

Landscape of
e-invoicing in India

August 2020
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Electronic invoicing or e-invoicing is the next big phase in the goods and services tax (GST) ecosystem. The GST council has introduced e-invoicing in phases to enhance and make the GST structure effective. This staggered approach is intended to provide an opportunity to both the goods and services tax network (GSTN) and the businesses to prepare for a major transformation in GST compliance construct. E-invoicing is running successfully in many countries across the globe already. India will also be following contemporary international best practices for e-invoicing of business transactions with the introduction of this measure.

Essentially, GST e-invoicing introduces a process of authenticating an electronically generated invoice through the reporting platform of the Indian GST Authorities.

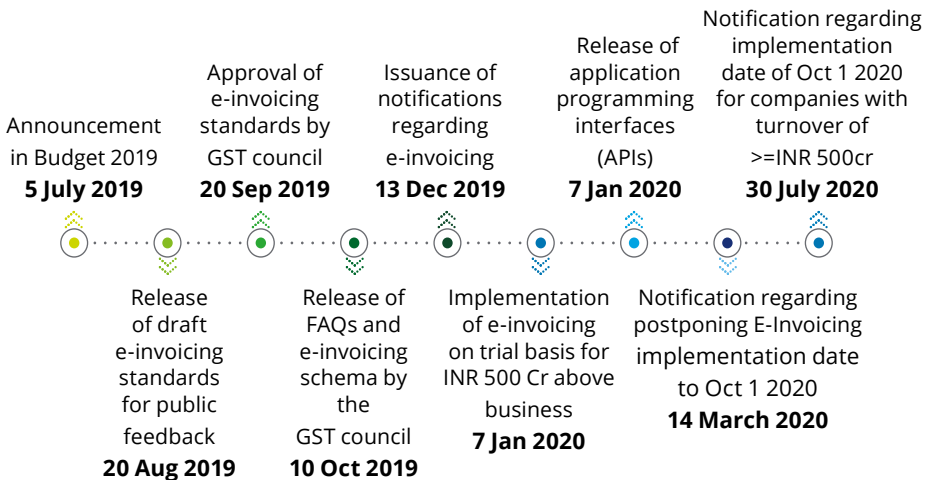
Implementation Date and Turnover Threshold**

>= INR 500 Cr (US\$ 70 Mn):
1 October 2020

**Based on notification dated July 30, 2020

With little buoyancy in GST revenues (over the last couple of years) and significant non-compliance in filing GST returns, the GST council introduced a system to plug loopholes, which apparently allowed rampant incorrect and possibly fraudulent availment of input tax credit. E-invoicing is also intended to be a self-regulated system of availment of input tax credit and is, thus, expected to streamline tax payments and enhance tax collections in the long run.

Journey so far





E-invoicing – A welcome move for the businesses

Frederick B. Wilcox once quoted “Progress always involves risks. You can’t steal second base and keep your foot on first”. While changing the technological structure of a business may seem like a Herculean task, it sure provides rewards in the long run.

E-invoicing proposes to:

- Introduce three-way interaction between various GST portals.
- Enhance tax transparency by updating credits in real time.
- Make invoice reporting an integral part of business processes.
- Optimise IT environment in a business and reduce human intervention in the compliance process.
- Initiate paperless returns filing process in the indirect tax compliance landscape.

Effect on businesses:

- Advantage of auto-populated returns and e-way bill
- Better management of vendor relationships, improved reconciliations, and minimised credit loss
- Focus on higher value addition activities, and simultaneously improve compliances
- Usage of the enhanced IT environment to improve accuracy
- Ensure robust record keeping, data management, and resource management and create a dynamic e-trail for the business



Concerns hovering over e-invoicing and government's incentives to address them

While e-invoicing implementation is pushing ahead with full force, the Indian business community still has certain concerns and uncertainties about its implementation. The government is constantly sending updates, FAQs, and other technical papers to dispel uncertainties and make e-invoicing implementation "business ready".

Industry concerns

- Speculations around time limit for generation of invoices
- Treatment of industry-specific exemptions under e-invoicing
- Integration of new QR code requirements under corporate tax with GST
- Reporting of B2C transactions
- Implementation of a robust technological structure with minimal glitches and downtime issues



Government incentives

- Timely release of FAQs, offline utilities, and FAQs
- Implementation of pilot run for making businesses accustomed to the process
- Address industry feedback before going live
- Host webinars and seminars
- Formation of a consultation committee to provide suggestions related to technology and policy





