

## E - Invoice

The concept of E-invoicing was introduced by the Government through a Notification dated 13.12.2019, the notification stipulated as follows:-

“In exercise of the powers conferred by sub-rule (4) to rule 48 of the Central Goods and Services Tax Rules, 2017, the Government, on the recommendations of the Council, hereby notifies registered person, whose aggregate turnover in a financial year exceeds one hundred crore rupees, as a class of registered person who shall prepare invoice in terms of sub-rule (4) of rule 48 of the said rules in respect of supply of goods or services or both to a registered person”

### What is an E-Invoice?

E-Invoice or Electronic Invoice is nothing but a document that has to be issued for supplies from a registered person (whose turnover exceeds the specified limit) to another registered person or for Exports which should bear an Invoice Reference Number and QR Code that needs to be generated from the GST Portal. In simple words, E-Invoice is the invoice that will be generated from a registered person's accounting software which will bear an Invoice Reference Number.

### What is the specified turnover for the applicability of E-Invoice?

E-Invoicing was made applicable to a registered person, whose aggregate turnover in a financial year exceeds **one hundred crore rupees w.e.f 01.04.2020**. The applicability of these provisions were later shifted from 01<sup>st</sup> April 2020 to 01<sup>st</sup> October 2020 on account of the pandemic situation across the globe.

Further the turnover limit was enhanced to Rs.500.00 Crores from Rs.100.00 Crores. In effect the registered persons whose aggregate turnover in a financial year exceeds Rs.500.00 Crores had to comply with the E-Invoicing provisions from 01<sup>st</sup> October 2020.

### What is Aggregate Turnover?

Aggregate Turnover is the total of :

1. Taxable supplies (excluding the value of inward supplies on which tax is payable by a person on reverse charge basis)
2. Exempt supplies
3. Exports of goods or services or both
4. Inter-State supplies of persons having the same Permanent Account Number

Computed on all India basis but excludes central tax, State tax, Union territory tax, integrated tax and cess.

When the registered persons whose aggregate turnover exceeded Rs.500.00 Crores for the FY 2020-21 were all set to comply with these provisions from 01<sup>st</sup> October 2020, the word “**any financial year**” itself was replaced by “**any preceding financial year from 2017-18 onwards**” on the midnight of 29<sup>th</sup> September 2020.

Now this notification brought greater burden for those categories of tax payers whose aggregate turnover in any preceding financial year from 2017-18 exceeded Rs.500.00 Crores. As there was a last minute change in the applicability of these provisions, the Government gave a relaxation on 1<sup>st</sup> October 2020 that gave a time period of 30 days for obtaining the Invoice Reference number after the issue of Invoice. Nonetheless the provisions of E-Invoicing was introduced from 1<sup>st</sup> October 2020.

The government vide its notification dated 10.11.2020 has made E-Invoicing applicable to all tax payers whose aggregate turnover in any preceding financial year from 2017-18 exceeded **Rs.100.00 Crores w.e.f 01.01.2021.**

#### **Benefits of E-Invoice**

1. Reduced instances of frauds of bogus billing and fake invoices.
2. Curbs tax evasion.
3. Easy generation of E-Way bill wherever applicable.
4. Seamless flow of Input Tax credit for the recipients augmenting smooth running of business with reduced working capital crisis.
5. Way forward in doing away with the hassles of monthly return filing.

#### **What needs to be done immediately**

Please check whether your aggregate turnover for any preceding financial year from 2017-18 has exceeded Rs.100.00 Crores or not. If yes, approach your accounting software provider to make the necessary changes in your accounting software so as to streamline the same with the E-Invoicing requirements.

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