e-Invoice System

Ease in doing Business…Ease in GST Compliance!

GOODS AND SERVICES TAX NETWORK

E-Invoice: Concept

SUPPLIER

Issues Invoice

BUYER
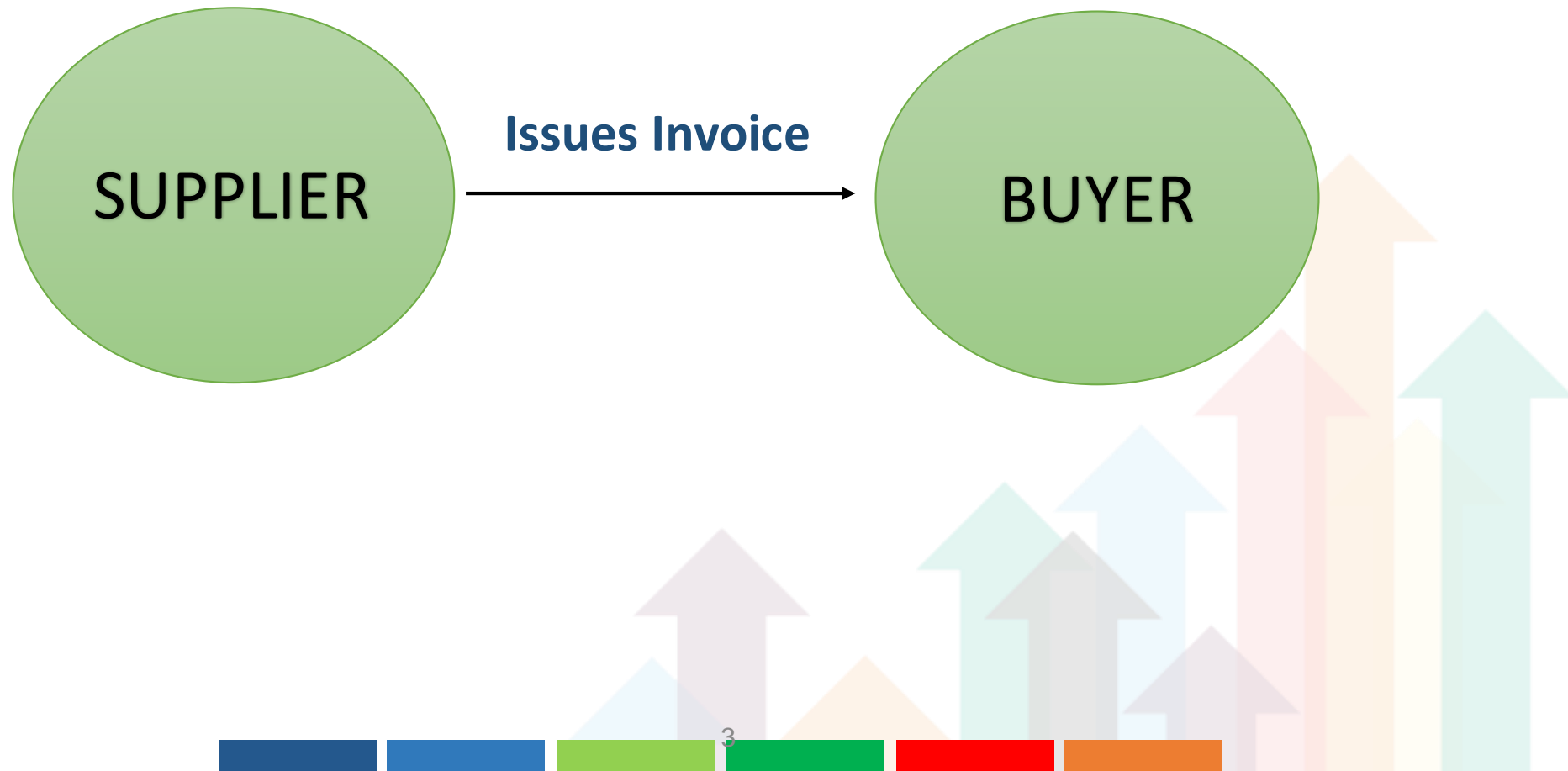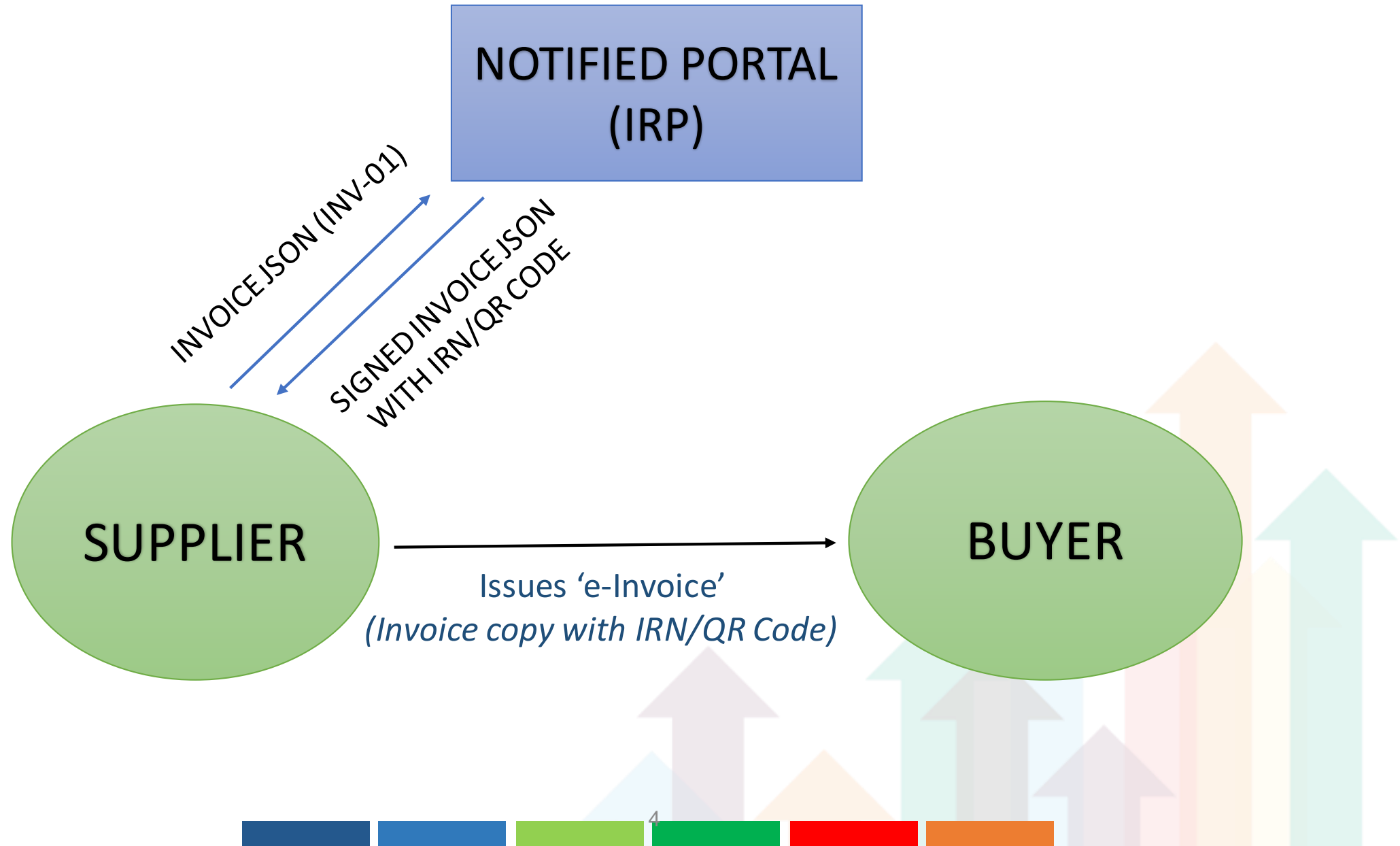
As per Rule 48(4) of CGST Rules,

