

**Presentation on**  
**e-Invoicing and new Returns**  
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# What is e-Invoicing?

- Electronic Invoice.....?
- If an invoice is generated by a software on the computer or by Point of Sales (PoS) machine.....?
- Is e-invoice is a system where taxpayers can generate the invoices from tax deptt site?
- Is it means generation of invoices at GST portal?

*FM has given a statement on July 5, 2019 in Union Budget 2019 that E-invoicing will be introduced in 2020.....*

# E-invoicing..... as proposed under GST

- Electronic Invoices **authenticated** by GST portal
- **B2B transactions** including Export and SEZ supplies are involved
- **Interoperability** of data from one to another software is must
- It will **standardize the invoice formats** across industries which would help to automate the reading and booking of invoices across different accounting software
- **Invoices are to be raised as usual** from any accounting software

***E- invoice is an invoice which has unique invoice reference number ('IRN') generated by Invoice Registration Portal ('IRP')***

***\* On voluntary basis from 01.01.2020 & Mandatory wef 01.04.2020 postponed to 01.10.2020.....***

# Present scenario

- Registered persons having different software i.e SAP, TALLY, Busy, Saral, Mark, MProfit and many others,
- All are having their own applications written in different languages
- Interoperability of data not possible
- Formats and templates are design as per registered person requirements,
- Printed formats or information contain in invoice may be understood in same lines by business **but machines/software do not.**

# Requisitions for e-invoice

- electronically designed Standards\* (approved in 37<sup>th</sup> council meeting on 20.09.2019)
- Standards\*, **no way impact the existing** system of invoice generation through different software
- All existing software need to be updated in line with these standards
- These standards **ensure complete interoperability** of data among all stake holders at all software including banks, agents etc.
- **The machine readability and uniform interpretation is the key objective.**

*ERP is required to integrate with specific tool/ technology to generate an Invoice reference number ('IRN') for E-invoice*

# Standards Referred

GSTN has referred the PEPPOL (Pan European Public Procurement Online) standard, which is most used standard across globe.

It works on Universal Business Language (UBL) version of electronic XML.

The system advocates diversified business applications and trading activities to exchange information along their supply chains using a common or a standard format.

It enables a single point of data entry .Thereafter, the data flows across different portals with the help of an IRP\*.

# Benefits of Standards

- Invoice generated in a standard format in one system can be read by another system.
- Reporting of e-invoice to a central system without any hurdle
- Ability to pre-populate the return and to reduce the reconciliation problems
- Its not only part of tax reforms but also Business reform across the country which make invoices completely inter-operable eliminating transcription and other errors
- GSTN is having charge of developing standards as is custodian of returns

# Work flow of e-invoicing

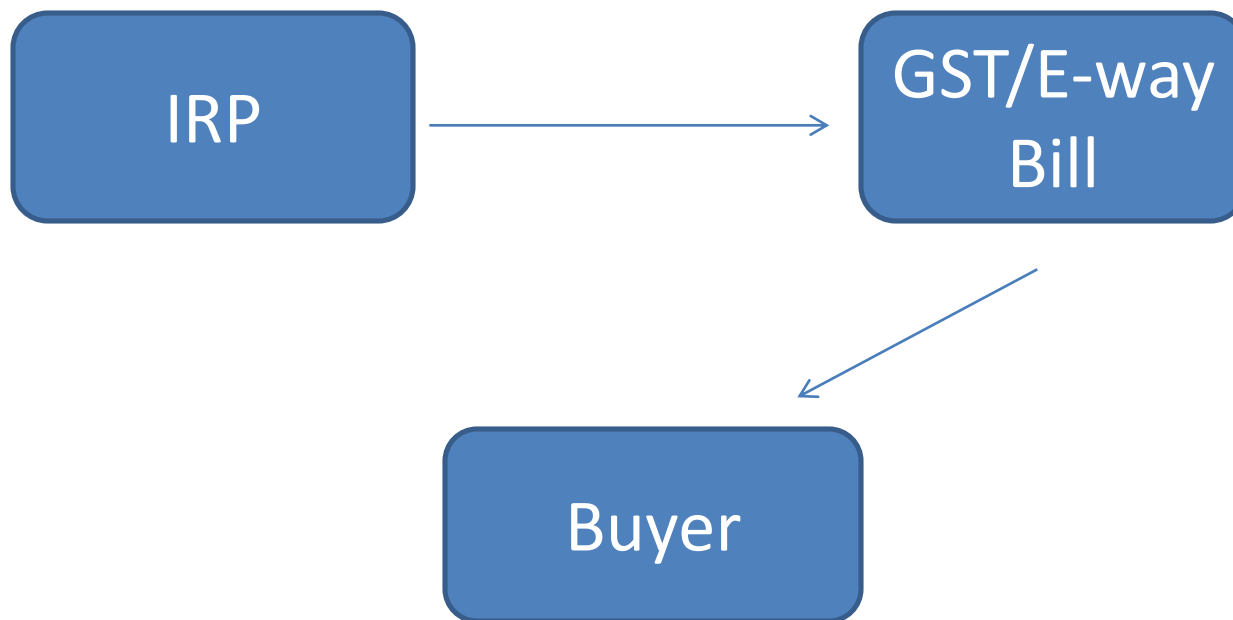
➔ the interaction between the business (supplier in case of invoice) and the **Invoice Registration Portal (IRP)**.





