

# TAX INVOICE; CREDIT AND DEBIT NOTES



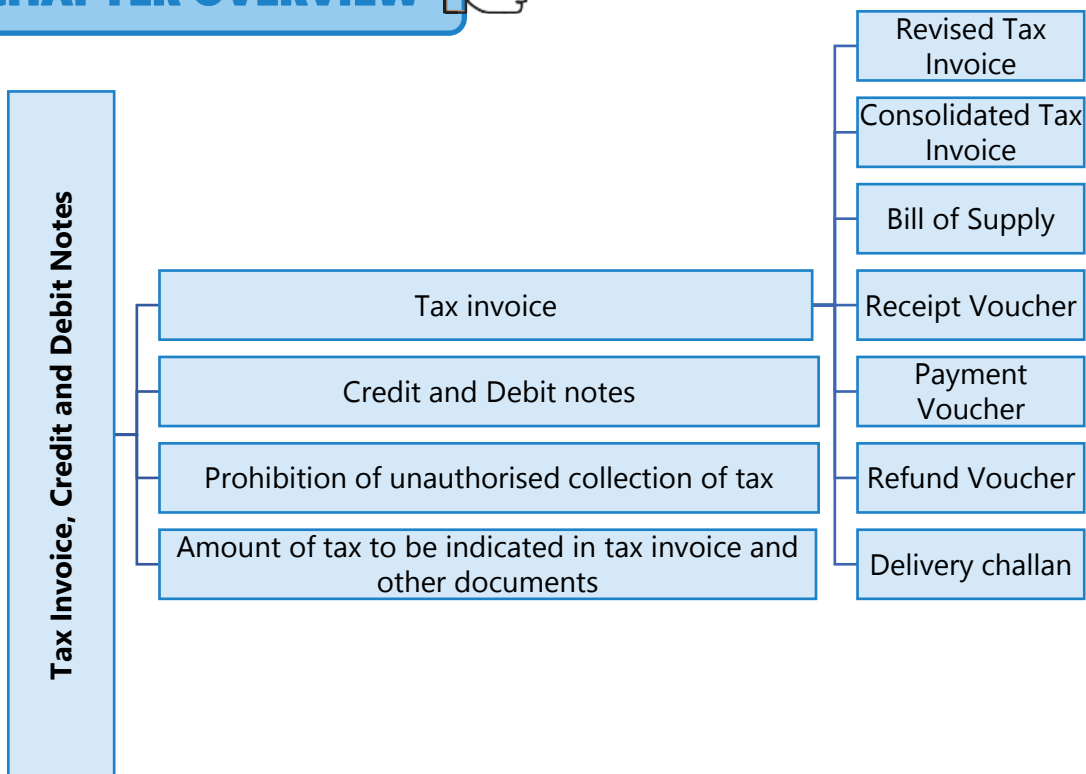
*The section numbers referred to in the Chapter pertain to CGST Act, 2017, unless otherwise specified. Examples/Illustrations/Questions and Answers given in the Chapter are based on the position of GST law existing as on 30.04.2023.*

## LEARNING OUTCOMES

### This Chapter will equip you to –

- ☐ describe and analyse the provisions relating to tax invoice in case of taxable supply of goods and in case of taxable supply of services – time limit and manner of issuing the same.
- ☐ enumerate the particulars of a tax invoice.
- ☐ understand the provisions relating to e-invoicing.
- ☐ explain the provisions relating to revised tax invoice, bill of supply, receipt voucher, refund voucher, payment voucher, etc.
- ☐ identify the cases where no tax invoice is required to be issued and identify the suppliers of taxable service who are permitted to issue any document other than tax invoice.
- ☐ explain the provisions relating to transportation of goods without issuance of invoice.
- ☐ describe the provisions relating to issuance of credit and debit notes.
- ☐ explain the provisions relating to prohibition of unauthorised collection of tax.
- ☐ describe the provisions relating to amount of tax to be indicated in tax invoice and other documents.

## CHAPTER OVERVIEW



## 1. INTRODUCTION

An invoice is a commercial instrument issued by a supplier of goods/services to a recipient. It identifies both the parties involved, and lists, describes the goods sold/services supplied, quantifies the items sold, shows the date of shipment and mode of transport, prices and discounts, if any, and the delivery and payment terms (in case of supply of goods).



Invoicing is a very crucial aspect for ensuring tax compliance under any indirect taxation system. In order to ensure transparency, issuance of invoice for every taxable transaction is a pre-requisite. In case of supply of goods or provision of services, an invoice is raised by the supplier of such goods or services.

to the recipient of the same. Tax invoice acts as a document evidencing the payment of the value of the goods or services or both as also the tax portion in the same. In certain cases, an invoice serves as a demand for payment and becomes a document of title when paid in full.

Under the GST regime, an "invoice" or "tax invoice" means the tax invoice referred to in section 31 of the CGST Act, 2017. This section mandates the issuance of an invoice or a bill of supply for every supply of goods or services.

Under GST law, a tax invoice is an important document. It not only evidences supply of goods or services, but is also an essential document for the recipient to avail Input Tax Credit (ITC). A registered person cannot avail input tax credit unless he is in possession of a tax invoice or a debit note.

The provisions relating to tax invoices, credit and debit notes are contained in Chapter VII - Tax Invoice, Credit and Debit Notes [Sections 31 to 34] of the CGST Act and Chapter-VI: Tax Invoice, Credit and Debit Notes [Rules 46 to 55A] of Central Goods and Services (CGST) Rules, 2017. State GST laws also prescribe identical provisions in relation to Tax Invoice; Credit and Debit Notes.

Before proceeding to understand the provisions of Tax Invoice, Credit and Debit Notes, let us first go through few relevant definitions.

**Provisions of Tax invoice; Credit and Debit Notes under CGST Act have also been made applicable to IGST Act vide section 20 of the IGST Act.**



## 2. RELEVANT DEFINITIONS

- ❑ **Credit note:** means a document issued by a registered person under sub-section (1) of section 34 [Section 2(37)].
- ❑ **Debit note:** means a document issued by a registered person under sub-section (3) of section 34 [Section 2(38)].

- ❑ **Continuous supply of goods:** means [Section 2(32)]:

a supply of goods which is provided, or agreed to be provided, continuously or on recurrent basis  
under a contract  
whether or not by means of a wire, cable, pipeline or other conduit, and  
for which the supplier invoices the recipient on a regular or periodic basis and  
includes supply of such goods as the Government may, subject to such conditions, as it may, by notification, specify

- ❑ **Continuous supply of services:** means [Section 2(33)]:

supply of services which is provided, or agreed to be provided, continuously or on recurrent basis  
under a contract  
for a period exceeding 3 months with periodic payment obligations and  
includes supply of such services as the Government may, subject to such conditions, as it may, by notification, specify

- ❑ **Document:** includes written or printed record of any sort and electronic record as defined in clause (t) of section 2 of the Information Technology Act, 2000 [Section 2(41)].
- ❑ **Exempt supply:** means supply of any goods or services or both which attracts nil rate of tax or which may be wholly exempt from tax under section 11, or under section 6 of the Integrated Goods and Services Tax Act, and includes non-taxable supply [Section 2(47)].
- ❑ **Invoice or tax invoice:** means the tax invoice referred to in section 31 (*discussed subsequently*) [Section 2(66)].
- ❑ **Quarter:** shall mean a period comprising three consecutive calendar months, ending on the last day of March, June, September and December of a calendar year [Section 2(92)].
- ❑ **Return:** means any return prescribed or otherwise required to be furnished by or under this Act or the rules made thereunder [Section 2(97)].



### 3. TAX INVOICE [SECTION 31]



#### STATUTORY PROVISIONS

Section 31	Tax invoice
Sub-section	Particulars
(1)	<p>A registered person supplying taxable goods shall, before or at the time of,—</p> <ul style="list-style-type: none"> <li>(a) removal of goods for supply to the recipient, where the supply involves movement of goods; or</li> <li>(b) delivery of goods or making available thereof to the recipient, in any other case</li> </ul> <p>issue a tax invoice showing the description, quantity and value of goods, the tax charged thereon and such other particulars as may be prescribed.</p> <p>Provided that the Government may, on the recommendations of the Council, by notification, specify the categories of goods or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.</p>
(2)	<p>A registered person supplying taxable services shall, before or after the provision of service but within a prescribed period, issue a tax invoice, showing the description, value, tax charged thereon and such other particulars as may be prescribed.</p> <p>Provided that the Government may, on the recommendations of the Council, by notification—</p> <ul style="list-style-type: none"> <li>(a) specify the categories of services or supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed;</li> <li>(b) subject to the condition mentioned therein, specify the categories of services in respect of which—</li> </ul>

	<p>(i) any other document issued in relation to the supply shall be deemed to be a tax invoice; or</p> <p>(ii) tax invoice may not be issued.</p>
<b>(3)</b>	<p>Notwithstanding anything contained in sub-sections (1) and (2)–</p> <p>(a) a registered person may, within one month from the date of issuance of certificate of registration and in such manner as may be prescribed, issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him;</p> <p>(b) a registered person may not issue a tax invoice if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;</p> <p>(c) a registered person supplying exempted goods or services or both or paying tax under the provisions of section 10 shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed:</p> <p><i>Provided that the registered person may not issue a bill of supply if the value of the goods or services or both supplied is less than two hundred rupees subject to such conditions and in such manner as may be prescribed;</i></p> <p>(d) a registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars as may be prescribed, evidencing receipt of such payment;</p> <p>(e) where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment;</p> <p>(f) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue an invoice in respect of goods or services or both received by him from the</p>

	<p>supplier who is not registered on the date of receipt of goods or services or both;</p> <p>(g) a registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 shall issue a payment voucher at the time of making payment to the supplier.</p>
(4)	<p>In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued before or at the time each such statement is issued or, as the case may be, each such payment is received.</p>
(5)	<p>Subject to the provisions of clause (d) of sub-section (3), in case of continuous supply of services,—</p> <p>(a) where the due date of payment is ascertainable from the contract, the invoice shall be issued on or before the due date of payment;</p> <p>(b) where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;</p> <p>(c) where the payment is linked to the completion of an event, the invoice shall be issued on or before the date of completion of that event.</p>
(6)	<p>In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.</p>
(7)	<p>Notwithstanding anything contained in sub-section (1), where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued before or at the time of supply or six months from the date of removal, whichever is earlier.</p>

**Explanation.—**For the purposes of this section, the expression “tax invoice” shall include any revised invoice issued by the supplier in respect of a supply made earlier.

**Section 31A**

**Facility of digital payment to recipient**

*The Government may, on the recommendations of the Council, prescribe a class of registered persons who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and give option to such recipient to make payment accordingly, in such manner and subject to such conditions and restrictions, as may be prescribed.*

## ANALYSIS

The provisions relating to Tax Invoice are provided under section 31 of the CGST Act as well as Chapter-VI: Tax Invoice, Credit and Debit Notes of Central Goods and Services (CGST) Rules, 2017. The provisions contained in these rules have been incorporated at the relevant places.



There is no format prescribed for the Tax Invoice. Only certain fields have been prescribed as mandatory fields.

### **A. TAX INVOICE ISSUED BY A SUPPLIER OF TAXABLE GOODS/ TAXABLE SERVICES**

A tax invoice shall be issued by a registered person supplying taxable goods or taxable services or both. Such tax invoice shall show the prescribed particulars.



**(i) Time limit for issuance of invoice [Sections 31(1), (2), (4) & (5) read with rule 47]**

The time for issuing an invoice would depend on the nature of supply viz. whether it is a supply of goods or supply of services.

A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods (where supply involves movement of goods) or in any other case, before or at the time of delivery or making available the said goods to the recipient.




In case of supply of taxable services, tax invoice may be issued before or after the provision of services, but within the specified period. Government may notify the categories of services in respect of which any other document issued in relation to supply shall be deemed to be a tax invoice or tax invoice may not be issued.



The Government may, on the recommendations of the Council, by notification, specify the categories of goods or services supplies in respect of which a tax invoice shall be issued, within such time and in such manner as may be prescribed.

In case of taxable supply of goods	In case of taxable supply of services
Invoice shall be issued before or at the time of,—	Invoice shall be issued <b>before or after</b> the provision of service, but within a period of <b>30 days*</b> from the date of supply of service.
(a) removal of goods for supply to the recipient, where	<b>*45 days</b> in case of an insurer or banking company or financial institution, including a non-banking financial company (NBFC)

<p>the supply involves movement of goods; or</p>	<div>  <p>may issue the invoice</p> <p><b>before or at the time such supplier records the same in his books of account or before the expiry of the quarter during which the supply was made</b></p> <p><b>An insurer or a banking company or a financial institution, including NBFC, or a telecom operator, or any other class of supplier of services as may be notified by the Government, making taxable supplies of services between distinct persons as specified in section 25</b></p> </div>	
<p>(b) delivery of goods or making available thereof to the recipient, in any other case.</p>		
<p><b>In case of continuous supply of goods</b></p>	<p><b>In case of continuous supply of services</b></p>	
<p>Where successive statements of accounts/ successive payments are involved, the invoice shall be issued before/at the time each such statement is issued or each such payment is received.</p>	<p><b>Where</b></p>	<p><b>the invoice shall be issued</b></p>
	<p>(a) due date of payment is ascertainable from the contract</p>	<p>on or before the <b>due date of payment</b></p>
	<p>(b) due date of payment is not ascertainable from the contract</p>	<p>before or at the time when the <b>supplier</b> of service <b>receives the payment</b></p>
	<p>(c) payment is linked to the completion of an event</p>	<p>on or before the <b>date of completion of that event.</b></p>



**(1)** Ritu Manufacturers, Delhi supplies goods to Prakhar Electronics, Haryana. The goods were removed from its factory in Delhi on 23<sup>rd</sup> September. Ritu Manufacturers needs to issue a tax invoice on or before 23<sup>rd</sup> September.



**(2)** Katyani Security Services Ltd. provides security services to Royal Jewellers for their Jewellery Exhibition to be organized on 5<sup>th</sup> October. Katyani Security Services Ltd. needs to issue a tax invoice within 30 days of supply of security services, i.e. on or before 4<sup>th</sup> November.

**(ii) Where supply of services ceases before its completion [Section 31(6)]**

In a case where the supply of services ceases under a contract before the completion of the supply, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation.



**(iii) Goods sent on sale or return basis [Section 31(7)]**

Where the goods being sent or taken on approval for sale or return are removed before the supply takes place, the invoice shall be issued:

- (i) before/at the time of supply
  - or
  - (ii) 6 months from the date of removal
- whichever is earlier.