- *notified class of registered persons*

- *to prepare invoice*

- *by uploading specified particulars in FORM GST INV-01*

- *on Invoice Registration Portal (IRP) and*

- ***obtain Invoice Reference Number (IRN)***

After following above ***'e-invoicing'*** process, the invoice copy (with QR Code containing inter alia, IRN) issued by the notified supplier to buyer is commonly referred to as ***'e-invoice'.***

- Invoice issued by the notified person ***in any other manner*** shall not be treated as an invoice. (Rule 48(5))

- Where e-invoicing is applicable, ***issuing of invoice in duplicate/triplicate*** is not required (Rule 48(6))
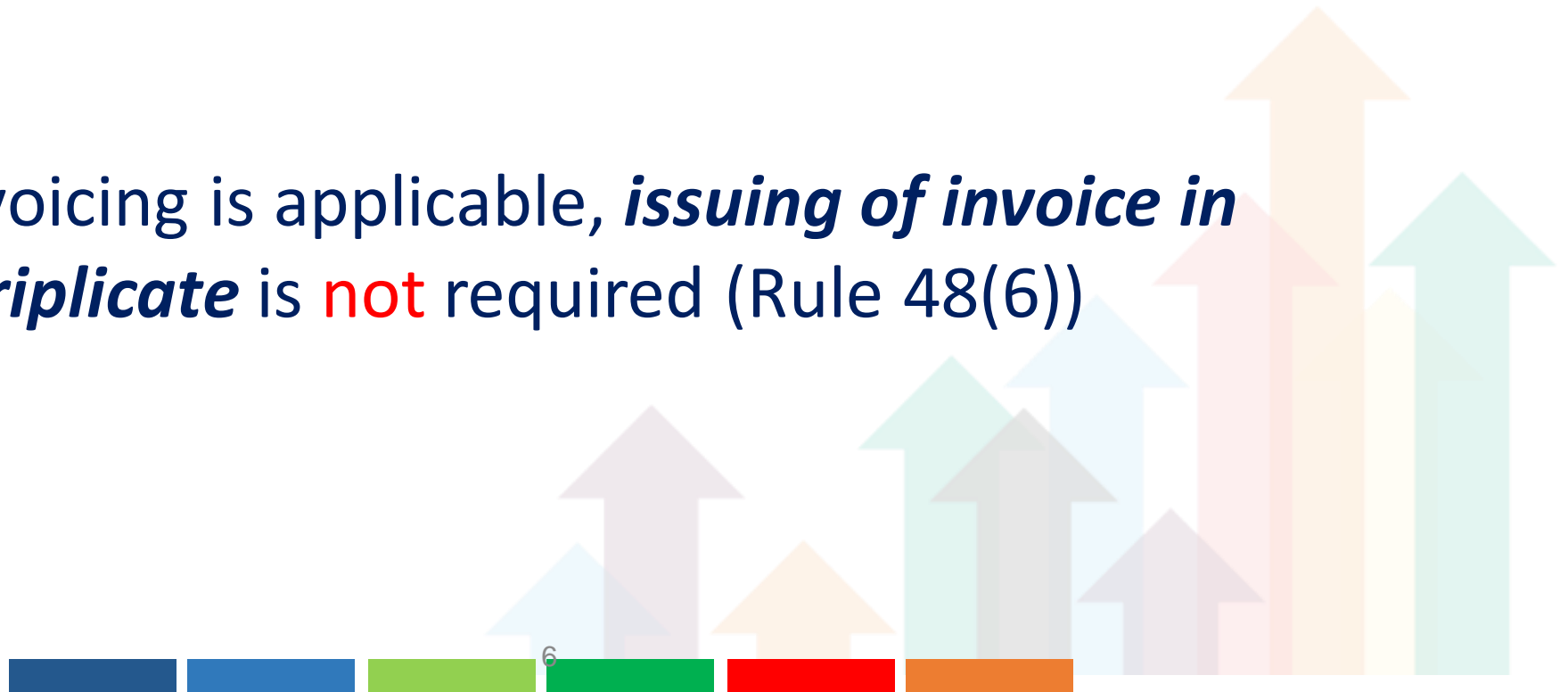
- 'e-invoice' is not about invoice *being in soft copy* like PDF etc.

- 'e-invoicing' doesn't mean generation of invoice *by a Government portal.*

- Taxpayers whose aggregate turnover (based on PAN) in a financial year **> Prescribed Limit**

- **Sectors exempted:** SEZ Units, Insurance, Banking *[including NBFCs],* Goods Transport Agency *[transporting goods by road in goods carriage],* Passenger Transport Services, Multiplex Cinema Admissions

Documents & Supplies Covered

Documents

- ✓ *Invoices*
- ✓ *Credit Notes*
- ✓ *Debit Notes*

Supplies

- ✓ *B2B Supplies*
- ✓ *Supplies to SEZs (with/without payment)*
- ✓ *Exports (with/without payment)*
- ✓ *Deemed Exports*
- *~~B2C Supplies~~*

- Taxpayers will **continue to create their GST invoices** on their own Accounting/Billing/ERP Systems

- These invoices will now be reported to **'Invoice Registration Portal (IRP)'**

- On reporting, IRP returns signed e-invoice with unique **'Invoice Reference Number (IRN)'** and a QR Code.

