GST E-INVOICING SYSTEM

GST E-INVOICE/IRN SYSTEM

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Basic Concept of E-Invoicing

- 'E-invoicing' doesn't mean generation of invoice by a Government portal. Rather E-invoice can also be handwritten. E-invoice simply means, the invoice copy containing inter alia, the IRN (with QR Code) issued by the notified supplier to buyer.

- Registered persons whose aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards, is more than prescribed limit (Twenty Crores), e-invoicing is mandatory. 'Aggregate Turnover' has to be calculated as per the definition under Section 2(6) of CGST Act. Hence, for the Financial Year 2017-18, the 'aggregate turnover' has to be reckoned from 1-7-2017 till the end of FY

- Tax Invoices will now be reported to 'Invoice Registration Portal (IRP)'. On reporting, IRP will generate the e-invoice with a unique 'Invoice Reference Number (IRN)'. Now we need to affix this IRN in the form of QR code in each of our B2B and Export Invoices.

- A GST invoice will be valid only with a valid IRN for notified class of registered persons. Which means that if we purchase goods from a notified class of registered person than we cannot take input if the invoice doesnot contain a QR code. We cannot even move the goods from one place to another without an invoice bearing such QR Code.

Basic Concept of E-Invoicing

- Supplies to registered persons (B2B), Supplies to SEZs (with/without payment), Exports (with/without payment), Deemed Exports, by notified class of taxpayers are currently covered under e-invoicing provisions. However we don't need to issue e-invoices for B2C supplies. For exempt sales we issue bill of supply and not tax invoice so even in case of exempt supplies we don't need to issue e-invoice.

- The following entities are also exempted from e-invoicing provisions:
  1. Special Economic Zone Units
  2. Insurers
  3. Banking companies or financial institutions, including a non-banking financial company (NBFC)
  4. Goods Transport Agency (GTA) supplying services in relation to transportation of goods by road in a goods carriage.
  5. Suppliers of passenger transportation service.
  6. Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens.
  7. Persons registered in terms of Rule 14 of CGST Rules (OIDAR).
- E-Invoicing is a mandatory provision and no entity can opt for it voluntary i.e, entities with aggregate turnover below the prescribed limit cannot opt for e-invoicing.