

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*'.

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 - Procedure:

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.

Modes of API integration are as below:

Taxpayers with Aggregate Turnover of < Rs. 500 Crores

- **Through E-Way Bill APIs** – If the taxpayer already has direct access to E-Way Bill APIs, then they can use the same Client Id, Client Secret, username and password to get access to e-Invoice system.
- **Through GSPs** – the taxpayer can connect through GSPs. In this case, the GSTIN generates their own username and password, ties up with GSPs to get access to e-invoice APIs using the Client ID and Client Secret of GSPs.
- **Through ERPs or Billing/Accounting Software Service Providers** – the taxpayer can connect through select ERPs and Billing/Accounting Software Service Providers. In this case, the GSTIN generates their own username and password and ties up with ERPs or Billing/Accounting Software Service Providers, to get access to e-invoice APIs, using the Client ID and Client Secret of said providers.

- **Through Entities having direct Access to APIs** – If the taxpayer (e.g. certain automobile companies) has tie up or using the ERP of the entity which has direct access to API, then they can access e-invoice APIs through that entity. In this case, the GSTIN generates their own username and password and gets access to e-invoice APIs, using Client ID and Client Secret of the entity which has such access.

Taxpayers with Aggregate Turnover of > Rs. 500 Crores

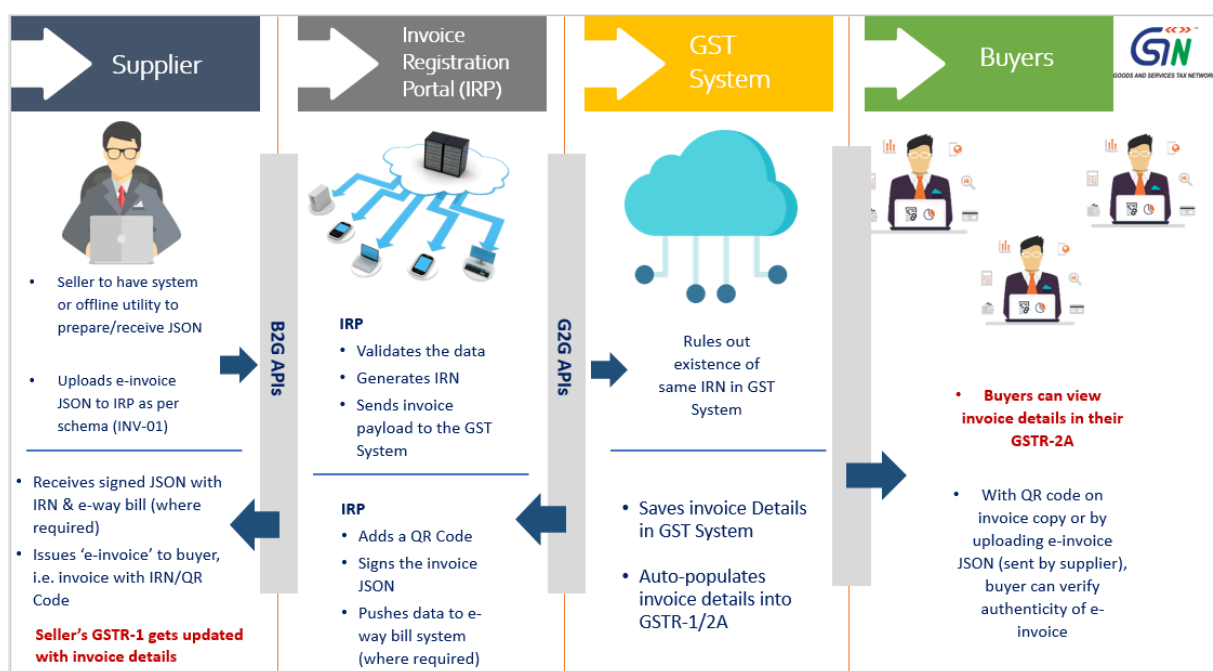
In addition to above modes, they will have direct access, as follows:

- **Direct Access to API** – They can get direct access to API to integrate with their ERP system. They need to whitelist their public IPs. In addition to username and password to each GSTIN of the entity, the entity gets the Client ID and Client Secret to get access to e-invoice APIs.

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:

There are many advantages e-invoice brings in for businesses, as depicted below:



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>Note: B2C invoices are not covered currently.</i>

Applicability of e-invoice:

Where Applicable	Where Not Applicable
<ul style="list-style-type: none"> ➤ 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) ➤ Supplies to Govt. department having a GSTIN (as entity supplying goods/services/ deducting TDS) ➤ Invoices between two different GSTINs under same PAN ➤ Invoices issued by SEZ Developers ➤ Invoices issued by notified person for supplies made by him but attracting reverse charge under Section 9(3) 	<ul style="list-style-type: none"> ➤ Entities exempt from e-invoicing: Special Economic Zone Units (including FTWZs), insurers or banking companies or financial institutions, including a non-banking financial company, goods transport agencies 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. (<i>Note: The exemption is with reference to entity as a whole and not nature of supply/transaction.</i>) ➤ Persons registered in terms of Rule 14 of CGST Rules (OIDAR) ➤ NIL-rated or wholly-exempt supplies ➤ Financial/commercial credit notes ➤ Invoices issued by Input Service Distributors (ISDs) ➤ High sea sales and bonded warehouse sales ➤ Supplies to Government Departments where they don't have any registration under GST ➤ 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

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.
- 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/SGST 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*)
- h. Unique IRN (Invoice Reference Number/hash)
- i. IRN Generation Date

Amendment/Cancellation of e-invoice:

- An invoice/IRN 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 can 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 generation of e-way bill:

- On successful reporting of invoice details to IRP, 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.