## Work flow of e-invoicing

➔ the interaction between the Invoice Registration Portal (IRP) and the GST/E-Way Bill Systems and the Buyer



# Process of generating e-invoicing

- Taxpayer must ensure to use the reconfigured ERP system as per PEPPOL standard
- it should be capable of generating the JSON file for multiple invoices,
- Those taxpayers not having any software will be provided offline utility.
- Also, small taxpayers having annual turnover below Rs 1.5 crore have the option to choose from eight different accounting and billing software all tied up with the GSTN.
- It is available both as online (cloud-based) as well as offline (installed on the computer system of the user).

- The taxpayer must thereafter raise a normal invoice on that software. He must give all the necessary details like, **billing name and address, GSTN of the supplier, transaction value, Item rate, GST rate applicable, tax amount, etc**
- Upload the details of invoice especially mandatory fields onto the IRP using the JSON file only
- The IRP will act as the central registrar for e-invoicing and its authentication
- IRP will validate the key details of the B2B invoice, checks for any duplications and generates an invoice reference number (hash) for reference.
- Format of IRN or hash: **Seller GSTIN**, Invoice number, and **FY** in YYYY-YY

- IRP generates the invoice reference number (IRN), digitally signs the invoice and creates a QR code in Output JSON for the supplier,
- On the other hand, the recipient of the supply will also get intimated of the e-invoice generation through email (if provided in the invoice).
- **IRP will send the authenticated payload to GST** portal for GST returns. Additionally, details will be forwarded to the e-way bill portal
- **ANX-1 of seller and ANX-2 of the buyer gets auto-filled** for the relevant tax period. In turn, it determines the tax liability
- A taxpayer can continue to print his invoice as being done presently with logo. e-Invoicing system only mandates all taxpayers to report invoices on IRP in electronic format

- **IRP:** Invoice Registration Portal (IRP)
- **IRN:** Invoice Reference Number (IRN)
- **QR code:** The QR Code will contain vital parameters of the e-invoice and return the same to the taxpayer who generated the document in first place. It will be having following details:
  - i. GSTIN of supplier
  - ii. GSTIN of Recipient
  - iii. Invoice number as given by Supplier
  - iv. Date of generation of invoice
  - v. Invoice value (taxable value and gross tax)
  - vi. Number of line items.
  - vii. HSN Code of main item (the line item having highest taxable value)
  - viii. Unique Invoice Reference Number (hash)

# Documents covered under e-invoice

- Invoice by Supplier
- Credit Note by Supplier
- Debit Note by Supplier
- Any other document as required by law to be reported by the creator of the document

# Printing of Invoice

- The taxpayer can continue to print his paper invoice as he is doing today including logo and other information.
- E-invoice schema only mandates what will be reported in electronic format to IRP

# Benefits of e-Invoice

- One time reporting of B2B invoices to reduce reporting in multiple formats (one for GSTR-1 and the other for e-way bill).
- e-Way bill can also be generated using e-Invoice data
- Generate Sales and Purchase register (ANX-1 and ANX-2) from this data to keep the Return (RET-1 etc.) ready for filing under New Return System
- Substantial reduction in input credit verification issues as same data will get reported to **tax department** as well to **buyer** in his inward supply (purchase register) through ANX-2.
- Complete trail of B2B invoices.
- **System level matching of input credit and output tax**
- Elimination of fake invoices.



# Why e-invoice?

- ‘Only invoices with an IRN are considered to be valid tax invoice for ITC and other reasons’
- ‘Its time consuming to get any information from GST portal as off now’

# Doubts created by e-invoice concept

- Whether there will be two invoices, one generated from the ERP and second issued by the IRP/GST.
- **If yes, which invoice would be the valid invoice for availing credit/ for movement of the goods?**
- In case an invoice has been digitally signed by the agency, would there be a need to still sign the invoice by the seller? Will the need to have a digital signature from the seller be done away with?
- **Is it okay if instead of carrying the complete invoice, the seller only prints the IRN and ships the goods?**
- How would the cancellation of an invoice or amendment to an invoice be handled under the new e-invoice regime?
- **What would happen in case internet connectivity is down but the transaction has to be processed? Would an alternative be provided?**

# How it can be a success..?

- The government publishes a detailed mechanism on the e-invoicing system .
- The mechanism must highlight different scenarios how each one would be dealt with in the proposed system of e-invoice
- For as IT system, all necessary steps must be undertaken to ensure that the information is available with the taxpayers on a real-time basis to avoid any business disruption.
- Initiating with voluntary compliance helps in eliminating all anomalies before it becomes a mandatory requirement.
- The government must declare how taxpayers can continue with business as usual even if there is disruption.
- E-invoicing presents an opportunity to actually make the economy digital and transparent.