- Then, the invoice can be issued to receiver *(with QR Code)*

- A GST invoice will be valid only **with a valid IRN.**

- In e-invoice scenario,
  what is primarily envisaged is
  'machine-to-machine'
  exchange of invoice data
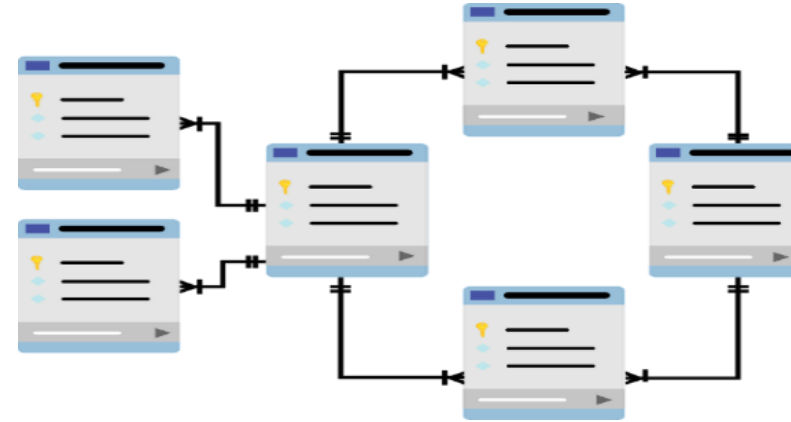
- Option of obtaining IRN
  by entering invoice data via
  web-based screen or mobile app
  will be made available in future.
  However, that mode will be used rarely, e.g. by small taxpayers or
  businesses having very small no. of invoices to report

- **'Schema'** is the standard format for electronic invoice **(INV-01);** it has all the typical elements of a **commercial invoice**

- 'Schema' ensures e-invoice is **'machine-readable'** and **'inter-operable'**, i.e. the invoice can be exchanged seamlessly between different systems like Tally, SAP etc.

- So, 'e-invoicing' also facilitates **exchange of invoices** between supplier and buyers in a structured electronic format.
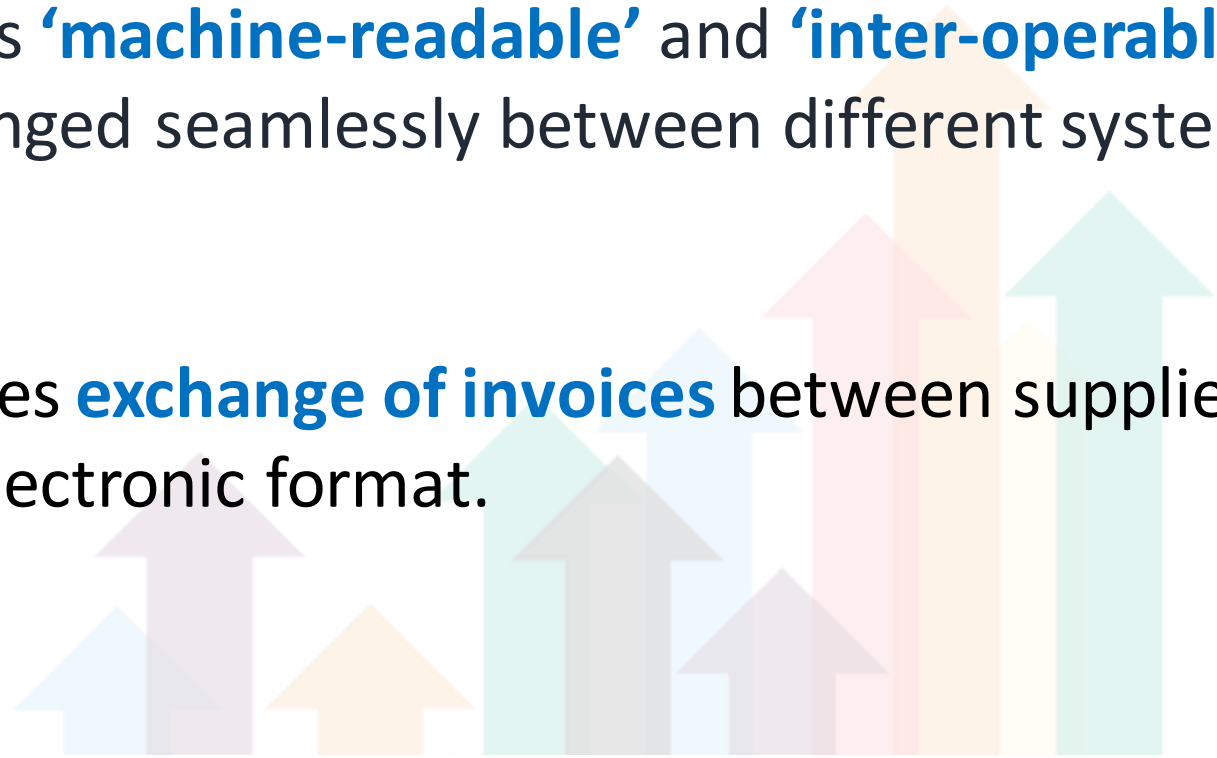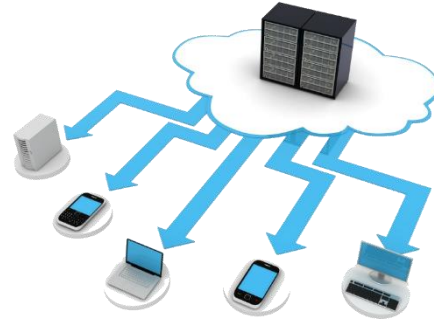
E-Invoice: Flow

Supplier

- Seller to have system or offline utility to prepare/receive JSON

- Uploads e-invoice JSON to IRP as per schema (INV-01)

- Receives signed JSON with IRN & e-way bill (where required)
- Issues 'e-invoice' to buyer, i.e. invoice with IRN/QR Code

Seller's GSTR-1 gets updated with invoice details

Invoice Registration Portal (IRP)

B2G APIs

IRP
- Validates the data
- Generates IRN
- Sends invoice payload to the GST System

IRP
- Adds a QR Code
- Signs the invoice JSON
- Pushes data to e-way bill system (where required)

GST System

G2G APIs

Rules out existence of same IRN in GST System

- Saves invoice Details in GST System

- Auto-populates invoice details into GSTR-1/2A

Buyers

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- **Buyers can view invoice details in their GSTR-2A**

- With QR code on invoice copy or by uploading e-invoice JSON (sent by supplier), buyer can verify authenticity of e-invoice

e-invoice - Advantages

- Documents become tax compliant on real time basis

- Single source of truth for fiscal purposes

- Compliance becomes part of natural business process and supply chain system

- Real time auto-population of invoice details into return

- Simultaneous generation of e-way Bill, where required

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- E-invoicing can mitigate fraudulent practices in GST, especially the menace of fake invoices.

