

## *e-invoicing – At a Glance*

### What is e-invoicing?

As per Rule 48(4) of CGST Rules, notified class of registered persons (*whose aggregate turnover in any preceding financial year from 2017-18 onwards, is more than prescribed limit*) have to prepare invoice by uploading specified particulars of invoice (in FORM GST INV-01) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN).

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

As per Rule 48(5), any invoice issued by a notified person in any manner *other than the manner specified in Rule 48(4)*, the same shall not be treated as an invoice.

A standard format for e-invoice was notified as 'INV-01'. This format (called 'schema') facilitates seamless exchange of invoices between accounting systems of suppliers and buyers in an integrated electronic format.

### e-invoicing - Process Flow:

Now-a-days, most businesses are using one or other Accounting/Billing/ERP Systems to create and manage their invoices. These invoices (in JSON format) will now be reported to '**Invoice Registration Portal (IRP)**'. IRP returns the digitally-signed invoice (in JSON) with a unique '**Invoice Reference Number (IRN)**' and a QR Code.

That means the Accounting/ERP system of business and e-invoice system of government will be '*talking to each other*' for exchange of invoice data. All this 'machine-to-machine' interaction through APIs and generation of IRN happens in a split second indeed.

**Possible modes of API integration are as below:**

1. **Through 'Companies having direct access to APIs'**: If the taxpayer has tie up or using the ERP of the 'Company which has direct access to API', then he/she can use the API through that company. The GSTIN (Taxpayer) generates his own username and password and gets the access to API using the Client ID and Client Secret of the Company, which has the direct access.

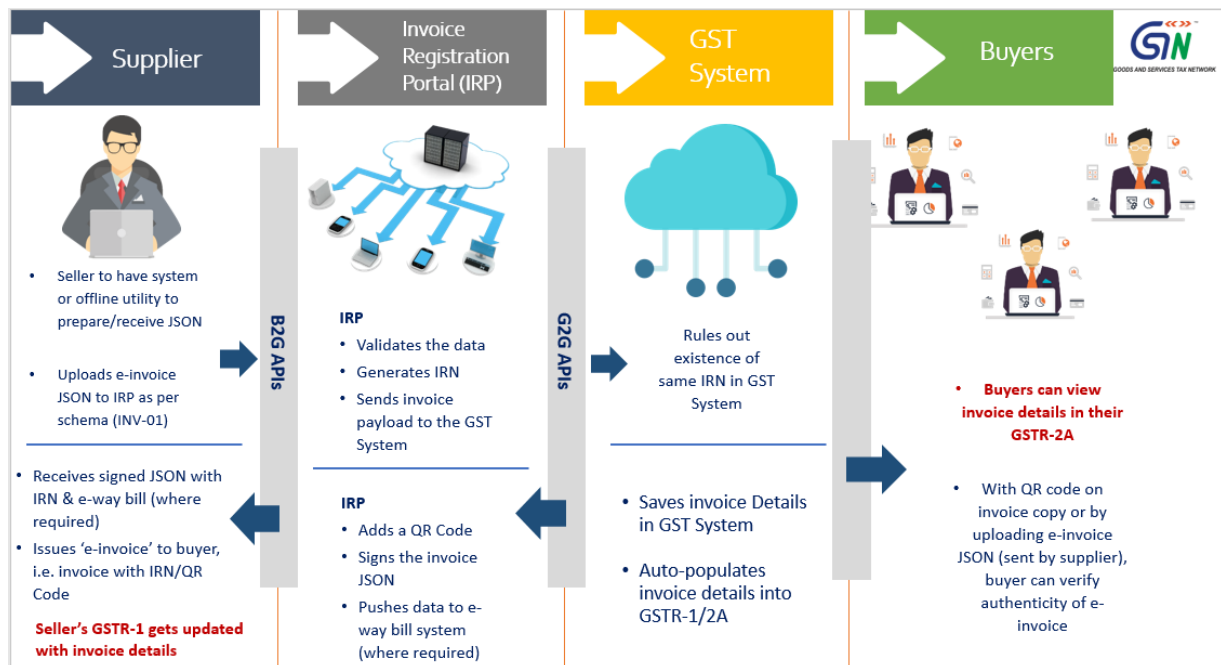
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2. **Taxpayers having access to e-Way Bill APIs:** If the tax payer has direct access to e-Way Bill APIs, then he/she can use the same Client Id, Client Secret, username and password to get the access to e-Invoice system.
3. **Through GSPs:** The GSTIN (Taxpayer) generates his own username and password and ties up with GSPs to get access to APIs using the Client ID and Client Secret of the GSPs.
4. **Through ERPs:** The GSTIN (Taxpayer) generates his own username and password and ties up with ERPs to get the access to API using the Client Id and Client Secret of the ERPs.

