

## Tax Alert | Delivering clarity

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### Extension of GST e-invoicing mechanism for more taxpayers from 1 January 2021

GST e-invoicing from 1 January 2021 for taxpayers with aggregate turnover exceeding INR 100 crore during any of the financial years 2017-18 onwards

#### **GST e-invoicing for taxpayers with aggregate turnover exceeding INR 100 crore from 1 January 2021**

After successful implementation of e-invoicing for taxpayers with aggregate turnover INR 500 crore (approximately US\$ 67 million) from 1 October 2020, the government has now issued a notification to expand the base of e-invoicing.

As per the notification, effective 1 January 2021, e-invoicing will be applicable to taxpayers having aggregate turnover exceeding INR 100 crore (approximately US\$ 13.5 million) during any of the financial years starting from 2017-18.

GST e-invoicing requires eligible taxpayers to obtain a unique Invoice Reference Number (IRN) from the government-nominated Invoice Registration Portal (IRP) for every B2B invoice and export invoice issued by them. Debit notes and credit notes are also covered under the e-invoicing mechanism.

The government has also notified:

- a. a mechanism to furnish outward supply return in Form GSTR-1 by taxpayers on a monthly or quarterly basis, depending on eligibility. In addition, taxpayers required to furnish GSTR-1 on a quarterly basis can furnish the details of B2B invoices, debit notes and credit notes issued by them on a monthly basis in Invoice Furnishing Facility (IFF), up to a cumulative value of INR 50 lakhs per month. Details furnished in IFF will also be made available to the recipients, similar to the details of GSTR-1. This change will be effective from 1 January 2021.
- b. a new input tax credit statement in Form GSTR-2B, after introducing it on a trial basis in August 2020. It is an automatically populated but static statement of GST input tax credit for a month, that will be prepared on a monthly basis after the due date of furnishing IFF by the suppliers. Unlike GSTR-2A which is updated on a near real-time basis, GSTR-2B will remain static and is expected to assist taxpayers in the determination of input tax credit, on a monthly basis. This change will be effective from 1 January 2021.

In addition, for the tax period of October 2020 onwards, GSTN has introduced the facility of an auto-populated return in Form GSTR-3B in PDF format. The auto-populated GSTR-3B will contain the details of GST liability populated based on transactions reported in Form GSTR-1 and input tax credit based on Form GSTR-2B.

**Our comments:**

Widening of the base for e-invoicing is an expected but important step by the government to ensure real time reporting of invoices to the government, for checking tax evasion and bringing in stronger audit trails. With a large number of taxpayers within the bracket of INR 100 crore to INR 500 crore, a significant amount of B2B invoices issued will be covered under e-invoicing mechanism and will help achieve the larger goal of digital economy.

E-invoicing will help taxpayers through reduced government intervention, paperless movement of goods and possibly reduced commercial disputes around tax credits. At the same time, it will be extremely important for the taxpayers to start early preparation, considering that many taxpayers may not have a robust accounting system and the technology infrastructure to cater to the requirements of e-invoicing from an information requirement and technology standpoint.

Besides this, auto-populated GSTR-2A and GSTR-3B are expected to assist taxpayers in determination of their GST liability and input tax credit and facilitate in automation of compliance process.



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