



## The Central Board of Indirect Taxes and Customs (CBIC)

### Government notification on E-invoicing

August 1, 2020

Relevant to all Mahindra Businesses

#### Background:

- The government plans to roll out e-invoicing in phases. It had earlier planned to make it mandatory from April 1 for businesses with a turnover of Rs 100 crore and above, but the decision was deferred due to lack of IT preparedness
- The threshold for e-invoicing has been increased to ₹500 crores of aggregate turnover in a financial year, computed on all India basis for B2B transactions vide Notification 61/2020 – Central Tax
- Further, such companies shall also be required to generate dynamic QR code in case of B2C supplies

#### Why?

- The government had said the basic aim behind adopting the system is to facilitate convenience to the taxpayers by further simplifying the GST return system.
- The e-invoicing mechanism would also help business and taxpayers by pre-populating the returns, resulting in reducing reconciliation problems
- The move comes as the government is looking at ways to plug evasion amid dismal GST collections with the pandemic driving economy towards recession.

#### Benefits:

- Units in special economic zones have been exempt from complying with e-invoicing, according to the notification released on July 30.
- The return filing process will become much easier for the businesses as after the introduction of this centralized system the invoice data would be captured easily without any delay

- The fake invoice generation for forgery will reduce and finally will be removed
- GST department will have access to real-time data as the business transactions move through the real world. This will eventually lead to easing in the generation of high-level data analytics

### **Clarifications awaited from the Government:**

- The notification has not clarified the financial year (whether previous FY or current FY) to be considered in ascertaining the threshold value. However, the discussions with the officials in the open forum has indicated turnover of FY 19-20 to be considered for ascertaining the threshold value
- Requirement of compliance with e-invoicing provisions by a taxpayer having supplies from non SEZ units in aggregate not exceeding INR 500 Cr and in aggregate of SEZ unit it crosses the threshold value
- Notification mentions requirement for creating e-invoice in case of supplies to registered persons whereas FAQ's released in early February 2020 requires e-invoice to be created for export transactions
- Mechanism to identify the vendors who require IRN to be created
- Whether GSTR 2A will also provide IRN numbers of supplier invoices

### **References:**

1. <https://currentaffairs.gktoday.in/government-notification-on-e-invoicing-o82020332138.html>
2. <https://www.cygnetgsp.in/govt-notifies-revised-e-invoice-schema-threshold-e-invoices/>
3. [https://www.business-standard.com/article/economy-policy/govt-notifies-e-invoicing-for-companies-with-rs-500-crore-turnover-120080100046\\_1.html](https://www.business-standard.com/article/economy-policy/govt-notifies-e-invoicing-for-companies-with-rs-500-crore-turnover-120080100046_1.html)