Some businesses may not have their own ERP/Accounting Software or have few invoices to report. They can download the free offline utility ('bulk generation tool') from e-invoice portal. Using this, invoice data can be easily uploaded on IRP for generation of IRN. While the portal gives back 'machine-readable' invoice in JSON format, there is a facility to generate 'human-readable' PDF copy of invoice (for save/print/e-mail etc.).

After obtaining IRN, the invoice (with QR Code) can be issued to the recipient in the same way as is being done now. (Note: An integrated mechanism to enable system-to-system exchange of e-invoices will be made available in due course.)

**The detailed flow involved in e-invoicing is depicted below:**



## Advantages



## Documents/Supplies Covered:

Documents covered	Supplies Covered
Invoices Credit Notes Debit Notes	Supplies to registered persons (B2B) Supplies to SEZs (with/without payment) Exports (with/without payment) Deemed Exports <i><b>Note:</b> B2C invoices are not covered currently.</i>

## Applicability of e-invoice:

Where Applicable	Where Not Applicable
<ul style="list-style-type: none"> <li>- For Registered persons whose aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards, is more than prescribed limit (as per relevant notification)</li> <li>- Supplies to Govt. department having a GSTIN (as entity supplying goods/services/ deducting TDS)</li> <li>- Invoices between two different GSTINs under same PAN</li> <li>- Invoices issued by SEZ Developers</li> <li>- Invoices issued by notified person for supplies made by him but attracting reverse charge under Section 9(3)</li> </ul>	<ul style="list-style-type: none"> <li>- <b>Entities/sectors exempt from e-invoicing:</b> Special Economic Zone Units (including FTWZs), insurer or a banking company or a financial institution, including a non-banking financial company, <b>goods transport agency supplying services in relation to transportation of goods by road in a goods carriage</b>, Suppliers of passenger transportation service, Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens. <i>(Note: The exemption is with reference to entity as a whole and not nature of supply/transaction.)</i></li> <li>- NIL-rated or wholly-exempt supplies</li> <li>- Financial/commercial credit notes</li> <li>- Invoices issued by Input Service Distributors (ISDs)</li> <li>- High sea sales and bonded warehouse sales</li> <li>- Supplies to Government Departments where they don't have any registration under GST</li> <li>- Where supplies are received by notified person from (i) an unregistered person attracting reverse charge under Section 9(4) or (ii) through import of services</li> </ul>

## **Salient Features:**

IRP is only a pass through validation portal. Certain key fields will be validated on IRP. So, IRN will be generated instantaneously, in sub-200 millisecond duration. The server capacity is robust enough to handle simultaneous uploads. Further, multiple IRPs will be made available to distribute the load of invoice registration.

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Signature (DSC) of supplier not required while reporting e-invoice to IRP.

In e-invoice schema, only 29 fields are mandatory. All others are optional.

Where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate (Rule 48(6)).

Where e-invoicing is applicable, carrying e-invoice print during transportation of goods is not mandatory. As per Rule 138A(2) of CGST Rules, where e-invoicing is applicable, “*the Quick Reference (QR) code having an embedded Invoice Reference Number (IRN) in it, may be produced electronically, for verification by the proper officer, in lieu of the physical copy of such tax invoice.*”

### **How to verify e-invoice?**

One can verify the authenticity or correctness of e-invoice by uploading the signed JSON file or Signed QR Code (string) on e-invoice portal:

einvoice1.gst.gov.in > **Search** > [‘Verify Signed Invoice’](#)

Alternatively, with “*Verify QR Code*” mobile app which may be downloaded from *einvoice1.gst.gov.in* > **Help** > **Tools** > [Verify QR Code App](#)

There is no 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

1000 is the maximum number of line items which can be reported in a single invoice. This will be enhanced based on requirement in future.

Penal provisions for not issuing invoice in accordance with GST Law/rules are provided in Section 122 of CGST/SGST Act read with CGST Rules.

#### **Key particulars of e-invoice embedded in QR Code:**

- 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*)

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| <ul style="list-style-type: none"><li>h. Unique IRN (Invoice Reference Number/hash)</li><li>i. IRN Generation Date</li></ul> |
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## **Amendment/Cancellation of e-invoice:**

An invoice can't be cancelled partially. It has to be cancelled *in toto*. Cancellation of invoices is governed by Accounting Standards and other applicable rules/regulations.

An IRN/invoice reported to IRP be cancelled within 24 hours. In case of cancellation of IRN, GSTR-1 also will be updated with such 'cancelled' status. However, if the connected e-way bill is active or verified by officer during transit, cancellation of IRN is ***not*** permitted.

After expiry of cancellation window, any changes in the invoice details reported to IRP can be carried out on GST portal (while filing GSTR-1). In case GSTR-1 has already been filed, then using the mechanism of amendment as provided under GST.

However, these changes will be flagged to proper officer for information.

