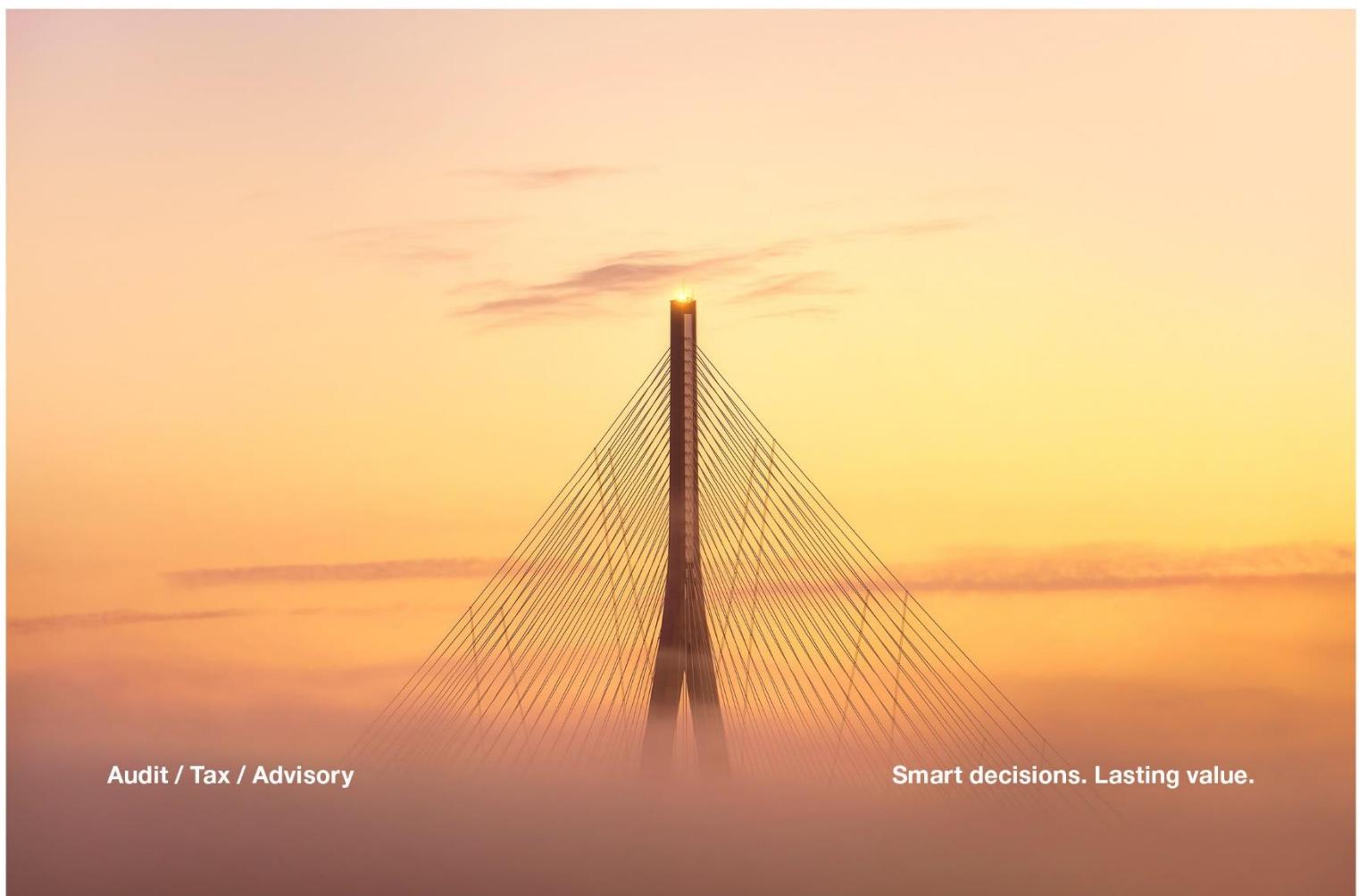




E-Invoicing Under GST – Effective 1 January 2021



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What is E-Invoicing?