- The success of the e-invoicing system would depend on collaborative efforts between government, GSTN, and industry.
  - Industry needs to be proactive in providing inputs to the government to avoid any big surprises at the time of implementation.
  - The government would, on its part, need to be flexible/agile to incorporate all key industry requirements.
- ➡ *It would be prudent on the part of industry to file timely representations before the government to list out such issues and business scenarios which require more clarity, and have timely discussions with the government for possible solutions*

# Notifications-e-invoicing

- Notification NO 68/2019 dt 13.12.2019
- Notification NO 69/2019 dt 13.12.2019
- Notification NO 70/2019 dt 13.12.2019
- Notification NO 71/2019 dt 13.12.2019
- Notification NO 72/2019 dt 13.12.2019

## Notification No 68/2019 dt 13.12.2019

- In the Central Goods and Services Tax Rules, 2017 (hereinafter referred to as the said rules), in rule 48, after sub-rule (3), **the following sub-rules shall be inserted**, namely:-  
*“(4) The invoice shall be prepared by **such class of registered persons** as may be notified by the Government, on the recommendations of the Council, by including such particulars contained in **FORM GST INV-01** after obtaining an **Invoice Reference Number** by uploading information contained therein on the **Common Goods and Services Tax Electronic Portal** in such manner and subject to such conditions and restrictions as may be specified in the notification*

## Notification No 69/2019 dt 13.12.2019

- ..... the Central Government, on the recommendations of the Council, hereby, notifies the following as the Common Goods and Services Tax Electronic Portal for the purpose of preparation of the invoice in terms of sub-rule(4) of rule 48 of the aforesaid rules, namely:-
  - (i) [www.einvoice1.gst.gov.in](http://www.einvoice1.gst.gov.in);
  - (ii) [www.einvoice2.gst.gov.in](http://www.einvoice2.gst.gov.in);
  - (iii) [www.einvoice3.gst.gov.in](http://www.einvoice3.gst.gov.in);
  - (iv) [www.einvoice4.gst.gov.in](http://www.einvoice4.gst.gov.in);
  - (v) [www.einvoice5.gst.gov.in](http://www.einvoice5.gst.gov.in);
  - (vi) [www.einvoice6.gst.gov.in](http://www.einvoice6.gst.gov.in);
  - (vii) [www.einvoice7.gst.gov.in](http://www.einvoice7.gst.gov.in);
  - (viii) [www.einvoice8.gst.gov.in](http://www.einvoice8.gst.gov.in);
  - (ix) [www.einvoice9.gst.gov.in](http://www.einvoice9.gst.gov.in);
  - (x) [www.einvoice10.gst.gov.in](http://www.einvoice10.gst.gov.in).

## Notification No 70/2019 dt 13.12.2019

- ..... the Government, on the recommendations of the Council, hereby notifies registered person, whose aggregate turnover in a financial year exceeds **one hundred crore rupees**, as a class of registered person who shall prepare invoice in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person.
- This notification shall come into force from the **1st day of April, 2020**.



## Notification No 71/2019 dt 13.12.2019

..... made vide notification No. 31/2019 – Central Tax, dated the 28th June, 2019, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R 457(E), dated the 28th June, 2019, the Government, on the recommendations of the Council, hereby appoints the 1st day of April, 2020, as the date from which the provisions of the said rule, shall come into force.

## Notification No 72/2019 dt 13.12.2019

- ..... hereby notifies that an invoice issued by a **registered person**, whose aggregate turnover in a financial year **exceeds five hundred crore rupees**, to an **unregistered person** (hereinafter referred to as B2C invoice), shall have Quick Response (QR)code:

*Provided that where such registered person makes a Dynamic Quick Response (QR) code available to the recipient through a digital display, such B2C invoice issued by such registered person containing cross-reference of the payment using a Dynamic Quick Response (QR) code, shall be deemed to be having Quick Response (QR) code.*

2. This notification shall come into force from the 1st day of April, 2020.

# Issues in Return filling

- **GSTR-3B** : If any one, filed a return of any month and paid tax there on. **But failed to consider one or more bills** in return of that month. In next month if turnover is NIL.
- There must be a annexure/working to GSTR-3B for taxes paid
- ITC claimed up to the return of Sept, following year. At lease for 2018-19 it must be extended up to 31.03.2020 as did for 2017-18.
- Downloading of GSTR-2A annually not available. Monthly also take time. Very difficult to reconcile the data with annual record.
- Rule-36(4) & 86A are harsh on dealers
- Monthly returns v/s quarterly returns-ITC issues
- No late fee for non-filer, but charged to those who filed

# Issues in Return filling

- **Reversal of ITC u/s 16(2)-prov-2:** Reverse ITC for non-payment of consideration within 180 days to be added to OUTPUT TAX liability-GSTR-3B.
- **Annual Return-GSTR-9:** (in para- 7A)  
Rule 37: Reverse ITC-(Ref sec. 16(2) prov -2)
- – tracking of such transactions on monthly basis is tough so it must be at year end.

*Thank You*