IRN is a unique string based on *Supplier's GSTIN, Document Number, Type of Document & Financial Year*. So, 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.

## **Auto-population of GSTR-1/2A and auto-generation of e-way bill:**

On successful reporting of invoice details to IRP, the invoice data (payload) including IRN, will be saved in GST 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.

In case both Part-A and Part-B of e-way bill are provided while reporting invoice details to IRP, they will be used to generate e-way bill.

In case Part-B details are not provided at the time of reporting invoice to IRP, the same will have to be provided by the user through 'e-way bill' tab in IRP log in or e-Way Bill Portal, so as to generate e-way bill.

## **Key Clarifications:**

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Presently, e-invoicing is not voluntary, i.e. entities having prescribed aggregate turnover only can report invoices to IRP.

Some charges to be shown in invoice are leviable to GST, *e.g. freight, insurance, packing & forwarding charges etc.* These may be added as one more line item in the invoice.

TCS (Tax Collected at Source) collected by suppliers under Income Tax Act, 1961 can be shown under “Other Charges (Invoice Level)”.

INV-01 schema is only to report specified invoice particulars to IRP. Once IRN is obtained from the portal, the business may add any other elements not relevant to GST, while issuing invoice finally to buyer.

For items outside GST levy, separate invoice may be given by such businesses, *e.g. a hotel invoicing a B2B supply where the supply includes food and beverages (leviable to GST) and Alcoholic beverages (outside GST).*

After obtaining signed JSON (along with IRN/QR Code) from e-invoice portal and while issuing invoice copy to the recipient, the requirement of supplier’s signature / digital signature is governed by the provisions of Rule 46 of CGST Rules, 2017.

Even in the e-invoicing regime, while transporting goods, wherever the e-way bill is needed, the requirement continues to be mandatory.

***What about B2C Dynamic QR Code?***

Notification No. 14/2020-Central Tax dated 21st March, 2020 (as amended) mandates entities with aggregate turnover > Rs. 500 crores in any preceding financial year from 2017-18 onwards, to include a dynamic Quick Response Code (QR Code) on their B2C invoices. It is also specified that a Dynamic QR code made available to buyer through digital display (with payment cross-reference) shall be deemed to be having QR code.

This has no relevance or applicability to ‘e-invoicing’ under Rule 48(4), which is mandated in respect to B2B Supplies and exports by notified class of taxpayers.

## **Key FAQs**

**Will I need to enter invoice details on a government website and obtain IRN?**

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No. In e-invoice scenario, what is primarily envisaged is ‘machine-to-machine’ exchange of invoice data (*mainly between taxpayer’s system & IRP*).

If the business doesn’t have ERP/Accounting/Billing Software or have very few invoices to report, they can download and use the free Offline Tool to enter data and create JSON file, for uploading on IRP.

Web-based and mobile app-based interfaces will also be made available in future.

**How to know a particular supplier is supposed to issue e-invoice (i.e. invoice along with IRN/QR Code)?**

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

However, as a facilitation measure, all the taxpayers who had crossed the prescribed turnover in a financial year from 2017-18 onwards have been *enabled* to report invoices to IRP.

One can search the status of enablement of a GSTIN on e-invoice portal: <https://einvoice1.gst.gov.in/> > Search > [e-invoice status of taxpayer](#)

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

Further, the turnover slab of taxpayer can also be ascertained through “Search Taxpayer” / “Know Your Supplier” Sections on GST portal also.

In case any registered person, is **required to prepare invoice** in terms of Rule 48(4) but not enabled on the portal, he/she may request for enablement on portal: [‘Registration -> e-Invoice Enablement’](#).

**What is to be printed while issuing e-invoice?**

To be printed	Need not be printed
Particulars as per Rule 46/53, including QR Code containing IRN	Acknowledgement No. Acknowledgement Date
<i>Note: While the printed QR code shall be clear enough to be readable by a QR Code</i>	IRN



<i>reader, the size and its placing on invoice is upto the preference of the businesses.</i>	Digital Signature given by IRP
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**In case of breakdown of internet connectivity in certain areas, will there be any relaxation in the requirement to obtain IRN?**

A localised mechanism to provide relaxation in such contingent situations is put in place.

As per proviso to Rule 48(4) of CGST Rules, “...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.”

**Resources:**

API integration specifications, FAQs from developer’s angle are available at <https://einv-apisandbox.nic.in/>

A detailed document [‘e-invoice - Detailed Overview’](#) is available.

Many awareness videos on e-invoice are available at [‘e-invoice’ play list on GSTN’s YouTube Channel](#)

**Help Options:**

For any technical issue with APIs/Sandbox/e-invoice portal/Offline Utility/auto-population into GSTR-1 etc., please raise a ticket with [GST Self-Service Portal](#)

Any other feedback & suggestions on e-invoice are welcome at [e-invoice@gstn.org.in](mailto:e-invoice@gstn.org.in)

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