure that their email id is working properly
- m) In the case of large organizations, the email id has to be assigned properly else there could be cases where it can be missed out. It is recommended to have a separate email id for the same and not person dependent.
- n) In the case of large organizations the process documents have to be updated accordingly and the technology partner has to be selected with proper care.

e-invoice is proposed to be implemented from the 1st of January 2020 and the same has been announced in the recent budget speech by the Honorable Finance Minister, Nirmala Sitharaman. The taxpayers, department and the Accounting / ERP companies should be gearing up of the same else again it will lead to delay in the generation of IRN and could also impact the delivery times of the goods thereby impacting the customer satisfaction. Both the buyer and sellers have to make necessary changes in their systems to ensure a smooth rollout and also train their team accordingly.

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