**(iv) Particulars of a tax invoice [Sections 31(1) & (2) read with rule 46]**

As discussed earlier, there is no format prescribed for an invoice, but rules make it mandatory for an invoice to have the following fields (only applicable fields are to be filled):

Name, address and GSTIN of the supplier;

A consecutive serial number not exceeding 16 characters, in one or

multiple series, containing alphabets/numerals/special characters hyphen or dash and slash, and any combination thereof, unique for a FY;

Date of its issue;

**If recipient is registered**- Name, address and GSTIN or UIN of recipient

<b>If recipient is unregistered and value of supply is</b>	<b>Particulars of invoice</b>
₹ 50,000 or more	Name and address of the recipient and the address of delivery, along with the name of State and its code
less than ₹ 50,000	unregistered recipient may still request the aforesaid details to be recorded in the tax invoice

***Where any taxable service is supplied by or through an electronic commerce operator or by a supplier of OIDAR services to a recipient who is unregistered, irrespective of the value of such supply, a tax invoice issued by the registered person shall contain the name and address of the recipient along with its PIN code and the name of the State and the said address shall be deemed to be the address on record of the recipient.***

HSN code for goods or services;

Description of goods or services;

Quantity in case of goods and unit or Unique Quantity Code thereof;

Total value of supply of goods or services or both;

Taxable value of supply of goods or services or both taking into account discount or abatement, if any;

Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);

Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;

Address of delivery where the same is different from the place of supply;

Whether the tax is payable on reverse charge basis; and

Signature or digital signature of the supplier or his authorized representative (not required in case of issuance of an electronic invoice in accordance with the provisions of the Information Technology (IT) Act, 2000).

Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued<sup>1</sup>

***Note:*** *The taxpayers exempted from the mandatory requirement of e-invoicing (discussed subsequently) are required to provide a declaration on the tax invoice stating that though their aggregate turnover exceeds the notified aggregate turnover for e-invoicing, they are not required to prepare an e-invoice.*

**(v) Number of HSN digits required on tax invoice and class of registered person not required to mention HSN [Rule 46]**

Board may, on the recommendations of the Council, by notification, specify:

- (i) the number of digits of Harmonised System of Nomenclature (HSN) code for goods or services that a class of registered persons shall be required to mention; or
- (ii) a class of supply of goods or services for which specified number of digits of HSN code shall be required to be mentioned by all registered taxpayers; and

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<sup>1</sup> in the manner prescribed under rule 48(4)

- (iii) the class of registered persons that would not be required to mention the HSN code for goods or services.



This provision is also applicable to Bill of Supply [The concept of Bill of Supply is discussed in subsequent paras].

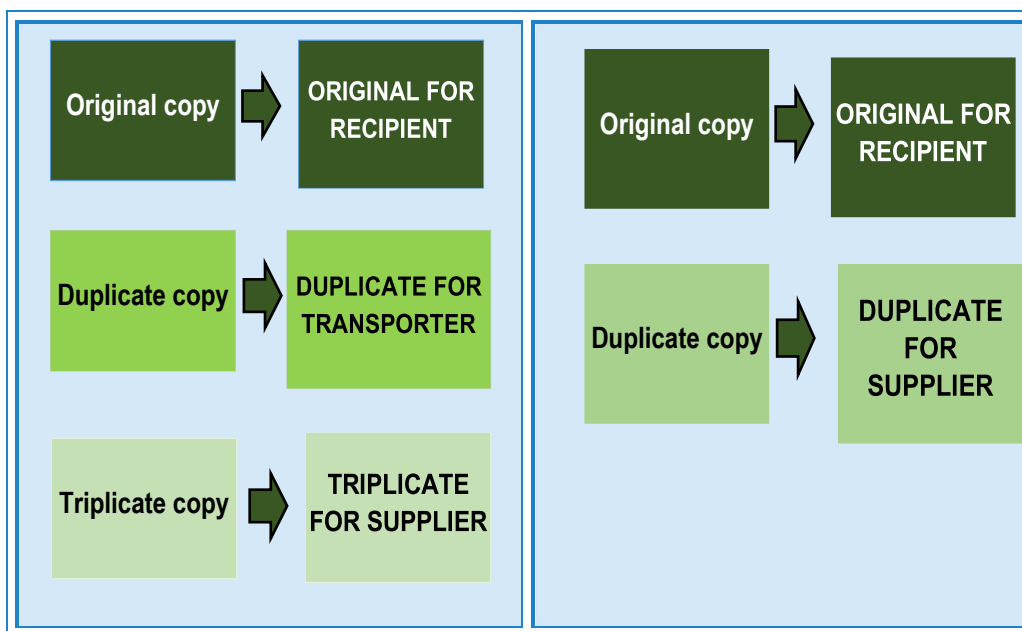
In view of the above powers, following has been notified vide *Notification No. 12/2017 CT dated 28.06.2017 as amended*:

S.No.	Annual Turnover (AT) in the preceding FY	Number of Digits of HSN Code
1.	AT ≤ ₹ 5 crores	For B2B supply - 4 For B2C supply – 4 (optional)*
2.	AT > ₹ 5 crores	For B2B supply and B2C supply – 6

\*As mentioned above, a registered person having aggregate turnover up to ₹ 5 crores in the previous financial year has been exempted from the requirement of mentioning the HSN Code in the manner specified in above table in a tax invoice issued by him under the said rules in respect of supplies made to unregistered persons.

**(vi) Manner of issuing the invoice [Sections 31(1) & (2) read with rule 48]**

In case of taxable supply of goods	In case of taxable supply of services
Invoice shall be prepared in <b>TRIPLICATE</b>	Invoice shall be prepared in <b>DUPLICATE</b>
 <b>Triplicate</b>	 <b>Duplicate</b>



The serial number of invoices issued during a tax period shall be furnished electronically [through the Common Portal – [www.gst.gov.in](http://www.gst.gov.in)], in FORM GSTR-1 [Details of outward Supplies of goods or services].



Key points from aforesaid discussion have been summarized as follows:

1. All GST taxpayers are free to design their own Tax Invoice Format.
2. The law requires that only certain fields as mandatory fields in the Tax Invoice. The same have been listed under heading (iv) above. The mandatory fields have also been circled in the following Sample Tax Invoice.
3. The time period for issuance of invoice is different for goods and services. For goods, it is any time before or at its delivery and for services, it is within 30 days from the date of supply of services.

## Sample Tax Invoice

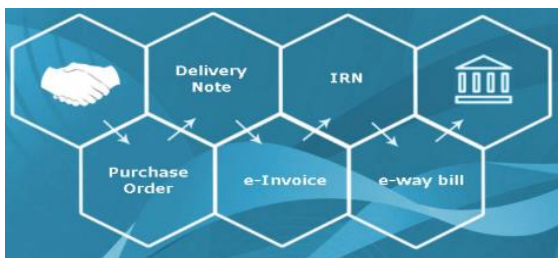
<b>ABC Enterprises Pvt. Ltd.</b> GSTIN 22AAAAA0000A1Z5 Branch Karnatka (22) PAN AAAA0000A		<b>Total ₹ 6500.00</b> Invoice Date 10/05/2017 Invoice No. CLR-00054 Reference No. PO-9987							
<b>TAX INVOICE</b>									
Customer Name Kantech Solutions Private Ltd.  Customer GSTIN 22BBBBB0007A1Z5		Billing Address Kantech Solutions Private Ltd. Ground Floor, Building 2A, 23 & 24 AMR Tech Park Internal Road Hongasandra, Bengaluru Karnatka 560068							
		Shipping Address Kantech Solutions Private Ltd. Ground Floor, Building 2A, 23 & 24 AMR Tech Park Internal Road Hongasandra, Bengaluru Karnatka 560068							
Payment Terms Net 15		Due Date 19/06/2016							
		Place of Supply Karnatka (22)							
Item	HSN	Qty.	Rate/ Item(₹)	Discount/ Item(₹)	Taxable Value(₹)	SGST	CGST	CESS	Total
1. Himalaya Herbal Cream Neem Edition	440003	10 kg	1000.00	30.00	970.00	970.00 @10%	970.00 @10%	00.00 @0%	11640.00
2. Himalaya Herbal Cream Neem Edition	440003	10 kg	1000.00	30.00	970.00	970.00 @10%	970.00 @10%	00.00 @0%	11640.00
3. Himalaya Herbal Cream Neem Edition	440003	10 kg	1000.00	30.00	970.00	970.00 @10%	970.00 @10%	00.00 @0%	11640.00
4. Freight Charges	—	1 no	1000.00	—	1000.00	50.00 @5%	50.00 @5%	00.00 @0%	1100.00
<b>Total (₹)</b>					<b>30100.00</b>	<b>2960.00</b>	<b>2960.00</b>	<b>00.00</b>	<b>36020.00</b>
Taxable amount									₹ 30100.00
Total Tax*									₹ 5920.00
Invoice Total									₹ 36020.00
Invoice Total (In words)									Thirty Six Thousand Twenty Only
*Tax to be paid on Reverse Charge									
Notes All payments to be made in cash. Contact us for queries on these quotations.					<b>DUPLICATE</b> For Transporter		or ABC Enterprises Pvt. Ltd. (Signature)		
Thank you for your business.									
Powered by  clearTax									
ABC Enterprises Pvt. Ltd., Ground Floor, Building 2A, 23 & 24, AMR Tech Park Internal Road, Hongasandra, Bengaluru, Karnatka 560068 +91-9876543210, +91-9876543210, contact@abcenterprises.in									



**E-invoicing**

**'E-invoicing' has been introduced for reporting of business to business (B2B) invoices to GST System for certain notified category of taxpayers.**

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than **₹ 10 crore** (hereinafter referred to as 'notified persons') will be required to issue e-invoices. E-invoicing is not voluntary; only notified persons are enabled to report invoices on IRP ( Invoice Registration Portal).



Before we proceed further, let us first understand what is 'e-invoicing'? E-invoicing is not generation of invoice by a Government portal. Taxpayers will continue to create their GST invoices on their own

Accounting/Billing/ERP Systems as per e-invoice scheme. These invoices will then be reported to IRP. On such reporting, IRP will generate a unique 'Invoice Reference Number (IRN)', digitally sign it and return the e-invoice to the supplier. A GST e-invoice will be valid only with a valid IRN.

Presently, invoices, credit notes and debit notes, when issued by notified persons (to registered persons (B2B) or for the purpose of exports) are covered under e-invoice. Though different documents are covered, for ease of reference and understanding, the system is referred as 'e-invoicing'.



### Advantages of e-invoicing

E-invoice has many advantages for businesses. One such advantage is auto-reporting of invoices into GST return and auto-generation of e-way bill<sup>2</sup> (wherever required). Under e-invoicing, business has to report the B2B invoice data only once in the e-invoice form and the same is reported in multiple forms (GSTR-1, e-way bill etc.). E-way bill can be auto-generated using e-invoice data. GSTR-1 can also be auto-populated with the e-invoice data. It will become part of the business process of the taxpayer.

Consequently, there will be a substantial reduction in transcription errors as same data will get reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register. On receipt of information through GST System, buyer can reconcile the same with his Purchase Order.

Thus, it will facilitate standardisation and interoperability leading to reduction of disputes among transacting parties, improve payment cycles, reduction of processing costs and thereby greatly improving overall business efficiency.

Further, since a complete trail of B2B invoices is available with the Department, it will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.

Last but not the least, e-invoicing will eliminate the fake invoices. Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently faced by tax-authorities. The e-invoice system will help to curb the actions of unscrupulous taxpayers and



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<sup>2</sup> The provisions relating to e-way bill have been discussed in Chapter 12: E-way bill in this Module of the Study Material.



who shall prepare e-invoice in respect of B2B supplies (supply of goods or services or both to a registered person) and for exports<sup>5</sup>. Thus, presently, such notified persons are not required to report B2C invoices on IRP. However, reporting of B2C invoices will be brought under e-invoice in the next phase. Further, e-invoicing is also not applicable to invoices issued by Input Service Distributor (ISD).

If the invoice issued by a notified person is in respect of supplies made by him, tax on which is payable under reverse charge under section 9(3), e-invoicing is applicable.



**(3)** A taxpayer (say a firm of advocates) having aggregate turnover in a FY of more than ₹20 crore is supplying services to a company (who will be discharging tax liability as recipient under reverse charge mechanism), such invoices have to be reported by said tax payer (since it is a notified person) on IRP.

On the other hand, where specified category of supplies are received by notified person from unregistered persons [attracting reverse charge under section 9(4)] or through import of services, e-invoicing doesn't arise/ not applicable. E-invoicing is also not applicable in case of import of goods (Bills of Entry).

### Exemption from e-invoicing

Following entities are exempt from the mandatory requirement of e-invoicing:

- ☐ Special Economic Zone units\*\*
- ☐ Insurer or banking company or financial institution including NBFC
- ☐ GTA supplying services in relation to transportation of goods by road in a goods carriage
- ☐ Supplier of passenger transportation service

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<sup>5</sup> Notification No. 13/2020 CT dated 21.03.2020 as amended

- ❑ Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- ❑ **a Government Department and a local authority**

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds **₹ 10 crore** in any preceding financial year from 2017-18 onwards.

**Further, the above taxpayers exempted from the mandatory requirement of e-invoicing are required to provide a *declaration as below:-***

***that invoice is not required to be issued in the manner specified under rule 48(4), in all cases where an invoice is issued, other than in the manner so specified under the said rule 48(4), by the taxpayer having aggregate turnover in any preceding financial year from 2017-18 onwards more than the aggregate turnover as notified under rule 48(4) [presently its ₹ 10 crore]-***

***"I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48, we are not required to prepare an invoice in terms of the provisions of the said sub-rule."***

*\*\*It is important to note here that only SEZ units and not SEZ developers are exempt from issuing e-invoices. Thus, SEZ developers whose turnover exceeds ₹ 10 crore in any preceding financial year from 2017-18 onwards are mandatorily required to issue e-invoices. Further, in case of supplies made by notified persons to SEZ units, e-invoices need to be issued.*



**(4)** Maharaja Private Limited has an SEZ unit and a regular DTA unit (both having same PAN). The aggregate total turnover of Maharaja Private Limited is more than ₹10crore (considering both the GSTINs). However, the turnover of DTA unit is ₹5 crore for preceding financial year.

In this scenario, SEZ unit is exempt from e-invoicing. However, e-invoicing will be applicable to DTA Unit because the aggregate turnover of the legal

entity in this case is >₹10 crore. The applicability is based on annual aggregate turnover on the common PAN.