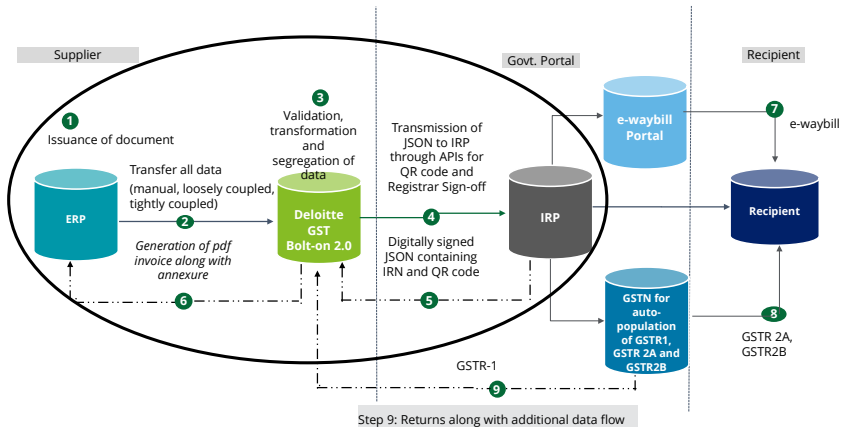
Synergies with technology

E-invoicing is an initiative in furtherance to Modi Government’s “Digital India” campaign, and is a product of interaction between commerce and technology. E-invoice is a technological tax revolution, which is expected to change the dynamics around B2B and B2C invoicing and compliances, making tax reporting and credit avilment synchronised. It’s all about getting the technological solution right otherwise; it could lead to serious issues on supplier’s invoicing and customer’s credit taking ability.

The entire proposed process flow is completely automated. Deloitte India has developed an advanced, fully compliant, enterprise resource planning (ERP) agnostic solution “the GST BoltOn 2.0” especially, designed and tailored to business needs. This solution focuses on ERP readiness, identification of modifications/changes required in ERPs, complete adherence to invoice schema of GST law, provides alternative methods of interaction of suppliers data with Deloitte India’s solution, and automated data validation and data repository. A detailed workflow is explained below:

Process flow

E-invoicing





Key tenets of Deloitte India's invoicing solution BoltOn 2.0 E

- **User friendly** – Simplified, seamless, automated, and real time with Deloitte's proprietary platform
- **ERP/IT system(s) agnostic** – Deloitte works and partners with SAP/ Oracle and other ERP providers
- **ERP customisation** – None or minimal changes based on your needs
- **Top notch security** – Data in rest or in motion is encrypted and secured
- **Timely installation** – Configuration and UAT completion within few days (standard option)
- **Multiple options** – Alternative solutions, including real time and batch mode to suit your needs and budget
- **Comprehensive package** – Fully integrated with GST returns and E-way Bill
- **Data storage** – Option to store data beyond 24 hours, generate PDF, and email to customer
- **Customised MIS** – Option to get periodic dashboards/reports and data analytics
- **Trouble shooting** – 24X7 technology support helpline and a dedicated SPOC
- **End-to-end solution** – Tax and technology teams handhold your transition and beyond



Seamless Integration- Deloitte India's E-Invoicing Solution and ERP

Deloitte India's SAP and Oracle Consulting teams can assist in seamless integration with end to end support from Impact Assessment till Post Go Live



Bolt on differentiators vis-à-vis direct upload

User friendly



Flexibility

Bolt-on can convert any file format (xml, csv, xls etc.) to JSON and upload in IRP and for write back



Segregation/flagging

Segregation of documents for which e-invoice and e-way bill is required (ERP can send all types of documents and tool will do the segregation)



Single user interface

User to access only one interface for e-invoice and e-way bill generation



Data validation

Upfront validation of data from the perspective of GSTN, such as place of supply (POS), tax rate, etc., to avoid rejection of data from GSTN

Additional features



Document generation

- Generation of e-invoice compliant PDF invoice and email it to the stakeholder
- Generation and print of e-way bill



Reconciliation

- 3-way reconciliation between ERP vis-à-vis IRP vis-à-vis GST returns
- e-way bill reconciliation with outward sales



Data repository

Tool can store the data per agreed terms whereas, IRP stores data only for 24 hours



All-in-one solution

Tool performs the input tax credit (ITC) reconciliation, prepares the return, and transports the it to GSTN through GSP



Preparation of annual returns/MIS

Tool can consolidate the data for annual return and customise various MIS



The entire automation of GST function will need a strong and reliable tax technology solution and support for successful implementation.



Conclusion

The e-invoicing system is a welcome move and has the potential convert the transactional landscape of India's commercial economy into a digital and transparent system. E-invoicing is an opportunity for digital transformation, which mandates real-time e-invoice generation for business and have an automated e-trail. It enables real time tax reporting, reduces mismatches of input tax credit, and provides for retention of records in an e-environment. Hence, it is a right step towards a paperless compliance regime.



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