- Auto-population of details from e-invoices into GSTR-1 is only a facility extended to taxpayers. In self-assessment, the statutory obligation to file GSTR-1 with accurate details as per documents raised during the relevant tax period lies with taxpayer.
- Where the details auto-populated into GSTR-1 from e-invoices are edited/deleted or re-uploaded afresh by the supplier, the 'Source', 'IRN' and 'IRN date' will be reset to blank in respective tables of GSTR-1 and also won't get reflected in GSTR-2A also. So, non-appearance of IRN details in GSTR-1/2A alone shouldn't be assumed to mean that such invoices were not reported to IRP.
- 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.
- After generation of IRN, presently, there is no time limit for generation of e-way bill using that IRN (where applicable/desired).

Key Clarifications:

- ✓ Presently, e-invoicing is not voluntary, i.e. entities having prescribed aggregate turnover only can report invoices to IRP.
- ✓ If your turnover exceeds the prescribed limit in the current financial year, then starting e-invoicing would be required w.e.f. beginning of next financial year.
- ✓ For the Financial Year 2017-18, the 'aggregate turnover' has to be reckoned from 1-7-2017 till the end of FY.
- ✓ 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)".
- ✓ In INV-01 schema, the field, "*IGST Applicability despite Supplier and Recipient located in same State/UT*" is meant for reporting scenarios such as [Notification No. 11/2018-Central Tax \(Rate\) dated 28.05.2018](#) levying GST on supply/trading of Priority Sector Lending Certificates (PSLCs) among banks.

- ✓ 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.
- ✓ IRP doesn't store invoices and hence the facility to download e-invoice JSON from IRP is available only for limited number of days. So, the taxpayers shall take care accordingly.
- ✓ The facility to download signed invoice JSON from GST System (for suppliers and recipients, over a longer period of time) will be made available in due course.
- ✓ Even in the e-invoicing regime, while transporting goods, wherever the e-way bill is needed, the requirement continues to be mandatory.
- ✓ **B2C Dynamic QR Code:** Notification No. 14/2020-Central Tax dated 21st March, 2020 (as amended)) mandated certain entities to include a dynamic Quick Response Code (QR Code) on their B2C invoices. This is a separate requirement and has no relevance or applicability to 'e-invoicing' under Rule 48(4).

Clarifications issued by CBIC on applicability of Dynamic QR Code can be seen [HERE](#)

Popular FAQs

Q. Where can I get the list of all taxpayers who are required to issue e-invoice?

A. It is difficult to make such precise list because the fulfilment of conditions prescribed for e-invoicing (e.g. crossing of turnover threshold, exemptions, nature of supplies made etc.) is dynamic in nature.

However, the list of GSTINs which are eligible and/or actually generating IRNs is published: <https://einvoice1.gst.gov.in/Others/GSTINsGeneratingIRN>

Further, onus is on the concerned taxpayer to check the conditions and follow the law while the recipient shall confirm this fact with his suppliers.

Q. I am a buyer. For some of my suppliers, the status on IRP is shown as 'enabled for e-invoice'. But, my supplier says e-invoicing is not applicable for them. What about this?

A. Please note that the enablement status on e-invoice portal doesn't automatically mean that a taxpayer is legally obligated to do e-invoicing.

The 'enablement' was to primarily ensure only the taxpayers having notified turnover limits (and not any taxpayer at their option) are able to register and test/report invoices on trial portal / IRP.

The listing of enabled GSTINs was solely based on the turnover criteria of GSTR-3B, as reported to GST System. So, it may contain those entities, depending on facts of a case, to whom e-invoicing might not be applicable for some reason. Thus, it is for the concerned taxpayer (both Buyers and Suppliers) to confirm fulfilment or otherwise of conditions as per notification/rules.

Q. As per notification/rules, we are supposed to do e-invoicing, but our GSTIN is shown as 'not enabled' on the Portal. What to do?

A. 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'**.

Q. I have generated IRN for an invoice. There is a discrepancy in the invoice and supply also didn't materialise, so, I had to cancel it in my system. However, I could not cancel the IRN on IRP as the cancellation window (24 hours) has expired. What to do?

A. Obtaining IRN by notified taxpayers is a legal requirement before issue of specified documents to recipients. Upon generation of IRN, amendments are not possible on IRP and cancellation of IRN only is permitted within a time window. So, the details of invoices actually issued during the tax period have to be reported in GSTR-1.

GSTR-1 is the final and self-assessed statutory statement of outward supplies by taxpayer, at the end of tax period. In the e-invoices auto-populated in GSTR-1 tables, taxpayers shall delete the details, wherever required, as per the documents actually cancelled during the tax period.

Q. 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 <i>Note: While the printed QR code shall be clear enough to be readable by a QR Code reader, the size and its placing on invoice is upto the preference of the businesses.</i>	Acknowledgement No. Acknowledgement Date IRN Digital Signature given by IRP

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 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:

More FAQs on e-invoice can be found here: <https://www.gstn.org.in/einvoice-faqs>

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

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 (trial/production) / 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