- Gives fillip to initiatives like 'invoice financing' by enabling use of invoice as collateral, especially by small and medium businesses *(e.g. TReDS).*
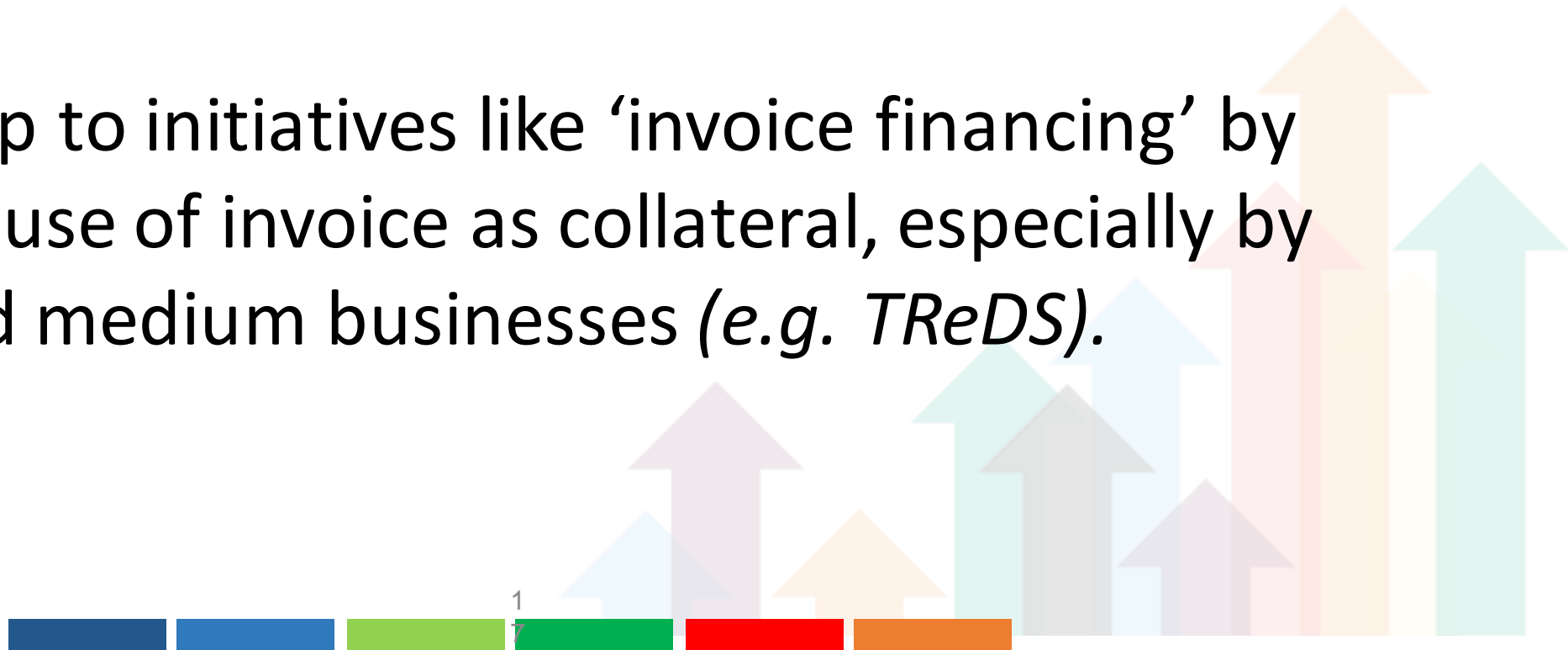
- Paves way for ***inter-operability*** among businesses, i.e. by allowing direct transmission of invoices in structured digital format from one finance system to another

- Eliminates data entry errors

- Reconciliation issues get reduced

- Disputes among transacting parties get reduced

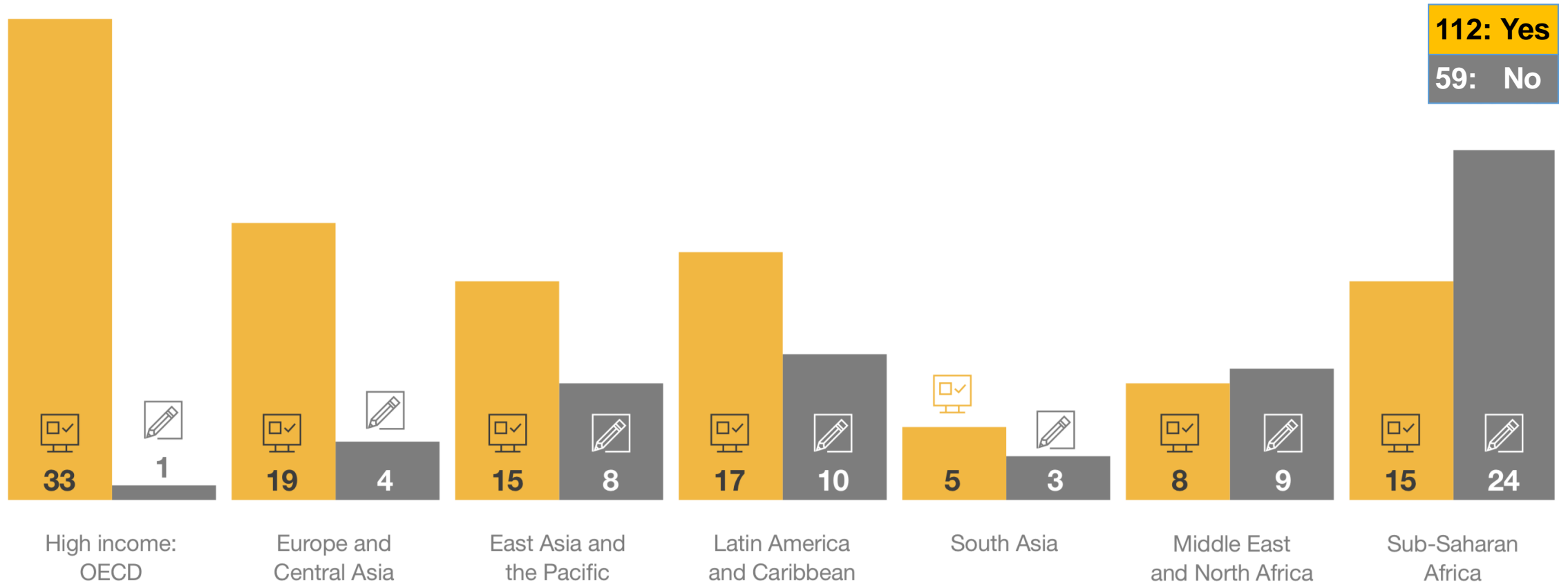GOODS AND SERVICES TAX NETWORK

- Faster payment cycles

- Processing cost gets reduced

- Better Internal Controls

- Enhances overall efficiency of businesses

E-Invoicing – A global imperative

Number of economies offering e-invoicing

112: Yes
59: No

| High income: OECD | Europe and Central Asia | East Asia and the Pacific | Latin America and Caribbean | South Asia | Middle East and North Africa | Sub-Saharan Africa |

