E-INVOICING: VALIDATIONS FOR YOUR IMPLEMENTATION

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As all of you are e-invoicing is an invoice issued by the regular accounting or ERP or manually issued being validated and processed by the government portal. It will make compliance more straightforward and cost-effective as it is scheduled to update the Part A of the e-waybill and also new return formats Anx-1 and Anx-2.

It is expected to be rolled out from 1st April 2020 for all taxpayers whose turnover is above Rs 100 crores. e-invoicing can be rolled out in any of the following methods

- API Method
- Secure File Transfer Protocol (SFTP)
- Bulk Json upload
- Single Json upload

Irrespective of the method being rolled out, there are certain validations which needs to be taken care for successful rollout of e-invoicing. Given below is a list of validations that needs to taken care while rolling out and also some additional data requirements to be captured in the system.

Some of the validations which the organizations have to implement are

1. The e-invoice request Jason data has to be validated as per the Jason provided by the portal.
2. The document date should be either today's date, i.e., the date on which the IRN is being generated or one day earlier.
3. The following fields should have one of the attributes from the master data to be released
    - Document Type of Transaction
    - Supply Type
       Note: As per the Sample JSON Schema the valid values for
       Document Type Invoice
         o Debit Note
         o Credit Note
       For Supply Type of Transaction
         o Business to Business
         o Supplies to SEZ with payment
         o Supplies to SEZ without payment
         o Exports with Payment
         o Exports without Payment
         o Deemed Exports
       It is surprising to note that B2G (Business to Government) has been dropped.
4. The document number should not start with "0", "/" and '-. "
5. The document number should not have any alphabets in small letters if any alphabets are present.
6. Duplicate IRN Requests will not considered.
7. IRN cannot be generated for a canceled IRN.
8. IRN cannot be cancelled if an active e-waybill exists for the IRN
9. Request for IRN can be generated by the supplier of goods or services or both except in case of supplies through e-commerce operators where the e-commerce operator can generate it on behalf of the supplier.
10. IRN is not required to be generated if the supplier is registered in an SEZ
11. Backdated IRNs cannot be generated; the document date can be sysdate or one day less than sysdate

12. In the case of reverse charge transactions, even though tax liability is to be discharged by the recipient but IRN has to be generated by the supplier of the goods or services only.
13. For a generation of IRN, the recipient's GSTN should be active.
14. In case of exports, the recipient does not have any GSTIN, in such instances GSTIN has to be mentioned as "URP" and state code is to be referred as "98".
15. In case of exports, the "Ship To" address should be considered as the place/port from where the goods are exported.
16. In case if the recipient is form SEZ, the state code should be mentioned as "96".
17. If "Shipping Party" is provided, then the transaction is deemed to be "Bill To" & "Ship To."
18. If "Dispatching Party" is provided, then the transaction is deemed to be considered as "Bill From – Dispatch Form".
19. If both "Shipping Party" and "Dispatch Party" is provided, then it is considered as "combination of both"
20. In case of debit note or credit note transactions, reference for the original invoice number has to be provided.
21. There is a validation of pin codes basis of the state selected in the address.
22. The GSTIN of the recipient should be registered and active at the time of the generation of IRN.
23. Each item should have a valid Unit Quantity Code as per the master list provided.
24. In the case of Intrastate transactions, CGST and SGST rates along with tax amount, has to be passed.
25. In the case of interstate transactions, IGST Rate and tax amount have to be passed.
26. In case of SEZ Supplies, IGST Tax rate and amount has to be passed irrespective of the location of the recipient's state.
27. In the case of export transactions, IGST Rate and the amount have to be passed.
28. Every item should have a valid HSN code from the master list and it should be of minimum 4 digits.
29. Tax rate will be validated with the tax rate master.
30. The maximum number of items in the tax invoice permitted is 1000 items.
31. Following summation validations are to be done for items
     o Taxable Value of Item = Quantity X Selling Unit Price
     o SGST Value of Item = Taxable Value of Item X SGST Rate
     o CGST Value of Item = Taxable Value of Item X CGST Rate
     o IGST Value of Item = Taxable Value of Item X IGST Rate
     o Cess Value of Item = Taxable Value of Item X Cess Rate
     o StateCess Value of Item = Taxable Value of Item X State Cess Rate
     o Non-Advol Cess Value of Item = Quantity X Non-Advol Cess Rate
     o total value of Item = Taxable Value of Item + SGST Value of Item + CGST Value of Item + IGST Value of Item + Cess Value of Item + State Cess Value of Item + Non-Advol Cess Value of Item
32. Following summation validations are to be done on Invoice total
     o Total Taxable Value = Taxable Value of all Items
     o Total SGST Value = SGST Value of all Items
     o Total CGST Value = CGST Value of all Items
     o Total IGST Value = IGST Value of all Items
     o Total Cess Value = Cess Value of all Items
     o Total State Cess Value = State Cess Value of all Items
     o Total Non-Advol Cess Value = Non-Advol Cess Value of all Items
     o Total Invoice Value = Total Taxable Value + Total SGST Value + Total CGST Value + Total IGST Value + Total Cess Value + Total State Cess Value + Total Non-Advol Cess Value - Discount Amount + Other Charges
33. e-waybill will be generated only if the suppliers and recipients GSTIN is not blocked for non-filing of returns.
34. e-waybill will not be generated for Tax invoice related to supply of Services, Debit Notes and Credit Notes
35. e-waybill will not be generated for cancelled IRN
36. e-waybill will be generated if the HSN codes given in the tax invoices has one HSN code related to goods
37. For generation of Part – A of the e-waybill, transporter id or GSTIN of the transporter is mandatory.

