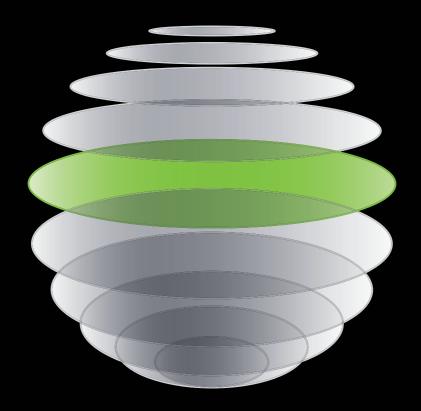
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Landscape of e-invoicing in India

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Electronic invoicing or e-invoicing is perhaps the biggest transformation to the goods and services tax (GST) regime, after introduction of GST in July 2017. 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 government 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 has also adopted contemporary international best practices for e-invoicing of business transactions during the first phase introduced from 1 October 2020.

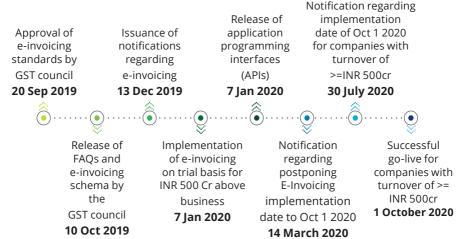
Essentially, GST e-invoicing introduces a process of authenticating an electronically generated invoice through the reporting platform of the Indian GST Authorities.

Implementation Date and Turnover Threshold**

>= INR 500 Cr (US\$ 70 Mn): >= INR 100 Cr (US\$ 14 Mn): 1 October 2020 1 January 2021

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



^{**}Based on notifications dated 30 July 2020 and 10 November 2020



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 intends 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 autopopulated 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



Key insights from Phase 1 of implementation of e-invoicing from 1 October 2020

Key points to note:

- Starting early will help avoid any last-minute rush in testing and implementation. It generally takes a minimum of three to four weeks to go-live depending on invoicing requirements and business complexity.
- Important to assess ERP and the accounting system's capabilities
- Master data related to customers or transporters such as GSTIN, legal name, address, pin code should be validated to minimise data errors
- Essential to select the right type of connectivity (integration approach) – API based or SFTP based to ensure seamless data exchange
- Essential to ensure that even suppliers crossing turnover thresholds comply with their e-invoicing obligations to avoid disputes on input tax credit
- Creating an e-invoicing ecosystem to support procurement and distribution networks for businesses
- Adequate free space should be available on invoice(s) to print and display signed OR Code from IRP



Synergies with technology

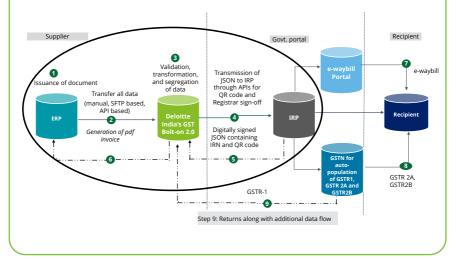
E-invoicing is an initiative in furtherance to Modi Government's "Digital India" campaign, and is a product of interaction between commerce and technology. E-invoice is a technological tax revolution, which is expected to change the dynamics around B2B and B2C invoicing and compliances, making tax reporting and credit availment 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.

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The entire process flow is completely automated. Deloitte India has developed an advanced, fully compliant, enterprise resource planning (ERP) agnostic solution "the GST Bolt-on 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 Bolt-on 2.0

- **User friendly** Simplified, seamless, automated, and real time with Deloitte India's proprietary platform
- ERP/IT system(s) agnostic Deloitte India 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 2.0 differentiators vis-à-vis direct upload

User friendly



Flexibility

Bolt-on 2.0 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 reconcilation 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.



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.

With the successful implementation of e-invoicing for taxpayers having aggregate turnover exceeding INR 500 Cr, the Government is now poised to extend the applicability of e-invoicing by lowering the turnover threshold to INR 100 Cr.

While the Government is confident of expanding the base, it is imperative for taxpayers who are required to comply with this obligation to gear up and not miss out on something important that is likely to impact both supplies and working capital for their business operations.

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