33 | 1 | 19 | 4 | 15 | 8 | 17 | 10 | 5 | 3 | 8 | 9 | 15 | 24

Source: Doing Business database

EY Survey in France, 2016

Items	Paper invoice	e-invoice	Change
Shipment Cost	7 Euros	0.3 Euros	**96% savings**
No. of invoices handled by an employee in a year	6,000 paper invoices	90,000 e-invoices	**15 times efficiency improvement**
Time savings	15 days for paper invoice	3 days for e-invoice	**80% saving**
52% businesses view cost reduction as the principal advantage of digital transformation			

E-Invoice: Key Elements

- Taxpayers **continue to create their GST invoices** on their own Accounting/Billing/ERP Systems

- Necessary changes on account of e-invoicing requirement *(i.e. to enable reporting of invoices to IRP and obtain IRN),* will be made by ERP/Accounting and Billing Software providers in their respective software.

- Not voluntary; only those above specified turnover are enabled to report invoices on IRP

On fulfillment of prescribed conditions, the obligation to issue e-invoice in terms of Rule 48(4) *(i.e. reporting invoice details to IRP, obtaining IRN and issuing invoice with QR Code)* lies with concerned taxpayer.

However, as a facilitation measure, taxpayers who had crossed the prescribed turnover from 2017-18 onwards were enabled to report invoices to IRP. Note that the listing is based on the turnover of GSTR-3B as available in GST System.

One can search the status of enablement of a GSTIN on e-invoice portal:
https://einvoice1.gst.gov.in/ > Search > *e-invoice status of taxpayer*

This listing is based on the turnover of GSTR-3B as reported to GST System. So, it has to be noted that enablement status on e-invoice portal doesn't mean that the taxpayer is supposed to do e-invoicing. If e-invoicing is not applicable to a taxpayer, they need not be concerned about the enablement status and may ignore it.

In case any registered person, is **required to do e-invoicing** but not enabled on the portal, he/she may request for enablement on portal: **'Registration -> e-Invoice Enablement'**.

- E-invoice schema is notified as **'INV-1'**

- **'Schema'** simply means a structured template or format

- **'e-invoice' schema** is the standard format for electronic invoice

- Invoice details in prescribed schema to be reported to IRP in **JSON** format *(JavaScript Object Notation)*

- **'JSON'** can be thought of as a common language for systems/machines to communicate between each other and exchange data

- Businesses are already preparing/generating invoices in their ERPs/Accounting/Billing Software; the same to continue without any change

- 'Schema' acts as uniform standard for ERP/ Billing/ Accounting software providers to build utility in their solution/package to prepare e-invoice, for reporting to IRP

- Schema ensures e-invoice is **'machine-readable'** and **'inter-operable'**, i.e. the invoice/format can be readily 'picked up', 'read', 'understood' and further processed by different systems like Tally, SAP etc.

- Schema facilitates **'machine-to-machine' exchange** of invoice data

Schema has got only 29 mandatory fields. All other fields are optional.

Digital signature (DSC) of supplier not required while reporting e-invoice to IRP

Maximum number of line items which can be reported in a single invoice is 1000 at present. It will be enhanced based on requirement in future.

Schema caters to only items chargeable to GST. For items outside GST levy, separate invoice may be given by businesses.

In case of Credit Note and Debit Note, no linkage with invoice is built.

- Taxpayer needs a system/utility to report e-invoice details in JSON format to IRP and receive signed e-invoice in JSON format.

- **Modes for reporting e-invoice**: Multiple modes available so that taxpayer can use one based on his/her need:

  - *API based (integration with Taxpayer's System **directly**)*
  - *API based (integration with Taxpayer's System **through GSP/ASP**)*
  - *Free Offline Excel Utility (Bulk Generation Tool, downloadable from IRP)*

Invoice Registration Portal (IRP) is the website for uploading/reporting of invoices by the notified persons.

Vide notification no. 69/2019-Central Tax dated 13.12.2019, **ten portals** were notified for the purpose of preparation of the invoice in terms of Rule 48(4).

The first Invoice Registration Portal (IRP) is already active and can be accessed at: **https://einvoice1.gst.gov.in/**

Multiple Invoice Registration Portals (IRP) will be established to ensure uninterrupted availability.

IRP will only be a pass-through portal. **It will not store or archive e-invoice data.**
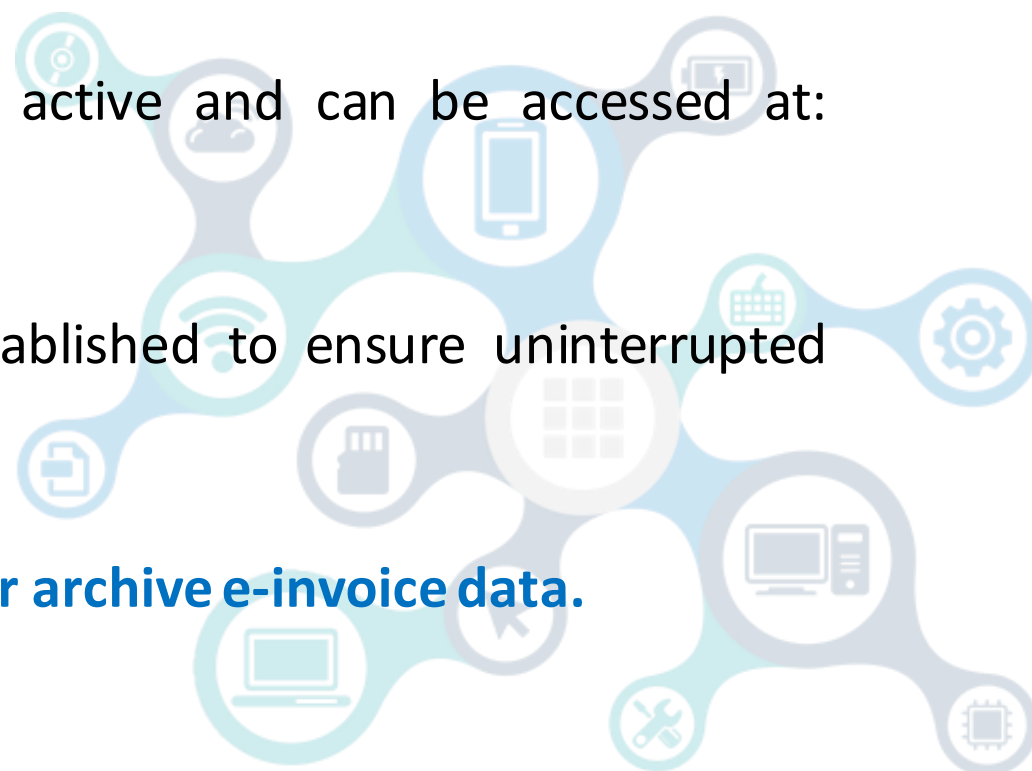
- Specified validations will be performed by IRP on invoice data