***It has been clarified<sup>6</sup> that the said exemption from generation of e-invoices is for the entity as a whole and is not restricted by the nature of supply being made by the said entity.***



***(5) A banking company providing banking services, may also be involved in making supply of some goods, including bullion. The said banking company is exempted from mandatory issuance of e-invoice in terms of Notification No. 13/2020 CT dated 21.03.2020, for all supplies of goods and services and thus, will not be required to issue e-invoice with respect to any supply made by it.***

### **How e-invoice is generated?**

The taxpayer first prepares and generates his invoice using his own ERP/accounting/billing system or manual system<sup>7</sup>. The invoice must conform to the e-invoice schema (standard notified format - *discussed in detail subsequent paras*) and must have the mandatory parameters.

The details of this invoice are uploaded/reported by the taxpayer to the Invoice Registration Portal (IRP). This way taxpayer registers his supply transaction on IRP.

On uploading, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' (*explained in detail subsequent paras*) after digitally signing the e-invoice and adding a QR Code (Quick Response Code). Then, the supplier shares the e-invoice with the receiver (along with QR Code).

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<sup>6</sup> **Circular No. 186/18/2022 GST dated 27.12.2022**

<sup>7</sup> For entities not having their own ERP/Software solutions, they can use the free offline utility ('bulk generation tool') downloadable from the e-invoice portal. Through this, invoice data can be easily reported to IRP and obtain IRN/signed e-invoice

06/12/2019 11:40PM



e-Invoice System

Schema version: 1.0

Tax scheme: GST

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)		Details Of Consignee(Shipped to)	
Name	ABC INDIA LTD	Name	ABC INDIA LTD
Address	Mumbai	Address	Mumbai
Pin Code	400011	Pin Code	400011
State	Maharashtra	State	Maharashtra
State Code (Place of supply)	MH	State Code (Place of supply)	MH
GSTIN/Unique ID	05AAACG2314E1ZD	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		SGST		IGST		CESS				
							%	Amount	%	Amount	%	Amount	%	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		Total Taxable Amount								100000.00	
Amount of Tax subject to Reverse Charges : No								Total Tax Amount								18000.00	
<b><u>Payee Information:</u></b>								Final Amount								118000.00	
Payee name:						KPMG											
Account number:																	
payment mode:						Cash											
IFSC code:																	

Remarks 1

Remarks 2



### How e-invoice data is consumed by GST System for generation of e-way bill or populating relevant parts of GST Returns?

IRP sends the e-invoice data along with IRN<sup>8</sup> to the GST System as well as to E-Way Bill System.

The GST system will auto-populate them 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 GSTR-1 and GSTR-2A.

The e-invoice schema (*discussed subsequently*) includes parameters e.g. 'Transporter ID' and 'Vehicle Number', etc. that are required for creating and generating e-way bills. These can be entered if available with seller, at the time of generation of e-invoice so that e-way bill can be created using this data without any further requirement of data entry by the user. The e-invoice reporting software already allows reporting of e-invoice and generation of e-way bill with same data.

### Cancellation/amendment of reported invoice

Where needed, the seller can cancel IRN for an e-invoice already reported by reporting it on IRP within specified time<sup>9</sup>.

Amendment of e-invoice already uploaded on IRP will be done only on GST portal(while filing GSTR-1). Amendment of invoices is not possible through the IRP.

### Implications for businesses

As apparent from the above discussion, e-invoicing does not mean that the invoice needs to be prepared/generated on the Government portal. It is only intimating the Government portal that invoice has been issued to the buyer, by registering that particular invoice on the Government portal. Consequently, businesses will continue to issue invoices as they were doing earlier. Necessary changes on account of e-invoicing requirement (i.e. to enable reporting of invoices to IRP and obtain IRN), be made by

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<sup>8</sup>This IRN is same as that has been returned by the IRP to the seller.

<sup>9</sup>However, if the connected e-way bill is active or verified by officer during transit, cancellation of IRN will not be permitted.



ERP/Accounting and Billing Software providers in their respective software. They need to get the updated version having this facility.

### Important terms

#### E-invoice Schema

Businesses use various accounting/billing software, each generating and storing invoices in their own electronic formats. These different formats are neither understood by GST System nor by the systems of suppliers and receivers.



(6) An invoice generated by SAP system cannot be read by a machine which is using 'Tally' system, unless a connector is used. With more than 300 accounting/billing software products, there was no way to have connectors for all.

In this scenario, 'e-invoicing' was introduced aiming at machine-readability and uniform interpretation. To ensure this complete 'inter-operability' of e-invoices across the entire GST eco-system, an invoice standard is a must. By this, e-invoices generated by one software can be read by any other software, thereby eliminating the need of fresh/manual data entry. Since, there was no such standard for e-invoice available earlier, as a first step, a standard format for e-invoice has been finalized.

This uniform standard format (containing specified fields) applicable for all the businesses across the country is known as 'e-invoice schema'. It is notified as **Form GST INV-1**. E-invoice schema mandates what particulars shall be reported in electronic format to IRP. Invoice details in prescribed schema to be reported to IRP in JSON format (*JavaScript Object Notation*). 'JSON' can be understood as a common language for systems/machines to communicate between each other and exchange data.

#### Invoice Registration Portal (IRP)

IRP is the website for uploading/reporting of invoices by the notified persons. Following IRPs have been notified for the purpose of preparation of the e-invoice:

[www.einvoice1.gst.gov.in](http://www.einvoice1.gst.gov.in)

[www.einvoice2.gst.gov.in](http://www.einvoice2.gst.gov.in)

[www.einvoice3.gst.gov.in](http://www.einvoice3.gst.gov.in)

[www.einvoice4.gst.gov.in](http://www.einvoice4.gst.gov.in)

[www.einvoice5.gst.gov.in](http://www.einvoice5.gst.gov.in)

[www.einvoice6.gst.gov.in](http://www.einvoice6.gst.gov.in)

[www.einvoice7.gst.gov.in](http://www.einvoice7.gst.gov.in)

[www.einvoice8.gst.gov.in](http://www.einvoice8.gst.gov.in)

[www.einvoice9.gst.gov.in](http://www.einvoice9.gst.gov.in)

[www.einvoice10.gst.gov.in](http://www.einvoice10.gst.gov.in)

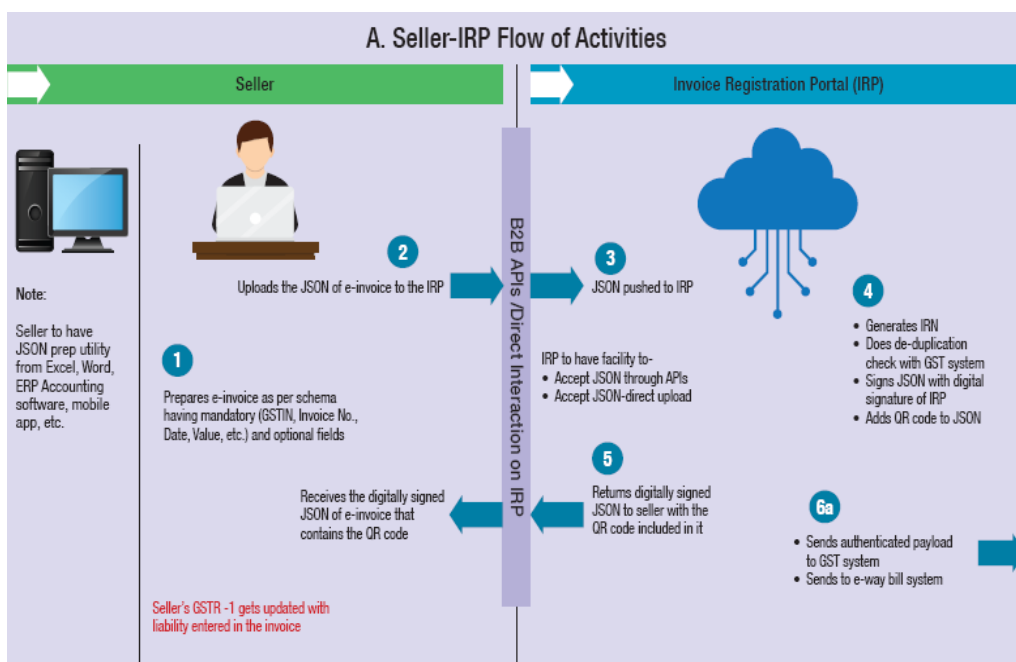
### Invoice Reference Number

As seen earlier, GST invoice will be valid only with a valid IRN. IRN is different from invoice number. Invoice no. (e.g. ABC/1/2019-20) is assigned by supplier and is internal to business. Its format can differ from business to business and also governed by relevant GST rules. IRN, on other hand, is a unique reference number (hash) generated and returned by IRP, on successful registration of e-invoice. IRN is a unique 64-character hash, e.g.

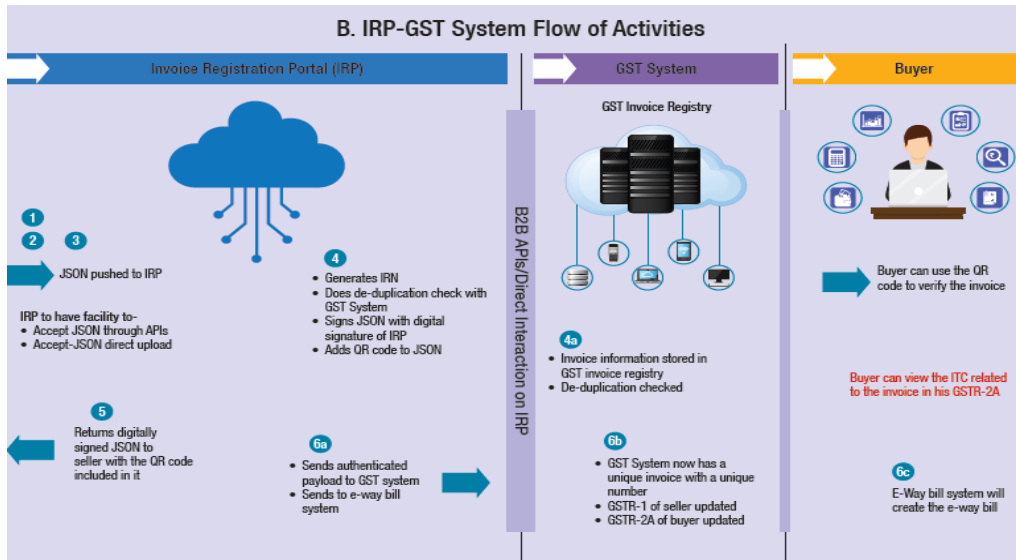
35054cc24d97033afc24f49ec4444dbab81f542c555f9d30359dc75794e06bbe

The overall workflow of e-invoice generation, its reporting/registration and receipt of confirmation is depicted in the diagrams on next page:

#### A. Interaction between the business (supplier) and the Invoice Registration Portal (IRP).



## B. Interaction between the IRP and the GST/E-Way Bill Systems and the Buyer.



### Other points:

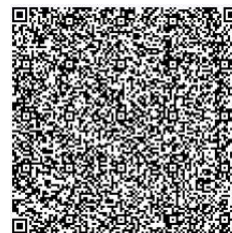
- ❑ The e-invoicing system is also available for the E-Commerce Operators (ECO) to report the invoices to the Invoice Registration portal, generated by them on behalf of the suppliers.
- ❑ Bulk uploading of invoices to IRP is also possible<sup>10</sup>.
- ❑ **CBIC has clarified<sup>11</sup> that there is no requirement to carry the physical copy of tax invoice in cases where e-invoice has been generated by the supplier. Whenever e-invoice has been generated, production of the Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) electronically, for verification by the proper officer, would suffice.**

<sup>10</sup>Discussion on e-invoicing is primarily based on the relevant rules, notifications and FAQs on e-invoicing hosted on GSTN website.

<sup>11</sup> **Circular No. 160/16/2021 GST dated 20.09.2021**

### Quick Response (QR) code

Upon successful registration of invoice on IRP, it will return a signed e-invoice to the supplier with IRN and QR Code. IRN is embedded in the QR Code which shall be extracted and printed on the invoice. The QR code enables quick view, validation and access of the invoices from the GST system from hand-held devices. The digitally signed QR code will have a unique IRN which can be verified on the central portal as well as by an offline app by the officer. This will be helpful for tax officers checking the invoice offline on the roadside where internet may not be available all the time.



The QR code consists of the following e-invoice parameters:

- ☐ GSTIN of supplier
- ☐ GSTIN of recipient
- ☐ Invoice number as given by supplier
- ☐ Date of generation of invoice
- ☐ Invoice value (taxable value and gross tax)
- ☐ Number of line items
- ☐ HSN code of main item (the line item having highest taxable value)
- ☐ Unique Invoice Reference Number (hash)
- ☐ Date of generation of IRN

#### Dynamic QR code on B2C invoices

**All B2C invoices issued by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds ₹ 500 crores will have a QR code.**

Sixth proviso to rule 46 has empowered the Government to specify that the tax invoice shall have Quick Response (QR) code. Resultantly, it has been notified<sup>12</sup> that invoice issued by a registered person [except specified class of

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<sup>12</sup> Notification No. 14/2020 CT dated 21.03.2020

persons(*discussed subsequently*)], whose aggregate turnover in a financial year exceeds ₹ 500 crores, in respect of B2C supplies (supply of goods or services or both to an unregistered person) shall have Dynamic QR code.

A Dynamic Quick Response (QR) code made available to buyer by such registered person through digital display (with payment cross-reference) shall be deemed to be having QR code. **The purpose of this provision is to enable and encourage digital payments where buyer can scan the dynamic QR code and make payment from mobile wallet directly.**

Today, many shops have static QR code at the payment counter which is scanned by the buyer, but the buyer has to enter the amount to be paid to the shop in the mobile payment App. The dynamic QR code, on the other hand, will have the payment details and thus 'scan and pay' in one go is possible.

**This has no relevance or applicability to the e-invoicing in respect to B2B supplies by notified class of taxpayers.** Dynamic QR Code will be generated by the seller himself either on the Point of Sale (PoS) machine or the invoice issued.

