

E Invoicing Under Gst

The E invoicing mechanism has been introduced since 01st October 2020 covering four phases as :

Particulars	Phase I	Phase II	Phase III	Phase IV
Effective from	01.10.2020	01.01.2021	01.04.2021	01.04.2022
AATO greater than	INR 500 crores	INR 100 crores	INR 50 crores	INR 20 crores
Gst Notification No.	61 dated 30.01.2020	88 dated 10.11.2020	05 dated 08.03.2021	01 dated 24.02.2022

Under the GST law, e-invoicing for B2B transactions was first made mandatory for companies with a turnover of over ₹500 crore on 1 October 2020. It was then extended to entities with a turnover of over ₹100 crore from 1 January 2021, and then for those with a turnover of more than ₹50 crore from 1 April 2021.

While 53,523 companies came under the GSTIN ambit in October 2020, 91,583 GSTINs were added in January 2021, and 95,461 in April 2021, taking the total number to 240,567. The new system, which takes effect on 1 April, will add 180,000 GST identification numbers (GSTINs), up from the existing 240,000, to around 420,000, the official said on condition of anonymity.

Mandatory e-invoicing for taxpayers exceeding turnover of INR 20 crores from April 01, 2022

1. Eligibility Criteria:

Registered Persons whose Aggregate turnover (PAN India) crosses Rs. 20 Crores in any of preceding FYs since FY 2017-18. If the turnover exceeds INR 20 crores in any of the previous financial years 2017-18, 2018-19, 2019-20,

2020-21, or in the current financial year 2021-22, such e – invoicing shall become mandatory.

2. Applicability on which type of Supply:

B2B Supplies, DN/CN and Export Invoices.

3. Not Required for which type of Supplies:

Receipt Voucher, Refund Voucher, Payment Voucher, Self-Invoice (RCM), Bill of Supply, ISD Invoice.

4. Exemption from E invoicing:

SEZ Unit excluding Developer, Insurance/Banking/ NBFC, GTA, Passenger Transportation Services, admission to exhibition of cinematograph film in Multiplexes.

5. Suppliers Invoices in Accounts Software further submission to IRP:

Taxpayers have to raise invoices in their internal systems and submit it to the Invoice Registration Portal (IRP). The IRP will validate the invoice details and generate an Invoice Reference Number (IRN) and a Quick Response (QR) code and send back the signed e-Invoice with these details (IRN and QR code) to the Taxpayer. The invoice shared with the buyer should mandatorily contain the QR code.

6. Method to Generate E Invoices:

Reporting of Specified Particulars as per e-schema invoice → Converted into JSON → Push/ Uploaded to dedicated IRP (<https://einvoice1.gst.gov.in/>) → Will validate the data → Affix QR code & digitally signed with Specific IRN.

IRN is a unique reference number (hash) generated and returned by IRP, on successful registration of e-invoice. IRN is a unique 64-character hash. IRN is generated using the computer algorithm and is hash of Supplier GSTIN +

Fin. Year + Doc Type + Doc Number. Document types are INV for Invoice, CRN for Credit Note, DBN for Debit Note. A hash generation algorithm is a function that converts a message or a string consisting of characters (alphabets + numbers + certain special characters) into a series of numbers such that the resulting numbers cannot indicate the original message. For example, a taxpayer with GSTIN 06AAAAA9999A19N has issued the Invoice with Number ABC01234 on 05.01.2021, the string used for hashing is 06AAAAA9999A19N2020- 21INVABC01234 and hash will something look like

5558A0AB05925B5CA5D1012F658CC4E732B525FDDDD6F09C6CE69FFEB48683004. This IRN shall be unique for every e-invoice raised in a financial year by a GSTIN in the entire GST system. IRP will also generate the QR code containing the unique IRN (hash) along with some important parameters of invoice and digital signature so that it can be verified by an Offline App.

The QR code will consist 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
- Number of line items
- HSN Code of main item
- Unique Invoice Reference Number (hash)
- Date of generation of IRN

7. Penalty for Non issuance of E Invoices:

As per rule 48(5) of the CGST Rules, failure to generate an IRN (e-Invoice) will be considered as a 'failure to issue an invoice'.

- Penalty for non-issuance of invoice: 100% of the tax due or INR 10,000 (whichever is higher) will be imposed for each instance of non-compliance.

- Penalty for incorrect invoice: INR.25,000 will be imposed as e invoice penalty here.
- In case the goods are transported without a valid invoice, the department may detain the goods and the vehicle. Penalty may be imposed here.
- E-Way Bill (EWB) generation will not be possible without a valid IRN. This may impose further penalties (related to EWBs).