- IRN will be generated in sub-200 milliseconds duration

- Facility available for bulk-upload of invoices (bulk generation tool)

- The uploaded invoice data will be digitally signed by IRP

- In case of breakdown of internet connectivity in certain areas, a localised mechanism to provide relaxation by Commissioner is provided.

- IRN is a unique 64-character hash/string: *35054cc24d97033afc24f49ec4444dbab81f542c555f9d30359dc75794 e06bbe*

- A GST invoice will be valid only with a valid IRN

- IRN Need not be printed on e-invoice (It's already embedded in QR Code)

- **An invoice/document number which was reported and obtained IRN, can't be used again**
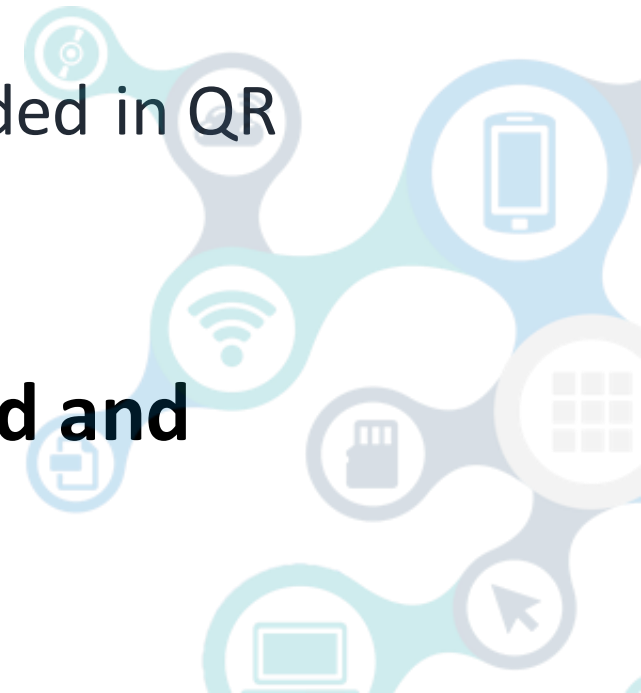
REPORTING: No prescribed time window for reporting to IRP

CANCELLATION:

IRN can be cancelled within 24 hours (from the time of generation of IRN)

However, if the connected e-way bill is active or verified by officer during transit, cancellation of IRN will **_not_** be permitted.

In case of cancellation of IRN, GSTR-1 also will be updated with such 'cancelled' status.

AMENDMENTS:

Amendments are not possible on IRP.

Any changes in the invoice details reported to IRP can be carried out on GST portal (while filing GSTR-1).

However, these changes will be flagged to proper officer for information.
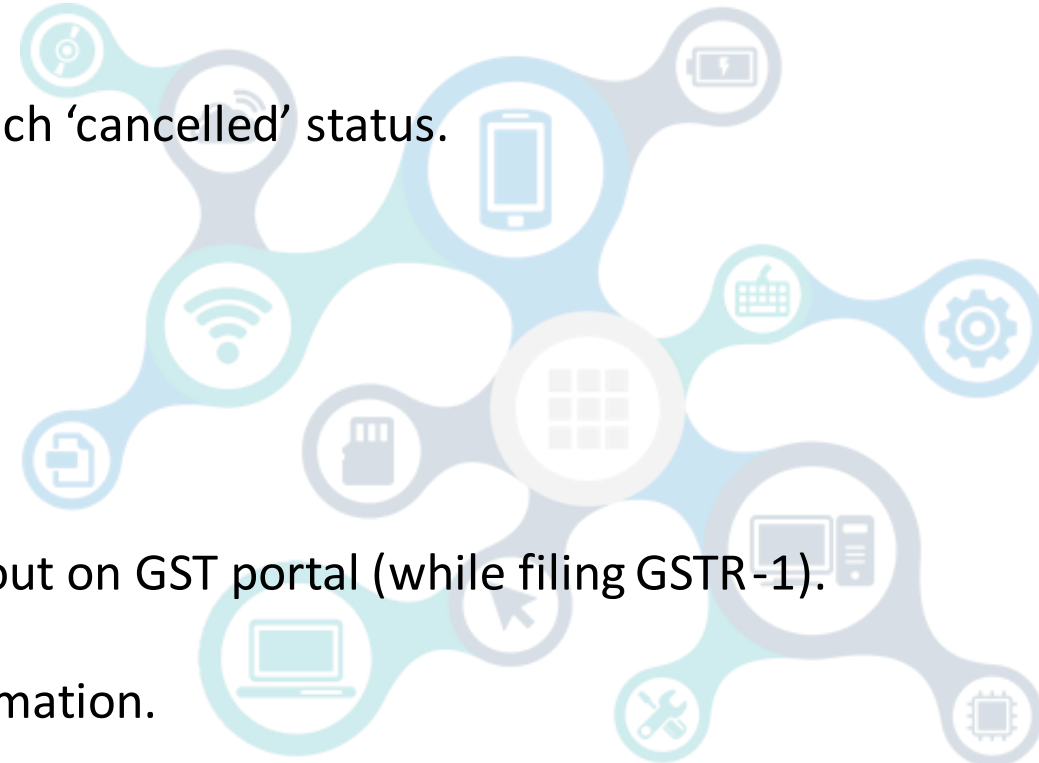
- Along with signed invoice, IRP will also gives a **QR code* containing the unique IRN** and below key particulars:

  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. **Invoice Reference Number (IRN)**

  ix. **Date of generation of IRN**

* QR code will enable Offline verification of invoices using Mobile App

- The QR code which comes as part of signed JSON from IRP, shall be extracted and placed on the invoice.