***Dynamic QR Code in case of an invoice, issued to person having a UIN.***

***Any person, who has obtained a Unique Identity Number (UIN), is not a "registered person" as per the definition of registered person provided in section 2(94). Therefore, any invoice, issued to such person having a UIN, shall be considered as invoice issued for a B2C supply and shall be required to comply with the requirement of Dynamic QR Code.***

#### **Non-applicability of requirement of Dynamic QR code**

Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:

- (i) Insurer or banking company or financial institution including NBFC
- (ii) Goods transport agency supplying services in relation to transportation of goods by road in a goods carriage
- (iii) Supplier of passenger transportation service

- (iv) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- (v) Supplier of online information and database access or retrieval (OIDAR) services<sup>13</sup>.

**No Dynamic QR code in case of exports:** As regards the supplies made for exports, though such supplies are made by a registered person to an unregistered person, however, since e-invoices are required to be issued in respect of supplies for exports treating them as B2B supplies, Dynamic QR code requirement will not be applicable to them.

#### **Parameters/ details to be captured in the Dynamic QR Code**

Dynamic QR Code, inter-alia, shall contain the following information: -

- ☐ Supplier GSTIN number
- ☐ Supplier UPI ID
- ☐ Payee's Bank A/c number and IFSC
- ☐ Invoice number & invoice date,
- ☐ Total invoice value and
- ☐ GST amount along with breakup i.e. CGST, SGST, IGST, Cess, etc.

Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.

#### **Compliance with the Dynamic QR Code requirements in certain cases**

The purpose of dynamic QR Code is to enable the recipient/ customer to scan and pay the amount to be paid to the merchant/ supplier in respect of the said supply. If the supplier has issued invoice having Dynamic QR Code for payment, the said invoice shall be deemed to have complied with Dynamic QR Code requirements. Compliance with the Dynamic QR Code requirements has been examined in the following cases:

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<sup>13</sup>The provisions relating to OIDAR services have been discussed at the Final level.

**Case-I: If a supplier provides/ displays Dynamic QR Code, but the customer opts to make payment without using Dynamic QR Code and supplier provides the cross reference of such payment made without use of Dynamic QR Code, on the invoice**

In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice: -

- i. using any mode like UPI, credit/ debit card or online banking or cash or combination of various modes of payment, with or without using Dynamic QR Code, and the supplier provides a cross reference of the payment (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) on the invoice; or
- ii. in cash, without using Dynamic QR Code and the supplier provides a cross reference of the amount paid in cash, along with date of such payment on the invoice;

The said invoice shall be deemed to have complied with the requirement of having Dynamic QR Code.

**Case-II: If a supplier makes available to customers an electronic mode of payment like UPI Collect, UPI Intent or similar other modes of payment, through mobile applications or computer-based applications, where though Dynamic QR Code is not displayed, but the details of merchant as well as transaction are displayed/ captured otherwise.**

In such cases, if the cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code.

However, if payment is made after generation/ issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

**Case-III: In case of pre-paid invoices i.e. where payment has been made before issuance of the invoice.**

If cross reference of the payment received either through electronic mode or through cash or combination thereof is made on the invoice, then the invoice

would be deemed to have complied with the requirement of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

**Case-IV: In case where the e-commerce operator (ECO)/online application has complied with the Dynamic QR Code requirements, whether the suppliers using such e-commerce portal or application will still be required to comply with the requirement of Dynamic QR Code?**

Dynamic QR code requirements apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR Code for B2C supplies.

In case, the supplier is making supply through the e- commerce portal or application, and the said supplier gives cross references of the payment received in respect of the said supply on the invoice, then such invoices would be deemed to have complied with the requirements of Dynamic QR Code. In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

***Case-V: In case of retail sales over the counter, the payment from the customer is received on the payment counter by displaying dynamic QR code on digital display, whereas the invoice, along with invoice number, is generated on the processing system being used by supplier/ merchant after receiving the payment.***

***In such cases, it may not be possible for the merchant/ supplier to provide details of invoice number in the dynamic QR code displayed to the customer on payment counter. However, each transaction i.e. receipt of payment from a customer is having a unique Order ID/ sales reference number, which is linked with the invoice for the said transaction.***

***In such cases, the unique order ID/ unique sales reference number, which is uniquely linked to the invoice issued for the said transaction, may be provided in the Dynamic QR Code for digital display, as long as the details of such unique order ID/ sales reference number linkage with the invoice are available on the processing system of the merchant/ supplier and the***



**cross reference of such payment along with unique order ID/ sales reference number are also provided on the invoice.**

**Case - VI: In case part-payment is received before dynamic QR code is generated.**

**When the part-payment for any supply has already been received from the customer/ recipient, either in advance or by adjustment (e.g. using a voucher, discount coupon etc), before the dynamic QR Code is generated, then the dynamic QR code may provide only the remaining amount payable by the customer/ recipient against "invoice value".**

**The details of total invoice value, along with details/ cross reference of the part payment/ advance/ adjustment done, and the remaining amount to be paid, should be provided on the invoice<sup>14</sup>.**

## **B. SPECIAL CASES**

### **(i) Revised Tax Invoice [Section 31(3)(a) read with rule 53]**

#### **When issued?**

- ☐ Every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Such invoices shall be issued against the invoices already issued during said period.

*For the purposes of section 31, the expression "**tax invoice**" shall include any **revised invoice** issued by the supplier in respect of a supply made earlier [Explanation to section 31].*

- ☐ **Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration.** The words "Revised Invoice" shall be indicated prominently on such invoices.
- ☐ This provision is necessary, as a person who becomes liable for

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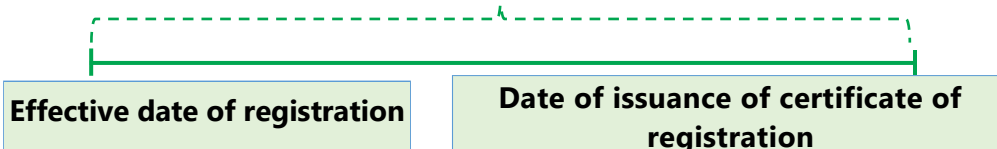
<sup>14</sup>The discussion on Dynamic QR code is based primarily on sixth proviso to rule 46 alongwith Notification No. 14/2020 CT dated 21.03.2020 and Circular no. 146/02/2021 GST dated 23.02.2021, **Circular no. 156/12/2021 GST dated 21.06.2021 and Circular No. 165/21/2021 GST dated 17.11.2021.**

registration has to apply for registration within 30 days of becoming liable for registration. When such an application is made within the stipulated time period and registration is granted, the effective date of registration is the date on which the person became liable for registration.

- Thus, there would be a time lag between the date of grant of certificate of registration and the effective date of registration. For supplies made by such person during this intervening period, the law enables the issuance of revised invoice(s), so that ITC can be availed by the recipient on such supplies.



**Revised Tax Invoices to be issued in respect of taxable supplies effected during this period**



(7) Sarabhai Private Ltd. commenced business of supply of goods on 1<sup>st</sup> April in Delhi. Its turnover exceeded the applicable threshold limit on 3<sup>rd</sup> September. Thus, it became liable to registration on 3<sup>rd</sup> September. It applied for registration on 29<sup>th</sup> September and was granted registration certificate on 5<sup>th</sup> October. Since it applied for registration within 30 days of becoming liable to registration, registration granted is effective from 3<sup>rd</sup> September. Sarabhai Private Ltd. may issue Revised Tax Invoices on or before 5<sup>th</sup> November in respect of taxable supplies effected between 3<sup>rd</sup> September and 5<sup>th</sup> October.

### Consolidated Revised Tax Invoices in certain cases

A registered person may issue a Consolidated Revised Tax Invoice in respect of all taxable supplies made to an unregistered recipient **during such period**.

However, **in case of inter-State supplies** where the value of supply does not exceed ₹ 2.5 Lakh, a consolidated revised invoice may be issued separately in respect of all unregistered recipients located in a State.

Thus, a revised/ consolidated revised invoice may be issued within one month from the date of registration as follows:

- **For each inter-State B2C taxable supply upto ₹ 2,50,000:** State-wise consolidated revised invoice
- **For each inter-State B2C taxable supply more than ₹ 2,50,000:** Recipient wise revised invoice
- **For all intra-State B2C taxable supplies irrespective of the amount:** Consolidated revised invoice

#### Particulars of Revised Tax Invoice

Name, address and GSTIN of the supplier;
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash and any combination thereof, unique for a FY;
Date of issue of the document;
Name, address and GSTIN or UIN, if registered, of the recipient;
Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered;
Serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;
Signature/digital signature of the supplier/his authorized representative.

**ILLUSTRATION 1**

*Luv & Kush Pvt. Ltd. of Meghalaya engaged in the supply of gifts items and repair services, provides you the following details:-*

<b>S. No.</b>	<b>Particulars</b>	<b>Date</b>
1.	Commencement of the business of supplying goods and services	1 <sup>st</sup> August
2.	Turnover exceeds ₹ 10,00,000 on	15 <sup>th</sup> August
3.	Turnover exceeds ₹ 20,00,000 on	5 <sup>th</sup> September
4.	Application for registration made on	28 <sup>th</sup> September
5.	Registration certificate granted on	6 <sup>th</sup> October

*The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.*

**ANSWER**

A supplier of both goods and services whose aggregate turnover in a financial year exceeds ₹ 20 lakh in a State/UT [₹ 10 lakh in specified Special Category States] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of ₹ 20 lakh/ ₹ 10 lakh) in terms of section 22. Since Meghalaya is not a specified Special Category State, applicable threshold limit is ₹ 20 lakh.

Further, where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may issue revised tax invoices within 1 month from the date of issuance of registration certificate in respect of taxable supplies effected during this period i.e. from the effective date of registration till the date of issuance of registration.

Since Luv & Kush Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 5<sup>th</sup> September.

Thus, Luv & Kush Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (5<sup>th</sup> September) and the date of issuance of registration certificate (6<sup>th</sup> October), within 1 month from 6<sup>th</sup> October.

Further, Luv & Kush Pvt. Ltd. may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period. However, in case of inter-State supplies where the value of supply does not exceed ₹ 2.5 Lakh, a consolidated revised invoice may be issued separately in respect of all unregistered recipients located in a State.

**(ii) No Tax Invoice required to be issued if value < ₹ 200 – A consolidated Tax Invoice can be issued [Section 31(3)(b) read with fourth proviso to rule 46]**

A registered person may not issue a Tax Invoice if:

- (i) Value of the goods/services/both supplied < ₹ 200,
- (ii) the recipient is unregistered; and
- (iii) the recipient does not require such invoice.



Instead such registered person shall issue a **Consolidated Tax Invoice** for such supplies at the close of each day in respect of all such supplies.

Thus, small taxpayers, like small retailers, doing a large number of small transactions for upto a value of ₹ 200 per transaction to unregistered customers need not issue invoice for every such transaction. They can issue one consolidated invoice at the end of each day for all transactions done during the day. However, they need to issue an invoice when the customer demands.



However, this option is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens.

*Above provision is also applicable to Bill of Supply.*

### ILLUSTRATION 2

*Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:*

S. No.	Recipient of supply	Amount (₹)
1.	Raghav Traders - a registered retail dealer	190
2.	Dhruv Enterprises – an unregistered trader	358
3.	Gaurav – a painter [unregistered]	500
4.	Oberoi Orphanage –an unregistered entity	188
5.	Aaradhya – a student [unregistered]	158

*None of the recipients require a tax invoice [Raghav Traders being a composition dealer].*

*Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice, at the end of the day.*

### ANSWER

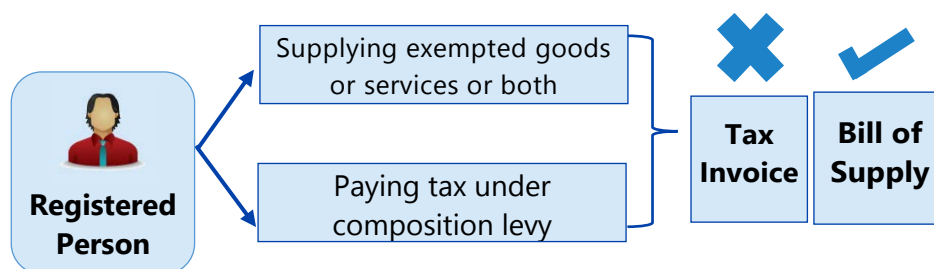
In the given illustration, Jain & Sons can issue a Consolidated Tax Invoice only with respect to supplies made to Oberoi Orphanage [worth ₹188] and Aaradhya [worth ₹158] as the value of goods supplied to these recipients is less than ₹200 as also these recipients are unregistered and don't require a tax invoice.

As regards the supply made to Raghav Traders, although the value of goods supplied to it is less than ₹200, Raghav Traders is registered under GST. So, Consolidated Tax Invoice cannot be issued.

Consolidated Tax Invoice can also not be issued for supplies of goods made to Dhruv Enterprises and Gaurav although both of them are unregistered. The reason for the same is that the value of goods supplied is not less than ₹200.

**(iii) Bill of Supply [Section 31(3)(c) read with rule 49]**

Section 31(3)(c) stipulates that a registered person supplying exempted goods or services or both or a registered person paying tax under composition levy, shall issue a bill of supply instead of a tax invoice<sup>15</sup>. Person opting for composition levy shall mention the words “**composition taxable person, not eligible to collect tax on supplies**” at the top of the bill of supply issued by him<sup>16</sup>.

**Particulars of Bill of Supply**

A registered person opting for the composition levy does not collect tax from the recipient on outward supplies made by him. Similarly, in case of a registered person supplying exempted goods and/or services, no tax implications are there. Recipients should not expect Tax Invoice from such suppliers as they cannot issue tax invoice.



Since no tax is collected from the recipient by a registered person opting for the composition levy and a registered person supplying exempted goods and/or services, Bill of Supply issued by such persons does not contain the details pertaining to rate of tax and amount of tax. Further, value to be mentioned in the Bill of Supply is not also taxable value.

<sup>15</sup>Order No. 3/2019 CT dated 08.03.2019 has stipulated that a person paying tax under Notification No. 2/2019 will also issue a bill of supply instead of tax invoice.

<sup>16</sup> Fourth proviso to rule 49 stipulates that the Bill of supply shall have a Quick Response Code. However, the same is not yet made effective.

Name, address and GSTIN of the supplier;

A consecutive serial number not exceeding 16 characters, in one or more multiple series, containing alphabets or numerals or special characters - hyphen or dash and slash and any combination thereof, unique for a FY;

Date of its issue;

Name, address and GSTIN or UIN, if registered, of the recipient;

HSN Code for goods or services;

Description of goods or services or both;

Value of supply of goods or services or both taking into account discount/ abatement, if any; and

Signature/ digital signature of supplier/his authorized representative. However, signature or digital signature of the supplier or his authorized representative shall not be required in the case of issuance of an electronic bill of supply in accordance with the provisions of the Information Technology Act, 2000.

