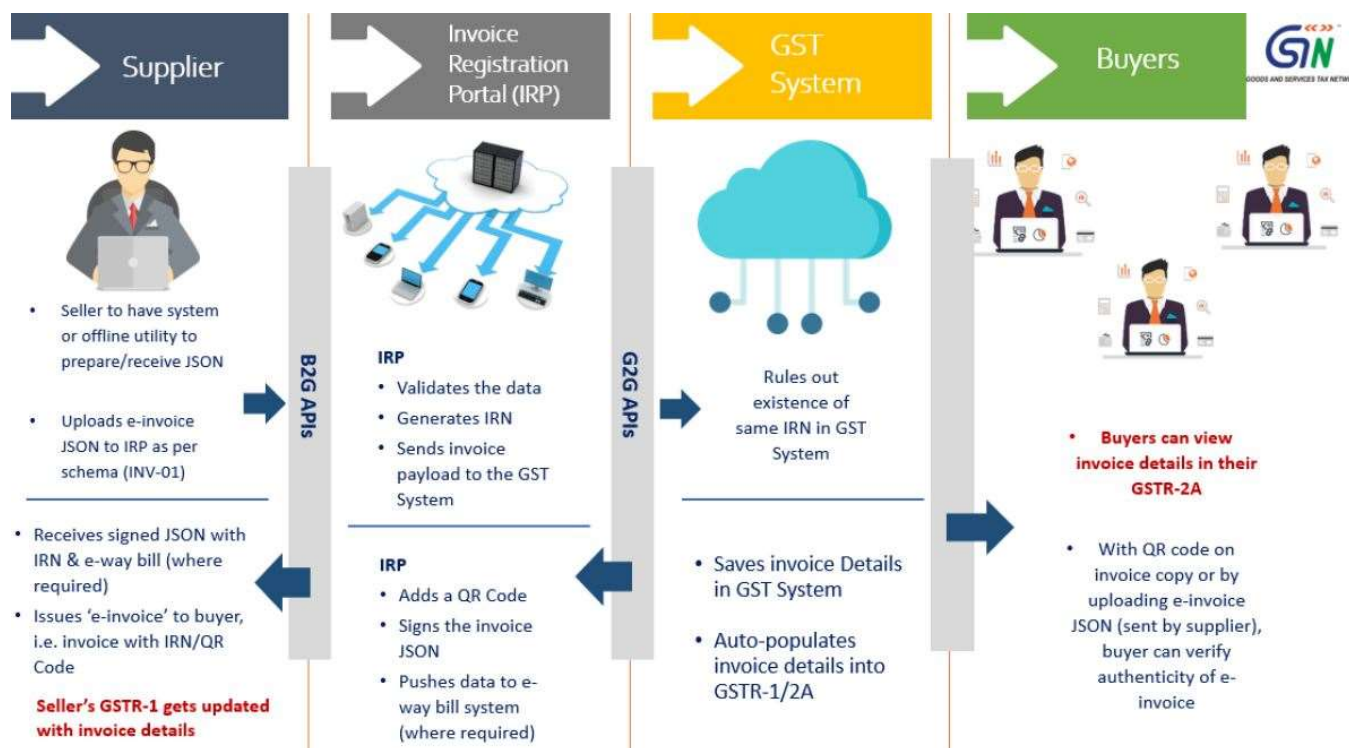


W.e.f 1st January 2021 e-invoice is mandatory for taxpayers having turnover above INR 100 crore. Brief note elaborating e-invoice mechanism, required system changes and its effect on businesses as below-

A) E-Invoice Mechanism:



B) Eligibility:

- Any GST registered person whose aggregate turnover **in any preceding financial year** from 2017-18 onwards, is more than **INR 100 crores¹** is required to generate e-invoicing for B2B supplies.
- Aggregate turnover is defined² to include all outward taxable, exempt and export supplies of goods and services computed on PAN India basis.