- However, printing of QR code on separate paper not allowed.

- While the printed QR code shall be clear enough to be readable by a QR Code reader, the size and its placing on invoice is upto the preference of the businesses.

- "Acknowledgement No." and "Date" given by IRP are only for reference. They need not be printed on e-invoice

- Being a 15-digit number, the acknowledgement number will also come handy for printing e-invoice or for generating e-way bill (instead of keying in the 64-character long IRN).

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One can verify the authenticity or correctness of e-invoice:

- By uploading the signed JSON file or Signed QR Code into e-invoice system: einvoice1.gst.gov.in > *Search* > *'Verify Signed Invoice'*

- Alternatively, with *"Verify QR Code" mobile app* which may be downloaded from *einvoice1.gst.gov.in > Help > Tools > Verify QR Code App*

06/12/2019 1:40PM

Schema version: 1.0
Tax scheme: GST

e-Invoice System

Original For Recipient

e-Invoice

1. GSTIN — 05AAACG2207L1ZY
2. Name — GSTN LTD
3. Address — GODREJ, VIKHROLI, Mumbai, Maharashtra, 400076
4. Serial No. of Invoice — GSTN001
5. Date of Invoice — 06/12/2019
6. IRN No. — 05AAACG2207L1ZY/GSTN001/2019-20

Dispatch from: 05AAACG2207L1ZY, GSTN LTD
Address: GODREJ, VIKHROLI, Mumbai
State: Maharashtra
Pincode: 400076

Details Of Receiver(billed to)	
Name	ABC INDIA LTD
Address	Mumbai
Pin Code	400011
State	Maharashtra
State Code (Place of supply)	MH
GSTIN/Unique ID	05AAACG2314E1ZD

Details Of Consignee(Shipped to)	
Name	ABC INDIA LTD
Address	Mumbai
Pin Code	400011
State	Maharashtra
State Code (Place of supply)	MH
GSTIN/Unique ID	05AAACG2140A1ZL

Sample e-Invoice

Supply type: Outward
Transaction mode: Tax Invoice

S.No.	Description of supply / Item description	HSN Code	Quantity	Rate per unit of quantity	GST rate (aggregate of CGST+SGST/IGST)	Taxable Value	CGST %	CGST Amount	SGST %	SGST Amount	IGST %	IGST Amount	CESS %	CESS Amount
1	LAPTOP	8703	2.00	50000.00	18.00	100000.00	9.00	9000.00	9.00	9000.00	0.00	0.00		0.00
					Total	100000.00		9000.00		9000.00		0.00		

Total Invoice Value(In figure): 118000.00
Amount of Tax subject to Reverse Charges : No

Payee Information:
Payee name: KPMG
Account number:
payment mode: Cash
IFSC code:

Total Taxable Amount	100000.00
Total Tax Amount	18000.00
Final Amount	118000.00
Amount paid in advance	10000.00
Amount outstanding	98000.00

Remarks 1
Remarks 2

Supplier sends the e-invoice to the receiver, in the same way as he is doing now. However, a mechanism to enable system-to-system exchange of e-invoices will be provided in due course.

While transporting goods, wherever the e-way bill is needed, the requirement continues to be mandatory.

In case both Part-A and Part-B of e-way bill are provided in the e-invoice schema, the details will be used to generate e-way bill.

The IRP will push the relevant invoice data (payload) to GST System. The GST system will auto-populate them into GSTR-1 of the supplier.

Notification No. **14/2020**-Central Tax dated 21st March, 2020 mandates entities with aggregate turnover > Rs. 500 crores in a FY to include QR code on their **B2C invoices.**

It is also specified that a Dynamic Quick Response (QR) code made available to buyer through digital display (with payment cross-reference) shall be deemed to be having QR code.

The purpose of this Notification is to enable and encourage digital payments.

It has no relevance or applicability to the e-invoicing i.r.o B2B Supplies by notified class of taxpayers.

E-invoice to GSTR 1

- For all the taxpayers, who are generating e-invoice, their GSTR-1 (Sections B2B, CDN, EXP, Table12) will be auto-populated with e-invoice data.

GSTR-1 Table no.	GSTR-1 Table description
4A,4B,4C,6B,6C	B2B Invoices
6A	Export Invoices
9B	Credit/Debit Notes
12	HSN-wise summary of outward supplies

- GST system will do mapping of E-invoice fields with GSTR1 fields, aggregate items on rate and populate GSTR-1.
- In case the e-invoice is cancelled, the auto-populated details will be removed from GSTR-1, automatically. The status also will be updated accordingly.
- Taxpayer will be able to edit auto-populated e-invoice data in GSTR-1.

- Invoice uploaded by Taxpayer will take precedence i.e. if a taxpayer has reported invoices first in e-invoice system and uploaded the same again in GSTR-1, then invoice uploaded by Taxpayer will prevail;

- GST system will provide G2B API to get complete e-invoice data.

- GST System will enhance GSTR1, GSTR2A, GSTR2B, GSTR6A APIs and offline tool to include IRN and IRN date. (In second phase)

- To start with, data from e-invoice will be pulled once every night, so data uploaded in e-invoice system on 'T' will be available on 'T+1' basis, in GSTR-1 and GSTR-2A/GSTR-6A. After stabilization, this will be made available in near real-time basis.