*Note: Any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as bill of supply for the purposes of the Act.*



**(8)** Patel & Sons is a manufacturer of goods who has opted for composition levy under section 10(1) and 10(2). It will issue a Bill of Supply to the buyers of goods and not the tax invoice.

### Invoice-cum-bill of supply [Rule 46A]

Where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies. Rule 46A is notwithstanding anything contained in rule 46 or rule 49 or rule 54 of CGST Rules. ***The said single "invoice-cum-bill of supply" shall contain the particulars as specified under rule 46 or rule 54, as the case may be, and rule 49.***



**(iv) Receipt Voucher [Section 31(3)(d) read with rule 50]**

A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a Receipt Voucher evidencing receipt of such payment.

**Particulars of Receipt Voucher**

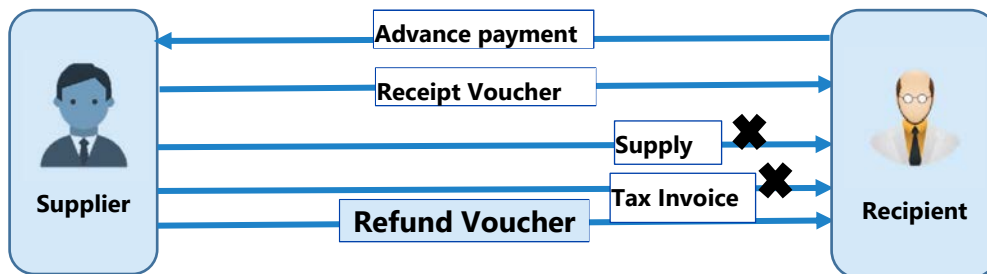
Name, address and GSTIN of the supplier;
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash and any combination thereof, unique for a FY
Date of its issue;
Name, address and GSTIN or UIN, if registered, of the recipient;
Description of goods or services;
Amount of advance taken;
Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);
Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce;
Whether the tax is payable on reverse charge basis; and
Signature/digital signature of supplier/his authorized representative

**Where at the time of receipt of advance, rate of tax and/or nature of supply is not determinable**

Where at the time of receipt of advance -	
(i) rate of tax is not determinable	tax shall be paid at the rate of <b>18%</b>
(ii) nature of supply is not determinable	same shall be treated as <b>inter-State supply</b>

**(v) Refund Voucher [Section 31(3)(e) read with rule 51]**

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a **Receipt Voucher**, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a **Refund Voucher** against such payment.



**Particulars of Refund Voucher**

Name, address and GSTIN of the supplier;
A consecutive serial number not exceeding sixteen characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash and any combination thereof, unique for a FY;
Date of its issue;
Name, address and GSTIN or UIN, if registered, of the recipient;

Number and date of Receipt Voucher issued
Description of goods/services in respect of which refund is made
Amount of refund made
Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess)
Amount of tax paid in respect of such goods or services (central tax, State tax, integrated tax, Union territory tax or cess)
Whether the tax is payable on reverse charge basis; and
Signature/digital signature of supplier/his authorized representative

**(vi) Invoice and Payment Voucher [Section 31(3)(f) & (g) read with second proviso to rule 46 and rule 52]**

The recipient is liable to pay tax on reverse charge basis where he receives supply of such goods/services/both which are notified for reverse charge purposes under section 9(3). Such supplies can be received from a registered or an unregistered supplier.



Further, a builder/promoter is required to pay GST on reverse charge basis under section 9(4) in one or more of the following cases:

- (i) A builder/promoter must purchase 80% of inputs and input services used in supplying the service from registered persons. In case of shortfall, he's required to pay tax under reverse charge on all such inward supplies (to the extent short of 80% of the inward supplies from registered supplier).
- (ii) Where cement is received from an unregistered person, promoter/builder has to pay tax on supply of such cement on reverse charge basis and

- (iii) GST on capital goods purchased from unregistered person is payable by the promoter on reverse charge basis.

**Invoice to be issued by recipient if he is liable to pay tax under section 9(3)/(4) and receives supplies from an unregistered person**

A registered person who is liable to pay tax under reverse charge [under section 9(3)/9(4) of the CGST Act] shall issue an **Invoice** in respect of goods or services or both **received by him from the supplier who is not registered on the date of receipt of goods or services or both**. Thus, a recipient liable to pay tax by virtue of section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier.

**Payment voucher to be issued by recipient at the time of making payment if he is liable to pay tax under section 9(3)/(4)**

Besides, a registered person who is liable to pay tax under reverse charge [under section 9(3)/9(4) of the CGST Act] shall issue a **Payment Voucher** at the time of making payment to the supplier.



**Particulars of Payment Voucher**

Name, address and GSTIN of the supplier if registered;
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters - hyphen or dash and any combination thereof, unique for a FY
Date of its issue;
Name, address and GSTIN of the recipient;
Description of goods or services;
Amount paid;
Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
Amount of tax payable in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce; and

Signature/digital signature of supplier/his authorized representative

**(vii) Supplier permitted to issue any document other than tax invoice [Section 31(2) and proviso to section 31(1) read with rules 54 and 55]**

Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which—



- (a) any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- (b) tax invoice may not be issued.

Following suppliers may issue a tax invoice, but they are also permitted to issue any other document in lieu of tax invoice, by whatever name called:

Supplier of taxable service	Document in lieu of the tax invoice	
	Optional information	Mandatory information
Insurer/Banking company/Financial institution, including NBFC	<input type="checkbox"/> Serial number (It is not mandatory for a bank/insurance company to serially number the invoices/document). <input type="checkbox"/> Address of the recipient of taxable service.	<p>Other information (other than serial no. and address of recipient) as prescribed for a Tax Invoice, under rule 46.</p> <p>A customer may avail numerous services from the bank / insurer in a given tax period. Such entities may issue a consolidated tax invoice/ statement/</p>

		<p>advice, any other document in lieu thereof, by whatever name called may be issued/ made available, physically/ electronically, for supply of services made during a month at the end of the month.</p> <p>However, the signature or digital signature of the supplier/his authorised representative shall not be required in the case of issuance of a consolidated tax invoice or any other document in lieu thereof in accordance with the provisions of the Information Technology Act, 2000.</p>
<p><b>Goods Transport Agency (GTA)</b> supplying services in relation to transportation of goods by road in a goods carriage</p>		<p>Gross weight of the consignment</p> <p>Name of the consignor and the consignee</p> <p>Registration number of goods carriage in which the goods are transported</p>

		<div>Details of goods transported</div> <div>Details of place of origin and destination</div> <div>GSTIN of the person liable for paying tax whether as consignor, consignee or GTA</div> <div>Other information as prescribed for a tax invoice, under rule 46</div>
Supplier of <b>passenger transportation service</b>	<input type="checkbox"/> Serial number <input type="checkbox"/> Address of the recipient of taxable service	<div>Tax invoice shall include ticket in any form, by whatever name called.</div> <div>Other information (other than serial no. and address of recipient) as prescribed for a tax invoice, under rule 46. However, signature or digital signature of the supplier or his authorized representative shall not be required in the case of issuance of ticket in accordance with the provisions of the Information Technology Act, 2000.</div>
		Supplier is required to

Registered person supplying services by way of admission to exhibition of cinematograph films in multiplex screens	Details of recipient of service	<p>issue an electronic ticket and the said electronic ticket shall be deemed to be a tax invoice.</p> <p>Other information (other than details of recipient of service) as prescribed for a tax invoice, under rule 46.</p> <p>However, supplier of such service in a screen other than multiplex screens may, at his option, follow the above procedure.</p>
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It is important to note here that keeping in view the large number of transactions in banking, insurance and passenger transportation sector, taxpayers need not mention the address of the customer and the serial number in their invoices.

### Delivery challan

Rule 55 specifies the cases where at the time of removal of goods for transportation, goods can be removed on delivery challan and invoice may be issued after delivery. These are provided in the following table:

Nature of supply <sup>17</sup>	Delivery challan to be issued	Particulars of Delivery Challan
(1) Supply of liquid gas	<ul style="list-style-type: none"> <li>serially numbered not</li> </ul>	Date and number of the delivery challan

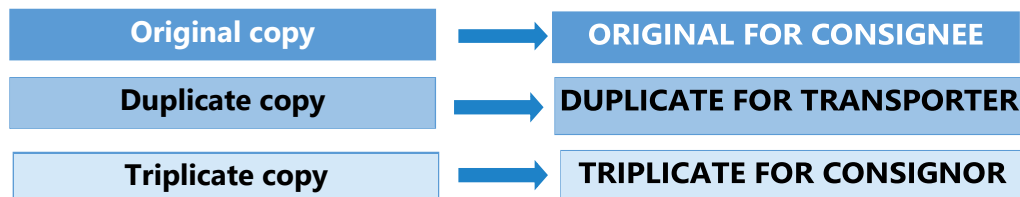
<sup>17</sup> It may be noted that delivery challan is to be issued in case of transportation of goods for job work also. The provisions relating to job work will be discussed at Final level.



<p>where the quantity at the time of removal from the place of business of the supplier is not known,</p> <p><b>(2)</b> Transportation of goods for reasons other than by way of supply, or</p> <p><b>(3)</b> Such other supplies as may be notified by the Board</p>	<p>exceeding 16 characters</p> <ul style="list-style-type: none"> <li>• in one or multiple series</li> <li>• at the time of removal of goods for transportation</li> </ul>	Name, address and GSTIN of the consigner, if registered
		Name, address and GSTIN or UIN of the consignee, if registered
		HSN code and description of goods,
		Quantity (provisional, where the exact quantity being supplied is not known)
		Taxable value
		Tax rate and tax amount – central tax, state tax, integrated tax, union territory tax or cess, where the transportation is for supply to the consignee
		Place of supply, in case of inter-state movement
		Signature

#### A. Delivery challan in Triplicate

The delivery challan shall be prepared in TRIPLICATE, in case of supply of goods, in the following manner:



#### B. Declaration in E-way Bill

Where goods are being transported on a delivery challan in lieu of invoice, the same shall be declared in E-Way Bill.

**C. Tax invoice to be issued after delivery of goods**

Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

**D. Goods transported in SKD/CKD condition or in batches or lots**

Where the goods are being transported in a semi knocked down or completely knocked down condition or in batches or lots,

- (a) the supplier shall issue the complete invoice before dispatch of the first consignment;
- (b) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- (c) Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and
- (d) the original copy of the invoice shall be sent along with the last consignment.

**Goods may be moved within the State/from the State of registration to another State for supply on approval basis and art works may be sent by artists to galleries for exhibition on delivery challan along with e-way bill wherever applicable**

Suppliers of jewellery etc. who are registered in one State may have to visit other States (other than their State of registration) and need to carry the goods (such as jewellery) along for approval. In such cases if jewellery etc. is approved by the buyer, then the supplier issues a tax invoice only at the time of supply.

Since the suppliers are not able to ascertain their actual supplies beforehand and while ascertainment of tax liability in advance is a mandatory requirement for registration as a casual taxable person, the supplier is not able to register as a casual taxable person. Such goods are also carried within the same State for the purposes of supply.


In view of relevant provisions of rule 55, it is clarified that the goods which are taken for supply on approval basis can be moved from the place of business of the registered supplier to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of delivery of goods.


For this purpose, the person carrying the goods for such supply can carry the invoice book with him so that he can issue the invoice once the supply is fructified [Circular No. 10/10/2017 GST dated 18.10.2017].

Likewise, in case where artists supply art works in different States - other than the State in which they are registered as a taxable person and if the art work is selected by the buyer, then the supplier issues a tax invoice only at the time of supply, it is clarified that the art work for supply on approval basis can be moved from the place of business of the registered person (artist) to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of actual supply of art work [Circular No. 22/22/2017 GST dated 21.12.2017].



## 4. CREDIT AND DEBIT NOTES [SECTION 34]

 <b>STATUTORY PROVISIONS</b>	
<b>Section 34</b>	<b><i>Credit and Debit Notes</i></b>
<b>Sub-section</b>	<b><i>Particulars</i></b>
(1)	Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such

	<i>goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed.</i>
(2)	<p><i>Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than <b>the 30<sup>th</sup> day of November</b> following the end of the financial year in which such supply was made, or the date of furnishing of the relevant annual return, whichever is earlier, and the tax liability shall be adjusted in such manner as may be prescribed.</i></p> <p><i>Provided that no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.</i></p>
(3)	<i>Where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient one or more debit notes for supplies made in a financial year containing such particulars as may be prescribed.</i>
(4)	<i>Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued and the tax liability shall be adjusted in such manner as may be prescribed.</i>
	<i>Explanation—For the purposes of this Act, the expression “debit note” shall include a supplementary invoice.</i>
	<b>ANALYSIS</b>

- (i) **Issuance of Credit Note:** During the course of trade or commerce, after the invoice has been issued, there can be situations like:

- ☐ The supplier has erroneously declared a value which is more than the actual value of the goods or services provided.
- ☐ The supplier has erroneously declared a higher tax rate than what is applicable for the kind of the goods or services or both supplied.
- ☐ The quantity received by the recipient is less than what has been declared in the tax invoice.
- ☐ The quality of the goods or services or both supplied is not to the satisfaction of the recipient thereby necessitating a partial or total reimbursement on the invoice value
- ☐ Any other similar reasons.

In order to regularize these kinds of situations, the supplier is allowed to issue a document called as **credit note** to the recipient. Once the credit note has been issued, the tax liability of the supplier will reduce.

The credit note is a convenient and legal method by which the value of the goods or services in the original tax invoice can be amended or revised. The issuance of the credit note easily allows the supplier to decrease his tax liability in his returns without requiring him to undertake any tedious process of refunds.

Section 34(1) provides that where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that/those tax invoice(s) is found to exceed the taxable value or tax payable in respect of such supply, or where the goods supplied are returned by the recipient, or where goods or services or both supplied are found to be deficient, the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing the prescribed particulars.

It is important to note that credit note(s) are not permitted to be issued in case secondary discounts<sup>18</sup> are allowed by the supplier since the tax liability of the supplier does not get reduced in such case. However, supplier can issue financial/ commercial credit note(s) to reduce the value of supply payable by the recipient to the supplier [Circular 92/11/2019 GST dated 07.03.2019].