¹ Notification No. 13/2020– Central Tax dated 21st March, 2020

² As per 2(6) of CGST Act, 2017

C) Statutory provisions

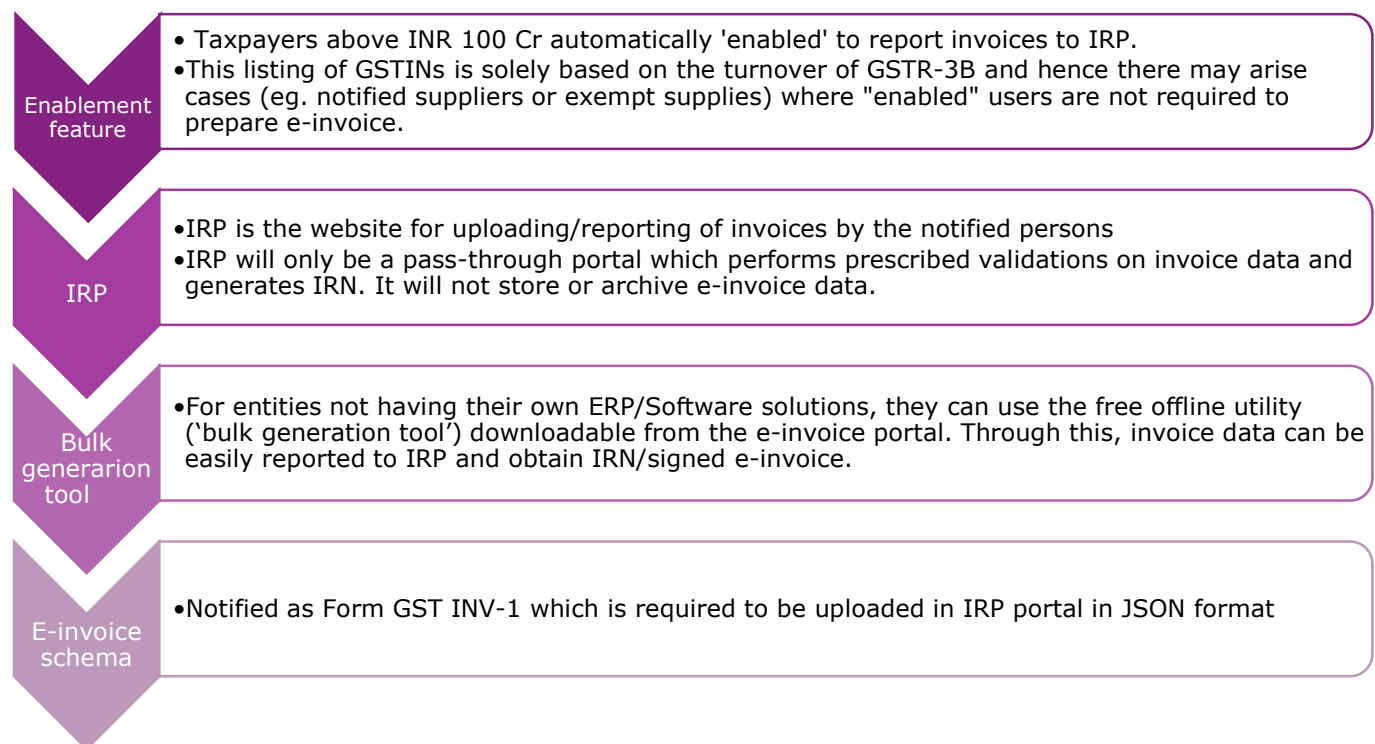
- Section 31 of Central Goods and Services Tax Act, 2017 ('the Act')
- Rule 48(4) of Central Goods and Services Tax Rules, 2017('the Rules')
- Central tax notifications issued by Central Board of Indirect Taxes from time to time

D) Key features:

- E-Invoicing is a process in which all the invoices created by accounting software will be authenticated electronically by GSTN for further use (like return preparation, E-way bill creation).
- An E-invoice under GST does not mean an invoice generated on an electronic portal. But it is an invoice that is reported to and authenticated by the GSTN portal in the manner shown above.
- Following tax document are required to be uploaded in Invoice Registration Portal ('IRP') portal to generate unique Invoice Reference Number ('IRN'):
 - B2B invoices, debit and credit notes
 - Export invoices, Invoices for deemed exports
 - Supplies to Special Economic Zones
- Bill of supply (for exempt and nil rated supplies), B2C invoices and its corresponding debit and debit/credit notes are not required to be uploaded on IRP portal.
- Out of the 10 notified electronic portals³ currently only [e - Invoice System \(gst.gov.in\)](https://www.gst.gov.in) is operational.
- The taxpayer cannot cancel an E-invoice partially. The E-invoice under GST is required to be cancelled fully and reported to the IRN within 24 hours.
- Any cancellation done after 24 hours of an E-invoice generation cannot be reported to the IRN portal. In such cases, the taxpayer will have to manually update/cancel the invoice on the GST portal before the returns are filed.
- Once an IRN is cancelled, the concerned invoice number cannot be used again to generate another e-invoice/IRN (**even within the permitted cancellation window**). If it is used again, then the same will be rejected when it is uploaded on IRP.