An electronic authentication mechanism under GST requiring all B2B invoices to be electronically authenticated on the GSTN portal. The Invoice Registration Portal (IRP) will issue an Invoice Reference Number (IRN) as a unique identification for every invoice.

Who is required to generate E-Invoice?

- GST payer with turnover exceeding Rs. 1 bn, except certain specified businesses.
- Applicable for suppliers making supplies under Reverse Charge Mechanism.
- Businesses exempt from E-invoicing requirements are:
 - Insurance Company, Banking Company, Financial Institution, or Non-Banking Financial Companies
 - Goods Transport Agency
 - Supplier of Passenger Transportation Services
 - Supplier of services for admission to exhibition of cinematograph films in multiplex screens
 - Special Economic Zones (SEZs)

Tax payers subject to e-invoicing must register on e-invoicing portal. Once registered on E-invoice portal, E-invoicing will remain applicable even if turnover drops below the threshold of Rs. 1 Bn.

Elements of E-Invoicing

- a. An e-invoice contains mandatory and optional fields. Mandatory fields include QR Code, supplier and recipient information, invoice item details, document total. Optional fields include Batch No and attributes relevant for specific businesses and transaction. The maximum number of line items for any e-invoice is 100.
- b. A printed invoice must have the QR Code; it can be placed anywhere on the invoice and will be digitally signed by IRP. Inclusion of IRN on the paper invoice is optional.
- c. If an e-invoice has a mistake or incorrect or wrong entry, it cannot be edited or corrected. The only option is to cancel the e-invoice and generate a new one with correct details. Further, an e-Invoice cannot be partially cancelled; it has to be fully cancelled. Any cancellation within 24 hours is to be triggered through the IRP; beyond 24 hours, cancellation is to be done on the GST System. All amendments to the e-invoice will be done on the GST portal only.
- d. The same e-invoice schema will be used by all businesses. Mandatory fields must be filled by all taxpayers. Non-mandatory fields can be chosen by businesses per the needs of their business and ecosystem.
- e. The GST portal or IRP will not provide the facility to generate invoices. A seller will use its usual ERP or accounting billing software to generate the e-invoice.
- f. A registered person can generate the IRN from for any registered business place, stating the correct address in the e-invoice form. Multiple sub-users can be assigned to these places to generate the IRN.

Other matters related to E-invoicing

Invoice data reported to IRP and the IRN, will be saved in GST System. The GST system will auto-populate these into GSTR-1 of the supplier and GSTR-2A of respective receivers. With source marked as 'e-invoice', IRN and IRN date will also be shown in GSTR1 and GSTR2

Any changes in the invoice details reported to IRP can be carried out on the GST portal (while filing GSTR-1). These changes will be flagged to the proper officer for information.

Relevance of QR Code for B2B e-invoicing

The 'quick response' or QR-code will consist of the following details:

- a. GSTIN of Supplier and Recipient
- b. Invoice number, as given by Supplier
- c. Date of generation of invoice by Supplier
- d. Invoice value (taxable value and gross tax)
- e. Number of line items
- f. HSN Code of the main item (the line item having the highest taxable value)
- g. Unique Invoice Reference Number (hash)

Invoice Reference Number (IRN)

IRN is a unique number (also known as hash) generated by the e-invoice system for every invoice, debit note or credit note submitted by a supplier on the e-invoice system. Each document will have a unique 64 character IRN based on supplier GSTIN, year, document type and number (e.g. invoice number). IRN will be the unique identifier for that document in the GST System for a taxpayer.

Once IRN is generated for an invoice then (i) another IRN cannot be generated for the same invoice; (ii) it cannot be modified or deleted. However, if IRN is generated with wrong information, it can be cancelled; once it is cancelled, IRN cannot be generated on the same invoice – thus, for cancelling IRN, the seller's original invoice itself will have to be cancelled.

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