Mapping of GSTR-1 and e-Invoice Fields
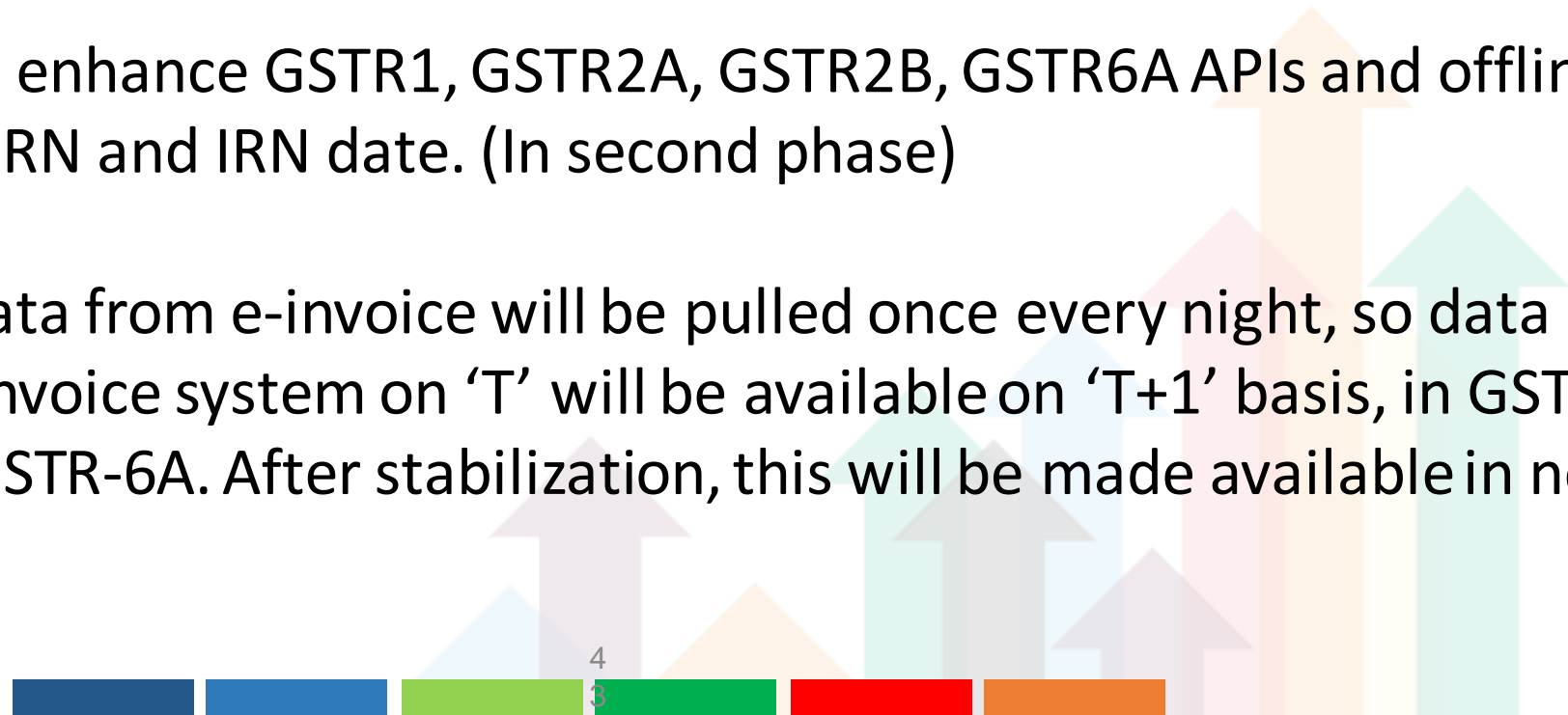
S No	E-invoice Field name	GSTR1 field name
1	Supply_Type_Code	Invoice type (This Field will be used for mapping invoice to different sections of GSTR1 like B2B/SEZWOP/SEZWP/DEXP invoices will be mapped to B2B section of GSTR1)
2	Document_type_code	It will be used to decide CDN or other sections.
3	Document_Num	Supplier Invoice number
4	Document_Date	Supplier Invoice Date
5	Reverse_charge	Reverse Charge
6	Supplier_Legal_Name	Supplier_Legal_Name
7	Supplier_trading_name	Trade Name of Supplier
8	Supplier_GSTIN	Supplier GSTN
9	Recipient_Trade_Name	Buyer Tade name
10	Recipient_ GSTIN	Receiver GSTIN
11	Place_Of_Supply_State_ Code	Place of Supply (POS)
12	Total_Invoice_Value_INR	Supplier Invoice Value
13	HSN code	HSN code (Table-12)

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S No	E-invoice Field name	GSTR1 field name
14	Quantity	Quantity (Table 12)
15	UQC (UOM)	UQC (Unit of Measure) of goods sold (Table 12)
16	GST Rate	Rate
17	Taxable Value	Taxable value of Goods or Service as per invoice
18	IGST_amt	IGST Amount as per item
19	CGST_amt	CGST Amount as per item
20	SGST_UTGST Amt	SGST Amount as per item
21	Comp_Cess_Amt_ Ad_Valorem	CESS Amount as per item
22	Shipping_Bill_Number	Shipping Bill Number
23	Shipping_Bill_Date	Shipping Bill Date
24	Port_Code	Port Code

e-Invoice: More Information & Help

 Law/Procedure (For queries on applicability, law, schema, procedure etc. relating to e-invoicing)

https://einvoice1.gst.gov.in/ *> Help > FAQs > Legal / Procedure*

www.gstn.org.in *> e-invoice > FAQs*

e-invoice Portal (For queries on IRP i.e. Registration, Log in, Offline / Bulk Generation tool, Generation/Cancellation of IRN etc.)

https://einvoice1.gst.gov.in/ *> Help > FAQs*

e-invoice APIs/Testing (For queries on e-invoice API Developers' Portal, i.e. API Specifications, Testing, Credentials to access Sandbox etc.)

https://einv-apisandbox.nic.in/ *> FAQs*

For help on IRP *(einvoice1.gst.gov.in) or* API/Testing issues on Trial portal, please lodge a ticket with GST Help Desk (https://selfservice.gstsystem.in/)

Any suggestions on e-invoice are welcome at

e-invoice@gstn.org.in

FACEBOOK

https://www.facebook.com/gstsystemsindia/

YouTube – e-invoice play list

TWITTER

https://www.youtube.com/channel/UCFYpOk92qurIO5t-Z_y-bOQ/about
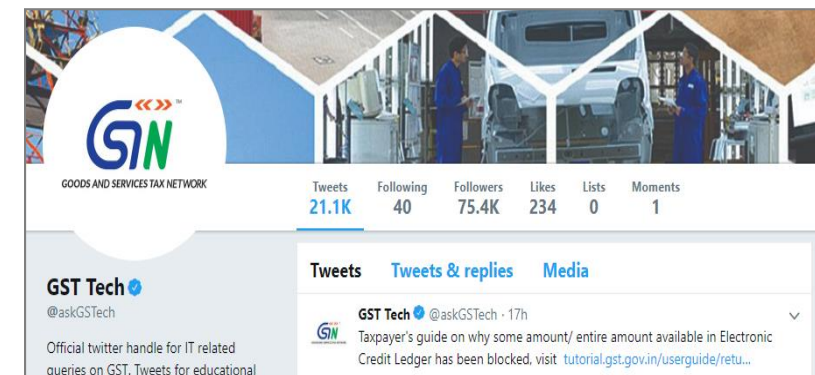
https://twitter.com/infosys_gstn

e-Invoice: Questions