**Secondary discounts**

(ii) **Issuance of Debit Note:** There can be situations when after the invoice has been issued:

- ☐ The supplier has erroneously declared a value which is less than the actual value of the goods or services or both provided.
- ☐ The supplier has erroneously declared a lower tax rate than what is applicable for the kind of the goods or services or both supplied.
- ☐ The quantity received by the recipient is more than what has been declared in the tax invoice.
- ☐ Any other similar reasons.

In order to regularize these kinds of situations, the supplier is allowed to issue a document called as **debit note** to the recipient.

Section 34(3) provides that where one or more tax invoices have been issued for supply of any goods or services or both and the taxable value or tax charged in that tax invoice is found to be less than the taxable value or tax payable in respect of such supply, the registered person, who has supplied such goods or services or both, shall issue to the recipient one or more debit notes for supplies made in a financial year containing the prescribed particulars.

**Debit note shall include a supplementary invoice.**

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<sup>18</sup> Secondary discounts are the discounts which are not known at the time of supply/are offered after the supply is already over. These discounts are not excluded from the value of supply since conditions laid down in section 15(3)(b) are not satisfied. Provisions of section 15 have been discussed in detail in Chapter 7- Value of Supply of Module-1 of the Study material.

The issuance of a debit note/supplementary invoice creates additional tax liability. The treatment of a debit note/supplementary invoice is identical to the treatment of a tax invoice as far as returns and payment are concerned.

The debit note/supplementary invoice is a convenient and legal method by which the value of the goods and/or services in the original tax invoice can be enhanced. The issuance of the debit note allows the supplier to pay his enhanced tax liability in his returns without requiring him to undertake any other tedious process.

### (iii) Details of Debit Note/Credit Note to be declared in return

#### I. Credit Note:

Any registered person who issues a credit note in relation to a supply of goods or services or both shall declare the details of such credit note in the return for the month during which such credit note has been issued but not later than:



- (i) **30<sup>th</sup> November** following the end of the financial year in which such supply was made,

or

- (ii) the date of furnishing of the relevant annual return, whichever is earlier.

The tax liability shall be adjusted in such manner as may be prescribed. However, no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

#### II. Debit Note:

Any registered person who issues a debit note in relation to a supply of goods or services or both shall declare the details of such debit note in the return for the month during which such debit note has been issued. The tax liability shall be adjusted in such manner as may be prescribed.

**III. Particulars of the Debit and Credit Notes [Rule 53(1A)]**

There is no prescribed format, but credit and debit note issued by a supplier must contain the following particulars, namely:–

Name, address and GSTIN of the supplier.
Nature of the document.
A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets or numerals or special characters -hyphen or dash and slash and any combination thereof, unique for a FY.
Date of issue of the document.
Name, address and GSTIN or UIN, if registered, of the recipient.
Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered.
Serial number(s) and date(s) of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply.
Value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient
Signature/digital signature of the supplier/his authorized representative.

**ILLUSTRATION 3**

*Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:*

- (i) *Value of supply charged in invoice no. 1 was ₹2,50,000 against the actual taxable value of ₹2,30,000.*
- (ii) *Tax charged in invoice no. 4 was ₹32,000 against the actual tax liability of ₹68,000 due to wrong HSN code being chosen while issuing invoice.*
- (iii) *Value charged in invoice no. 8 was ₹3,20,000 as against the actual value*



*of ₹4,20,000 due to wrong quantity considered while billing.*

*Kartik & Co. asks you to answer the following:*

- (1) *Who shall issue a debit/credit note under CGST Act?*
- (2) *Whether debit note or credit note has to be issued in each of the above circumstances?*
- (3) *What is the maximum time-limit available for declaring the credit note in the GST Return?*

### ANSWER

- (1) The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e. Kartik & Co.
- (2) Yes, debit/credit note need to be issued in each of the circumstances as under:
  - (i) A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value.
  - (ii) A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable.
  - (iii) A debit note is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value.
- (3) The details of the credit note cannot be declared later than **30<sup>th</sup> November** following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.



## 5. PROHIBITION OF UNAUTHORISED COLLECTION OF TAX [SECTION 32]

A person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act.

No registered person shall collect tax except in accordance with the provisions of

this Act or the rules made thereunder.



(9) Rujuta is engaged in providing grooming services. She is not registered under GST law as her turnover is below the threshold limit. Rujuta cannot collect tax on the grooming services provided by her as a person who is not a registered person cannot collect any amount by way of tax under GST law in respect of any supply of goods or services or both.



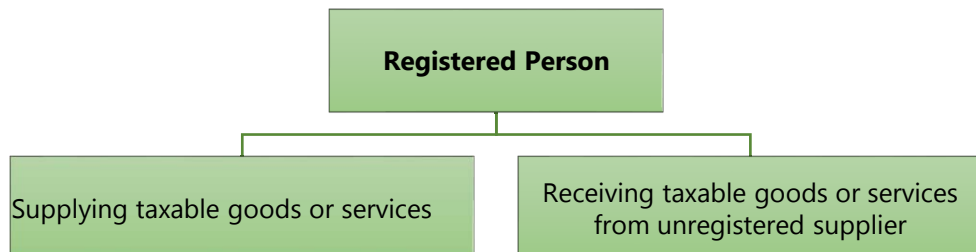
## 6. AMOUNT OF TAX TO BE INDICATED IN TAX INVOICE AND OTHER DOCUMENTS [SECTION 33]

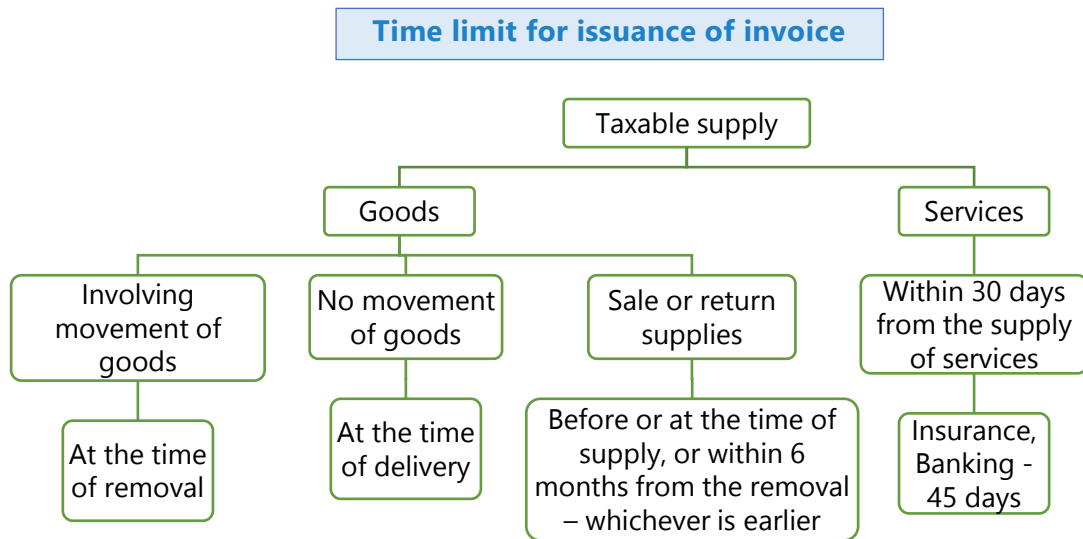
Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.



### LET US RECAPITULATE

Who can raise a tax invoice?





In case of  
continuous  
supply of goods

• before/at the time each successive statements of accounts is issued or each successive payment is received

In case of  
continuous  
supply  
of  
services

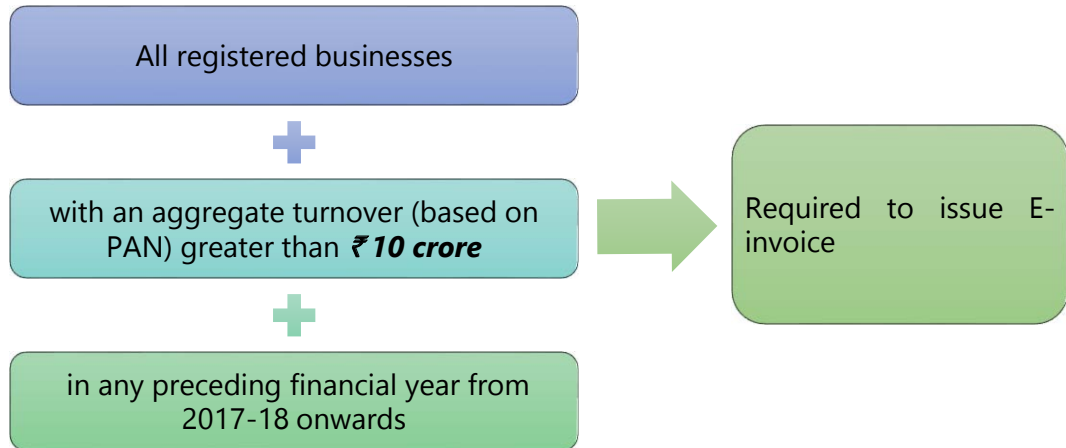
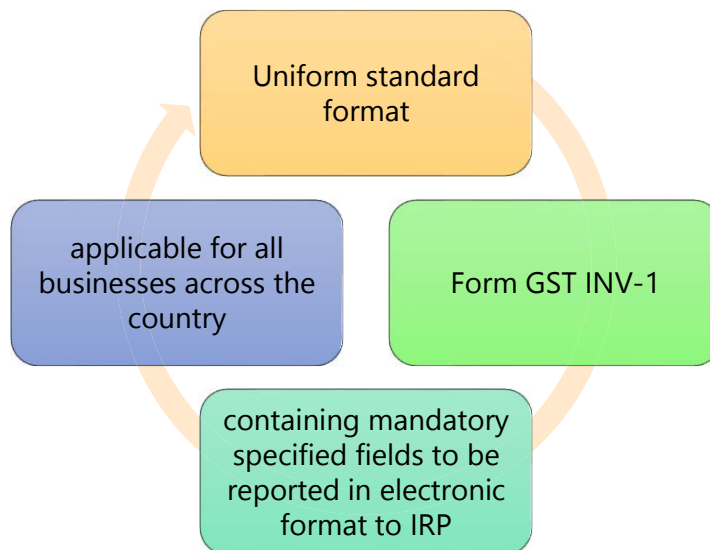
due date of payment is ascertainable from the contract	on/before due date of payment
not so ascertainable	before/at the time of receipt of payment
payment is linked to the completion of an event	on/before the date of completion of that event

### Important contents of tax invoice

Name, address & GSTIN of supplier	Consecutive Serial Number & date of issue	Name, address & GSTIN of recipient, if registered	Name & address of recipient alongwith delivery address , name & State code, if not registered
HSN	Description of goods or services	Quantity in case of goods	Total Value of supply
Taxable Value of supply	Tax rate – Central tax & State tax or Integrated tax, cess	Amount of tax charged	Place of supply
Address of delivery where different than place of supply	Tax payable on reverse charge basis	Signature of supplier or authorised signatory - not req. if e-invoice issued as per IT Act, 2000	QR code having embedded IRN in it - in case if e-invoice issued

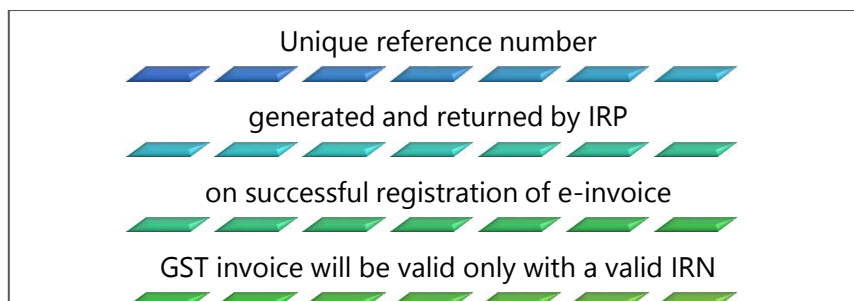
### Manner of issuing the invoice

Supply of Goods	Supply of services
Triplicate	Duplicate
Original copy for recipient Duplicate copy for transporter; and Triplicate copy for supplier	Original copy for recipient; and Duplicate copy for supplier
The serial number of invoices issued during a month / quarter shall be furnished electronically in FORM GSTR-1.	

**E-invoicing****A. Class of persons mandatorily required to issue e-invoice [Notified Taxpayers]****B. Important terms****E-invoice schema**

**Invoice Registration Portal [IRP]**

website
for uploading or reporting of invoices
by notified persons

**Invoice Reference Number [IRN]****C. Advantages of e-invoicing**

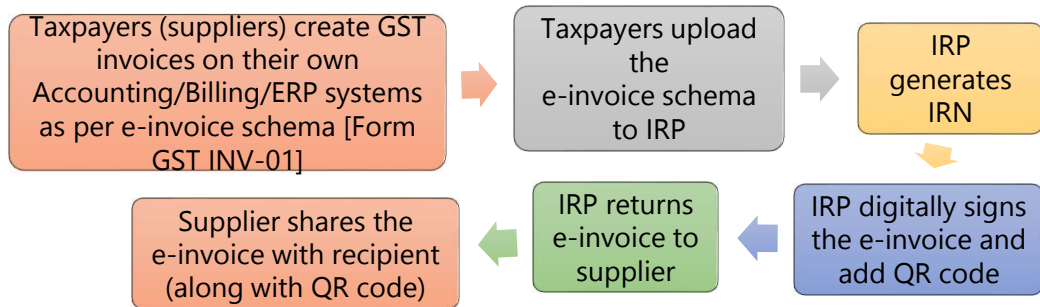
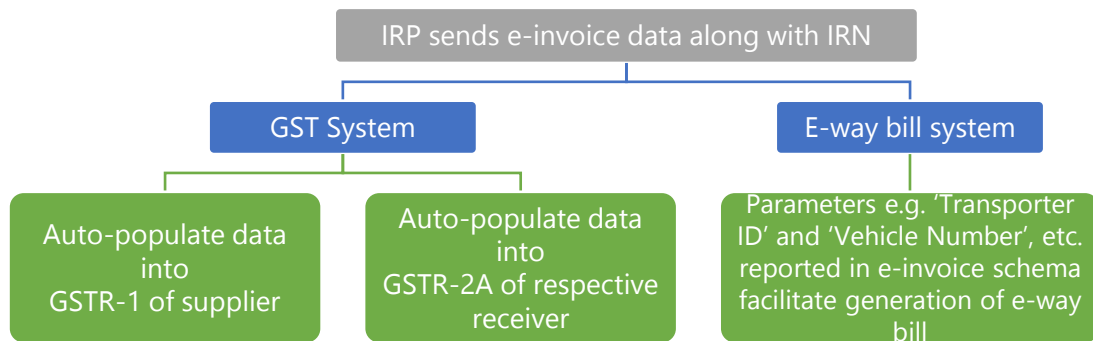
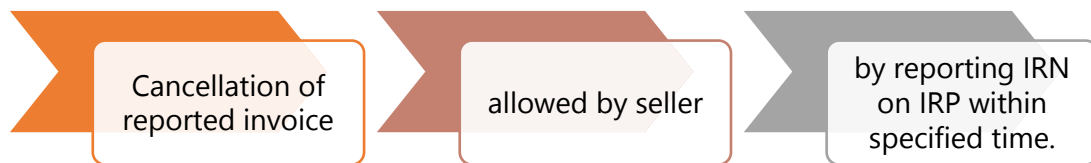
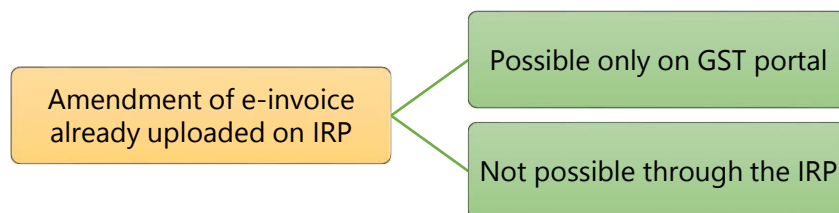
Auto-reporting of invoices into GST return
Auto-generation of e-way bill
Substantial reduction in transcription errors
Early payment
Cost reduction
Improved efficiency of business
Reduction of tax evasion
Elimination of fake invoices