³ Notification No. 69/2019 – Central Tax dated 13th December, 2019

- Below categories are exempt from e-invoicing requirements:
 - Special Economic Zone Units, Free Trade and Warehousing zones (only units are excluded not SEZ developers)
 - Insurer or a banking company or a financial institution, including a non-banking financial company
 - Goods transport agency supplying services in relation to transportation of goods by road in a goods carriage
 - Suppliers of passenger transportation service
 - Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens
- Other features are produced below:



E) Changes in system to be E-invoice ready

- A system/utility required to report e-invoice details in JSON format to IRP and to receive signed e-invoice in JSON format from the Portal.
- Tax payer to choose mode for generating e-invoice from below-
 - API based (integration with Taxpayer's System directly)
 - API based (integration with Taxpayer's System through GSP/ASP)

- Free Offline Utility ('Bulk Generation Tool', downloadable from IRP).
- In case bulk generation tool is opted, FORM INV-1 to be filed and uploaded in IRP portal in JSON format.
- Post successful validation, a digitally signed e-invoice having IRN and QR code to be downloaded from IRP portal and converted to PDF format for print to receivers. Step by step procedure to generate IRN is available in https://einvoice1-trial.nic.in/Documents/UserManual_BulkE_invoiceGenerationtool.pdf

F) Advantages of E-invoicing

- **Standardization:** One-time reporting on B2B invoice data in the form it is generated to reduce reporting in multiple formats (one for GSTR-1 and the other for e-way bill).
- **Automation:** Auto-reporting of invoices into GSTR-1 of supplier and GSTR-2A of receiver. Auto-generation of e-way bill (provided the field is enabled in Form GST INV-1).
- **Seamless Reconciliation:** Reconciliation and data verification between suppliers and recipient will be seamless and thus provide better control over input tax credit computation and claim.
- **Lesser Compliance:** Reduction in overall compliance burden. Substantial reduction in input credit verification issues as same data will get reported to tax department as well to buyer in his inward supply (purchase) register.
- **Elimination of fake invoices:** Reduction of tax evasion, System level matching of input credit and output tax.
- **Information Availability:** Near real-time availability of information to all the relevant participants in the supply chain. On receipt of info through GST System as buyer can do reconciliation with his Purchase Order and accept/reject in time under New Return
- **Environment friendly:** The need of the paper form of the multiple copies of way bill is eliminated. Hence, the tons of paper are saved per day.

G) FAQ

Q. Do I need to print IRN on the invoice?

A. No. It's optional. IRN is anyway embedded in the QR Code which is one of the mandatory particulars on invoice

Q. What data is embedded in QR Code?

- The QR code will consist of the following key particulars of e-invoice:
 - a. GSTIN of Supplier
 - b. GSTIN of Recipient
 - c. Invoice number, as given by Supplier
 - d. Date of generation of invoice
 - e. Invoice value (taxable value and gross tax)
 - f. Number of line items
 - g. HSN Code of main item (*line item having highest taxable value*)
 - h. Unique IRN (Invoice Reference Number/hash)
 - i. IRN Generation Date
- No.
- This is because IRN is a unique string based on *Supplier's GSTIN, Document Number, Type of Document & Financial Year.*

Q. Is there any time window within which I need to report an invoice to IRP, i.e. is there any validation to the effect that the 'document date' (in the payload to IRP) has to be within a specified time window, for reporting to IRP/generation of IRN?

A. No such validation is kept on the portal.

Q. Is the signature (DSC) of supplier mandatory while reporting e-invoice to IRP?

A. No

Q. In case of breakdown of internet connectivity in certain areas, will there be any relaxation in the requirement to obtain IRN?

A. A localised mechanism to provide relaxation in such contingent situations is prescribed as per proviso to Rule 48(4) of CGST Rules. It reads as: "*...Commissioner may, on the recommendations of the Council, by notification, exempt a person or a class of registered persons from issuance of invoice under this sub-rule for a specified period, subject to such conditions and restrictions as may be specified in the said notification.*"

Q. Is Invoice number same as Invoice Reference Number (IRN)?

A. No. 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*

Q. While returning IRN, the IRP is also adding its digital signature, "Acknowledgement No." and "Date". Whether these also need to be printed while issuing invoice?

A. No. There is no mandate to print these particulars on invoice copy.

Note that the "Acknowledgement No." and "Date" given by IRP are only for reference.

Other FAQs available on <https://www.gstn.org.in/e-invoicing>.

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