38. The valid values for transportation mode are
    - Road
    - Rail
    - Air
    - Ship
39. If the mode of transportation is selected and passed as "Road" then it is mandatory to provide the Vehicle Type and Vehicle Number should be provided.
40. If the mode of transportation is selected as "Air" or "Rail" or "Ship" then the transporter document number and date of transport document are mandatorily to be passed.
41. The vehicle number provided in the e-waybill should be matched with the vehicles details available in VAAHNA portal.
42. Pin codes will be validated for determining the distance and validity of the e-waybill.
43. As per JSON sample schema for Generate IRN, reference of the original invoice number and date has to be provided for the Debit / Credit Note being issued.
44. In the JSON schema, there are two different attributes for assessable value and pre-tax value. The explanation is given in case of an exchange of goods, the pre-tax amount will be value after discount if any and assessable value will be the value derived after deducting assessable value.
45. For the generation of e-waybill, vehicle type is mandatory as it will determine the validity of the e-waybill being issued and the valid values are
    - O – Over Dimension Cargo
    - R – Regular
46. In the JSON schema for Generate IRN, Qty is mentioned as optional as it is not required in case of debit or credit notes and as well as for services but mandatory for the supply of goods.
47. If any free quantity is given, the same has to be mentioned separately in the field "Free Quantity".
48. As per the Sample JSON schema, every line has to be classified as "Goods" or "Service" the valid values for the field "IsServc."
    - Y – Service
    - N – Goods
49. Place of supply has to be always populated with two-digit state code.
50. The version of the scheme has to always mentioned in the JSON file.

Above are some of the major validations that need to be considered for the generation of IRN. If any of the validations are missing the system will error and the common list of error codes which will be received on sending wrong data are

Error Code	Error Description
1005	Invalid Token
1007	Authentication failed. Pls. inform the helpdesk
1008	Invalid login credentials
1010	Invalid Client-ID/Client-Secret
1013	Decryption of password failed
1014	Inactive User
2139	Error while creating invoice
2140	Error while validating invoice
2141	Error while cancelling invoice
2142	Incomplete Request Parameters
2143	Invoice does not belong to the user GSTIN
2144	Document Date is not in proper format
2145	IRN is not valid
2146	Unable to create IRN, Pls. try after some time
2147	Unable to sign invoice, Pl try after some time
2148	Requested Invoice data is not available
2149	Uploaded invoice already exists
2150	Duplicate IRN
5001	Application Error, Please Contact the help desk

A new schema for the e-invoices Release 1.01 has been released on 5th March 2020 and in that some of the validations have been added and some have been dropped. It is surprising to note that in the new schema, Business to Government (B2G) has been dropped. We need to wait for the final notifications on the nature of transactions being covered for e-invoicing. It is recommended to have a separate master for the type of transactions rather than hard coding it in the system.

Implementation of e-invoicing is not a simple and easy task it is going to take lot of time and it has to involve many stakeholders. As it is a time-consuming process, the early we start the better it is as it will give us enough legroom for testing of all the business cases and then rolling it over to production. There are some reports in the secondary media that e-invoicing is likely to be deferred by a quarter and it will be rolled out from 1st July 2020. It will be good if we make all the necessary changes now and then roll out as and when announced. The reason is it is going to time and once the financial year is overall the key stakeholders will be involved in the finalization of accounts and will not be able to dedicate time effectively.