**D. Situations in which e-invoices are applicable**

Supply of goods and/or services to a registered person by notified person [B2B supplies]	•Applicable
Exports by notified persons	•Applicable
B2C supplies by notified persons	•Not applicable
Invoices issued by Input Service Distributor	•Not applicable
Supplies made by notified person, tax on which is payable under reverse charge under section 9(3)	•Applicable
Where specified category of supplies are received by notified persons from unregistered persons [attracting reverse charge under section 9(4)] or through import of services	•Not applicable
Import of goods (Bills of Entry)	•Not applicable

**E. No requirement of issuing invoice copies in triplicate/duplicate****F. Exemption from e-invoicing**

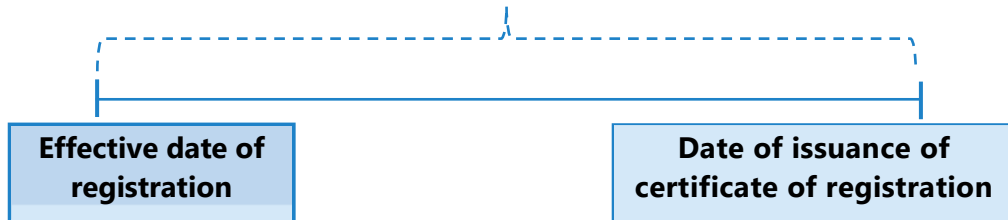
Special Economic Zone units
Insurer/banking company/financial institution including NBFC
GTA supplying services in relation to transportation of goods by road in a goods carriage
Supplier of passenger transportation service
Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
<b>Government Department and local authority</b>

**G. Overall work flow of e-invoice****H. Generation of e-way bill/populating relevant parts of GST return through e-invoicing data****I. Cancellation of reported invoice****J. Amendment of reported invoice**



### Revised Tax Invoice

Revised Tax Invoices to be issued in respect of taxable supplies effected during this period

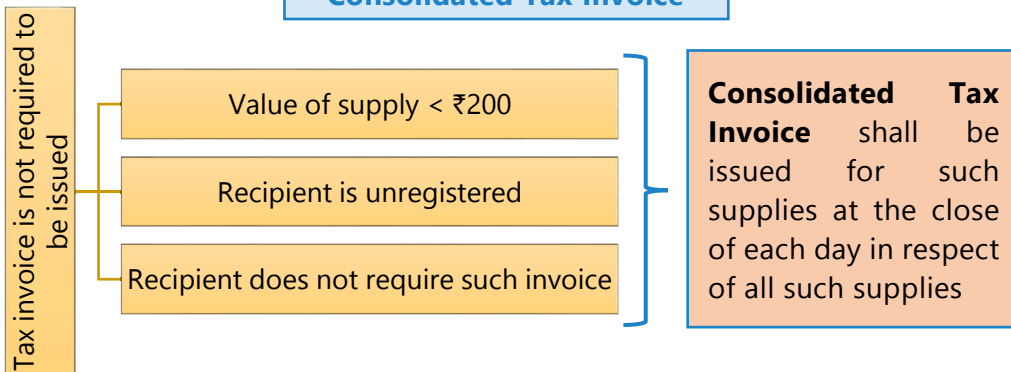


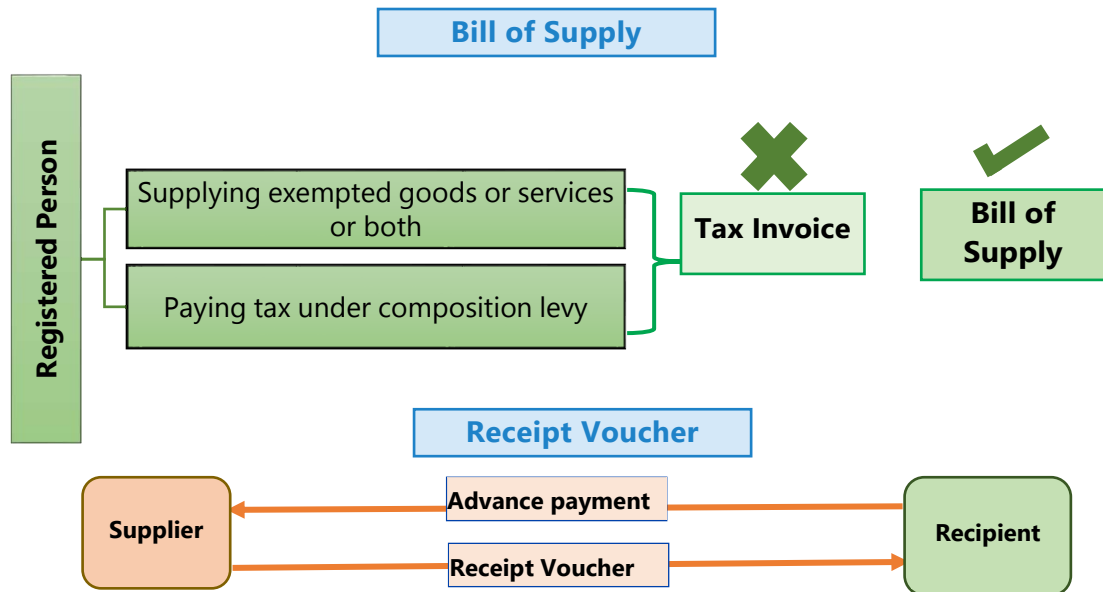
**Consolidated Revised Tax Invoice (CRTI)** may be issued in respect of taxable supplies made to an **unregistered recipient** during this period



In case of Inter-State supplies, where the value of a supply does not exceed ₹ 2,50,000, a **CRTI** may be issued separately in respect of all unregistered recipients located in a State.

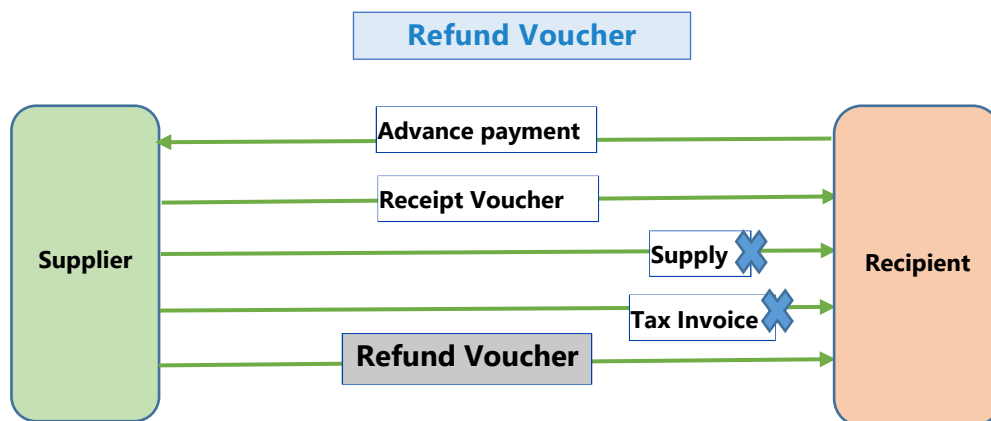
### Consolidated Tax Invoice



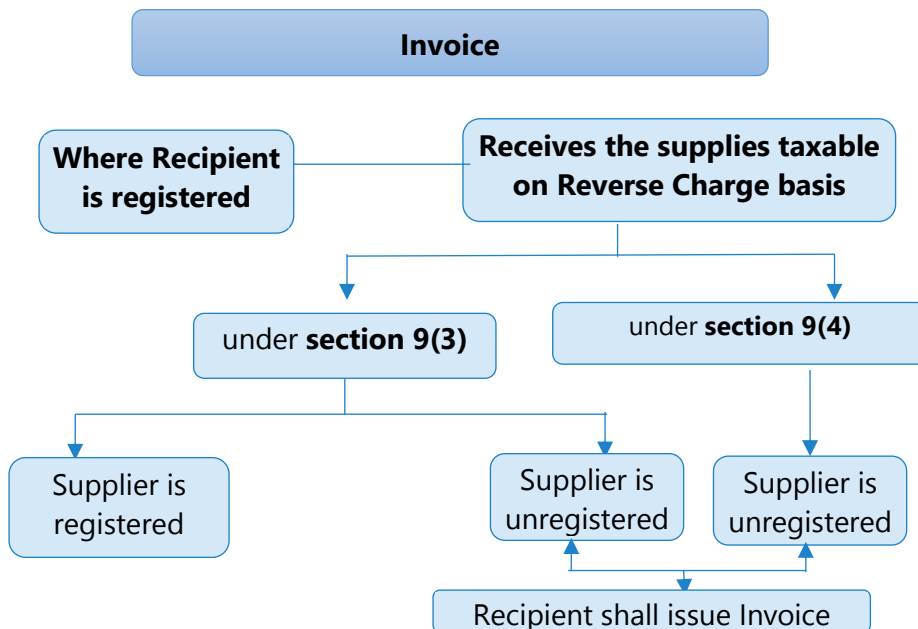
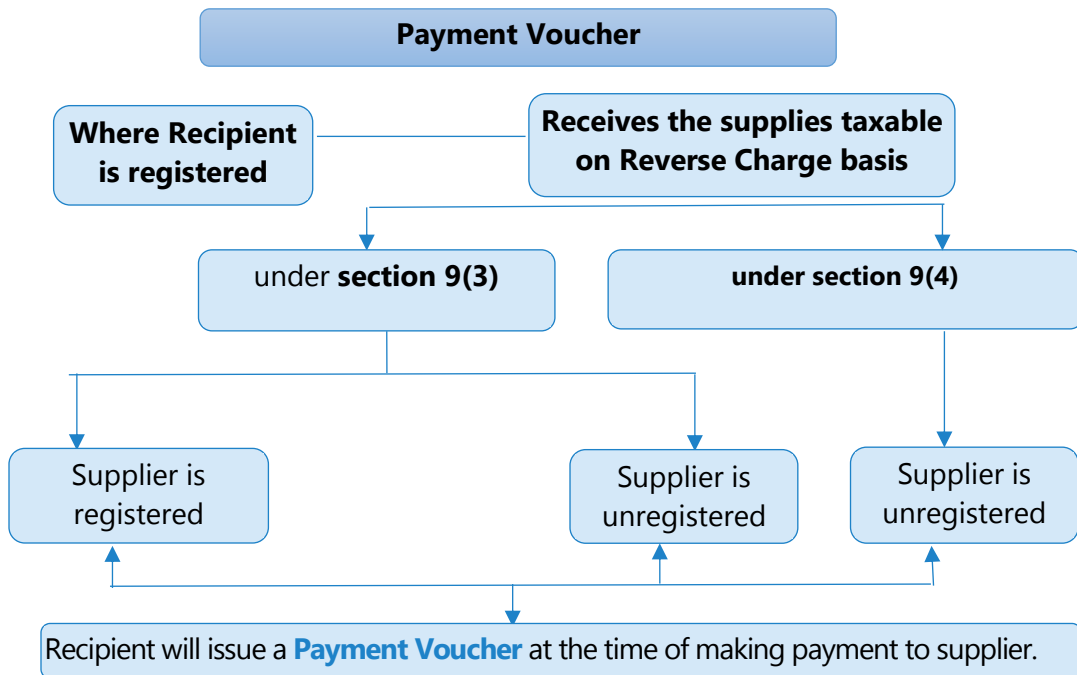


**Where at the time of receipt of advance, rate of tax/ nature of supply is not determinable**

Where at the time of receipt of advance	
(i) rate of tax is not determinable	tax shall be paid at the rate of <b>18%</b>
(ii) nature of supply is not determinable	same shall be treated as <b>inter-State supply</b>

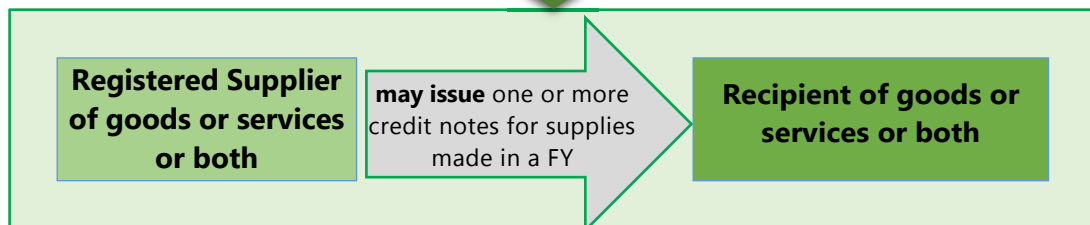
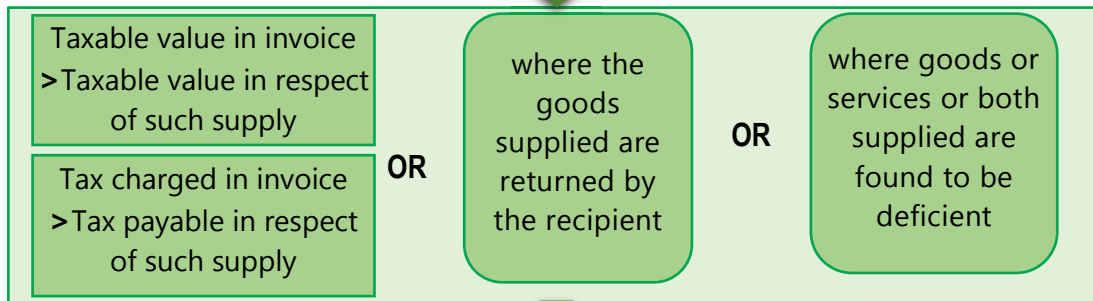


