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GST e-invoicing goes live from 1 October 2020, with certain relaxation

GST e-invoicing goes live from 1 October 2020 for companies having gross turnover exceeding INR 500 crore during any of the financial years 2017-2018 onwards. The Government also announced relaxation for invoices issued during 1 October 2020 to 31 October 2020

GST e-invoicing goes live from 1 October 2020, with limited-period relaxation:

The government has introduced mandatory e-invoicing from 1 October 2020 for taxpayers having aggregate turnover exceeding INR 500 crore during any of the financial years starting from 2017-2018.

GST e-invoicing requires the eligible taxpayers to obtain a unique Invoice Reference Number (IRN) from the government-nominated Invoice Registration Portal (IRP) for every B2B and export invoice issued by them from 1 October 2020. Debit notes and credit notes are also covered under the e-invoicing mechanism.

B2C invoices and certain specific taxpayers such as banking companies, financial institutions, non-banking financial companies, insurance companies, goods transport and passenger transport service providers, exhibitors of cinematograph films in multiplex screens and units in special economic zones, have been kept outside the purview of e-invoicing.

As a measure of relaxation, the government also announced that eligible taxpayers who are not able to generate an IRN for invoices issued during 1 October 2020 to 31 October 2020, can comply with the requirement within 30 days of the date of the invoice. For instance, an invoice issued without IRN on 1 October 2020 without IRN will be required to comply with the e-invoicing requirement within 30 days (i.e. by 31 October 2020). Similarly, the last day to obtain IRN and QR code for the invoices issued on 31 October 2020 will be 30 November 2020. If the requirement is not complied with within 30 days, the invoice will be considered as an invalid invoice for the supplier as well as the recipient.

With the introduction of e-invoicing, QR code with IRN embedded in it can be furnished electronically for verification to the tax officer in lieu of physical copy of invoices. Accordingly, a physical copy of invoice is not required to be carried if an IRN along with QR code is generated.

The requirement to have dynamic QR code on specified B2C invoices has been kept in abeyance up to 30 November 2020.

Our comments:

Introduction of the e-invoicing system puts India in the club of a few countries who have adopted similar mechanism to streamline their invoicing and compliance reporting to the government. The real-time reporting of invoices to the government is expected to help the government control tax evasion and bring in stronger audit trails 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.

This successful launch also creates a launchpad for expanding the base further by lowering the threshold and including B2C transactions as well under e-invoicing.

Besides, relaxation provided by the government is a welcome move and will provide trade and industry a much needed breather. However, taxpayers will be required to keep track of transactions where their vendors have not issued invoices by complying with e-invoicing requirements.

At the same time, it will be essential for the government to come up with guidelines on mechanism to issue e-invoices for transactions where the requirement could not be complied with during October 2020. This will help the taxpayers to adopt a uniform and practical approach as to how to share the QR code and IRN with the recipient for invoices previously issued without an IRN and QR code.



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