**Invoice and payment vouchers to be issued by recipient of supply liable to pay tax under reverse charge**



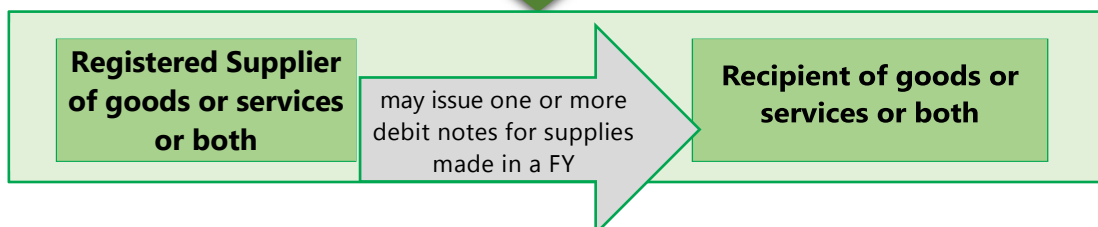
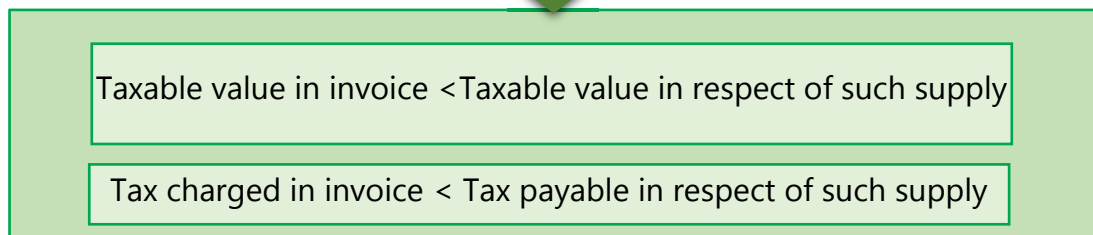
### Credit Notes

Where one or more tax invoices have issued for supply of any goods or services or both



### Debit Notes

Where one or more tax invoices have been issued for supply of any goods or services or both



**TEST YOUR KNOWLEDGE**

1. *Sultan Industries Ltd., Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7<sup>th</sup> September. The spare parts were to be delivered on 30<sup>th</sup> September. Sultan Industries Ltd. removed the finished spare parts from its factory on 29<sup>th</sup> September for supply to Prakash Entrepreneurs. Determine the date by which tax invoice must be issued by Sultan Industries Ltd. under GST law.*
2. *MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 1, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?*
3. *The aggregate turnover of Sangri Services Ltd., Delhi, exceeded ₹ 20 lakh on 12<sup>th</sup> August. He applied for registration on 3<sup>rd</sup> September and was granted the registration certificate on 6<sup>th</sup> September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.*
4. *Shyam Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same.*
5. *Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4<sup>th</sup> January. For the occasion, it gets the service by way of makeover of its models from Aura Beauty Services Ltd., Ashok Vihar, on 4<sup>th</sup> January, for which a consideration of ₹ 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10<sup>th</sup> February showing*

the lumpsum amount of ₹ 5,90,000 inclusive of CGST and SGST @ 9% each for the services provided. Answer the following questions:

- (i) Examine whether the tax invoice has been issued within the time limit prescribed under law.
  - (ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions.
6. Kidzee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Kidzee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25<sup>th</sup> September by issuing a tax invoice amounting to ₹ 1,00,000.
- However, the said toys were returned by Nancy General Store on 30<sup>th</sup> September. Discuss which document Kidzee Toys Ltd. is required to issue in such a case?
7. Rana Sanga Ltd., a registered supplier, has made following taxable supplies to its customer Babur in the quarter ending 30<sup>th</sup> June.

<b>Date</b>	<b>Bill No.</b>	<b>Particulars</b>	<b>Invoice value (including GST)[₹]</b>
5 <sup>th</sup> April	102	Notebooks [10 in numbers]	1,200
10 <sup>th</sup> May	197	Chart Paper [4 in number]	600
20 <sup>th</sup> May	230	Crayon colors [2 packets]	500
2 <sup>nd</sup> June	254	Poster colors [5 packets]	900
22 <sup>nd</sup> June	304	Pencil box [4 sets]	700

*Goods in respect of bill no. 102, 230 and 254 have been returned by Babur. You are required to advise Rana Sanga Ltd. whether it can issue a consolidated credit note against all the three invoices?*

- 8. Chidanand Products Pvt. Ltd. is a registered supplier who has opted for composition levy in the current financial year. He wishes to know whether the issue of a bill of supply can be dispensed with under any circumstances. You are required to advise him.*
- 9. A registered person has to mandatorily issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person. Examine the validity of the statement.*
- 10. A non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month. Examine the validity of the statement.*
- 11. Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods and the delivery shall be made on or before 31<sup>st</sup> October. The goods were removed from the factory at Kolkata on 11<sup>th</sup> October for supply to Suraj Enterprises. As per the agreement, the goods were to be delivered on or before 31<sup>st</sup> October. Suraj Enterprises has received the goods on 14<sup>th</sup> October. Determine the time of issue of invoice as per the provisions of CGST Act.*
- 12. Trust and Fun Ltd., an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5<sup>th</sup> June. Payment for the event was made on 19<sup>th</sup> June. Determine the time of issue of invoice as per the provisions of CGST Act.*
- 13. Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same.*
- 14. Bhoj Raj, a registered person, has availed GTA services from unregistered supplier, on which he is liable to pay tax under reverse charge. He wishes to know whether he is required to issue an invoice. Please advise him discussing the relevant provisions under CGST Act and rules thereunder.*



## ANSWERS/HINTS

1. As per the provisions of section 31, invoice shall be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Accordingly, in the given case, the tax invoice must be issued on or before 29<sup>th</sup> September.
2. Continuous supply of service means, *inter alia*, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations.

Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM Caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.

In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment.

Therefore, in the given case, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, October 1, and January 1.

3. As per section 25 read with CGST Rules, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Sangri Services Ltd.'s turnover exceeded ₹20 lakh on 12<sup>th</sup> August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12<sup>th</sup> August.

As per section 31 read with CGST Rules, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of



certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.

Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12<sup>th</sup> August) till the date of issuance of certificate of registration (6<sup>th</sup> September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6<sup>th</sup> October.

4. A registered person paying tax under the provisions of section 10 [composition levy] shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed [Section 31(3)(c) read with CGST Rules, 2017].
5. (i) As per section 31 read with the CGST Rules, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/ banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 3<sup>rd</sup> February. However, the invoice has been issued on 10<sup>th</sup> February.

- (ii) Section 31 read with the CGST Rules, *inter alia*, provides that tax invoice in addition to other mandatory details shall also contain the amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess). Further, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax charged in respect of taxable goods or services which shall form part of the price at which such supply is made.

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply of makeover services should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law.

- 6.** Kidzee Ltd. is required to issue a credit note in such a case.

As per section 34, where one or more tax invoices have been issued for supply of any goods or services or both and the goods supplied are returned by the recipient the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. Therefore, Kidzee Ltd. is required to issue a credit note to Nancy General Store for the good returned.

- 7.** Where one or more tax invoices have been issued for supply of any goods and/or services and

- (a) the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- (b) where the goods supplied are returned by the recipient, or
- (c) where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/or services, may issue to the recipient one or more credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, Rana Sanga Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

- 8.** Yes. Chidanand Products Pvt. Ltd. may not issue a bill of supply if the value of the goods or services or both supplied is less than ₹ 200 subject to the condition that:

- (a) the recipient is not a registered person; and

- (b) the recipient does not require such bill of supply, and he shall issue a consolidated bill of supply for such supplies at the close of each day in respect of all such supplies.
9. The statement is not valid in law. As per the CGST Rules, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single "invoice-cum-bill of supply" may be issued for all such supplies.
10. The said statement is valid in law. A customer may avail numerous services from a non-banking financial company in a given tax period. It may issue a consolidated tax invoice/ statement/ advice, any other document in lieu thereof, by whatever name called may be issued/ made available, physically/ electronically, for supply of services made during a month at the end of the month.
11. A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.
- Therefore, in the given case, invoice has to be issued on or before, 11<sup>th</sup> October (the time of removal of goods).
12. A registered person [other than an insurer/banking company/financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service.
- Thus, in the given case, invoice has to be issued within 30 days of 5<sup>th</sup> June (date of supply of service), i.e. on or before, 5<sup>th</sup> July.
13. Udai Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Sujamal. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment. Therefore, in case subsequently no services are supplied by Udai Singh, and no tax invoice is issued in pursuance thereof, Udai Singh may issue a refund voucher against such payment to Sujamal.

- 14.** Bhoj Raj is required to issue an invoice with regard to the GTA services availed by him. A registered person who is liable to pay tax under sub-section (3) or sub-section (4) of section 9 (i.e. where the recipient is liable to discharge GST on reverse charge basis) shall issue an invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.

# RAPID FIRE QUIZ



1

•Is it correct that NBFC has to mandatorily issue e-invoice?

2

•Physical copy of tax invoice is to be mandatorily carried even in cases where e-invoice has been generated by the supplier. Is it valid in law?

3

•Is it correct that a registered person may not issue a tax Invoice, if value of services supplied to unregistered recipient is less than ₹ 200?

4

•Which document is required to be issued by a registered person paying tax under composition levy?

5

•What will be the rate of tax if at the time of receipt of advance it is not determinable?

6

•What will be the nature of supply if at the time of receipt of advance it is not determinable?

7

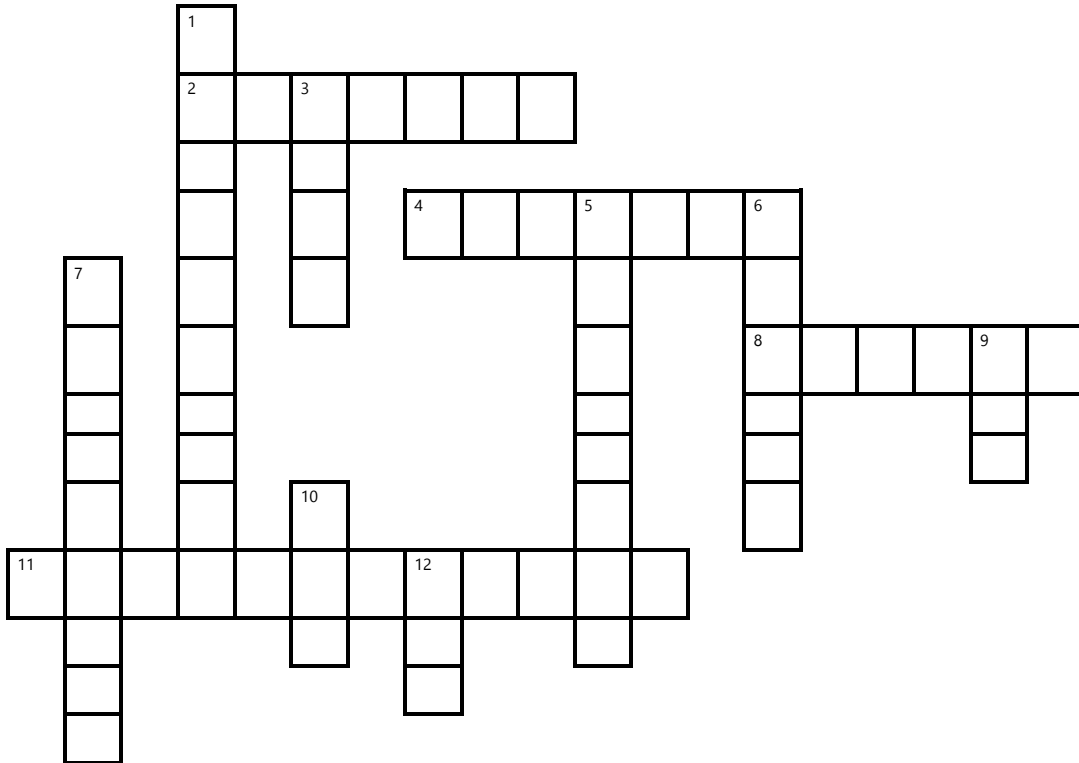
•Which document is required to be issued in case of transportation of goods for reasons other than supply without invoice?

8

Which document is required to be issued if post issuance of invoice, quantity received by recipient is less than what has been declared in the tax invoice?



## CROSSWORD PUZZLE



### ACROSS

2. Invoice shall be issued before or at the time of -----of goods for supply to the recipient, where the supply involves movement of goods.
4. A registered person on receipt of advance payment with respect to any supply of goods shall issue a -----Voucher.
8. Where tax invoice has been issued for supply of any goods and goods supplied are found to be deficient, the registered person may issue ----- note.
11. Dynamic QR code is not applicable to an invoice issued to an ----- person by Insurer.

**DOWNWARDS**

1. Invoice shall be prepared in -----in case of taxable supply of goods.
3. Name and address of the recipient and the address of delivery, along with the name of State and its code is mandatory for tax invoice, if recipient is unregistered and value of supply is ₹ 50,000 or-----.
5. A registered person supplying -----services is required to issue a bill of supply.
6. In case of supplier of passenger transportation service, tax invoice shall include----- in any form, by whatever name called.
7. Supplier of -----transportation service are exempt from the mandatory requirement of e-invoicing.
9. ----- is the website for uploading/reporting of invoices by the notified persons. (Acronym)
10. Where the goods being sent on approval for sale are removed before the supply takes place, the invoice shall be issued before/at the time of supply or ----- months from the date of removal, whichever is earlier.
12. All registered businesses with an aggregate turnover in any preceding financial year from 2017-18 onwards greater than ₹ -----crore will be required to issue e-invoices.

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Scan the following QR code for accessing the answers to Rapid Fire Quiz and Cross word puzzle of this chapter.



*Scan the code*

[illegible]