



# **Advisory on changes in E-invoicing under GST**

**May 2023**

## E-invoicing under GST

### 1. Introduction

The Union Government of India on 11th May 2023 announced it will be mandatory for all businesses with annual turnover of over **INR 50 million** (Euros 0.56 million) to move to **e-invoicing** for business-to-business (B2B) transactions under goods and services tax (GST) with effect from **1<sup>st</sup> August 2023**.

In this context Octagona India (“OIPL”) has studied the relevant notification of the Goods & Services Act and presents the explanation as below.

### 2. E-invoicing

E-Invoicing or electronic invoicing involves a specific category of GST registered businesses reporting their Business-to-Business (B2B) invoices and credit-debit notes with the government for validation. Businesses must follow a pre-designated e-invoice format that is exhaustive for most of the information and detailed compared to a standard GST invoice.

What comes out, as a result, is an e-invoice with details of a unique Invoice reference number (**IRN**) and a signed **QR code** by the GST Network (GSTN). The details of e-invoices get auto-filled in the GSTR-1 depending on the invoice date, reducing the seller’s efforts and any invoicing and return filing errors. With the government validation, the Input Tax Credit (ITC) on such invoices or debit notes qualify as a genuine one for the corresponding buyer.

### 3. Sample E-invoice with key points

A sample screenshot along with key parameters is circled in **RED** below:

1.e-Invoice Details											
IRN d843bde0f8009e427ea7bae5f3e0ee427e1961-21eb4c611b2fe946ed92206722				Ack. No : 11201000038-5333		Ack. Date : 2020-08-19 10:31:00					
2.Transaction Details											
Category : B2B		Document No : 89902		Transaction Type : REG - Regular							
Document Type : Invoice		Document Date : 1-Apr-2020									
3.Party Details											
<b>Seller</b> GSTIN [REDACTED] EInvoice_demo_data Satara Road Pune Pune Pune 587111 Karnataka				<b>Purchaser</b> GSTIN [REDACTED] Pune Pune Pune 411037 Maharashtra							
4.Goods Details											
Product Name	Product Description	HSN Code	Quantity	Unit	Unit Price (RS)	Taxable Amount	Tax Rate (C+S+I+Cess   State Cess+Cess Non. Advol)				
Pen	Pen1001	1001	10	Nos	100	1,000.00	0+0+18+0+0+				
Tax'ble Amount	CGST Amt	SGST Amt	IGST Amt	CESS Amt	State CESS Amt	CESS Non. Advol Amt	Discount	Other Charges	Total Inv. Amt		
1,000.00	0.00	0.00	180.00	0.00	0.00	0.00	0.00	0.00	1,180.00		
Generated By : [REDACTED]				 112010000385333		Digitally Signed by NIC-IRP 2020-08-19 10:31:00					
Print Date : 14-Sep-2020 15:05											

#### 4. Recent development in e-invoicing

Presently e-invoicing is applicable to businesses having an annual turnover of **INR 100 million** (€ 1.12 million) or more. As per notification no. 10/2023 – Central Tax, the Union Government has reduced the threshold limit to **INR 50 million** (€ 0.56 million) following which it will be mandatory for all the small taxpayers to generate e-invoices from **1<sup>st</sup> August 2023**. E-invoicing applies to:

- Tax Invoices
- Debit notes
- Credit Notes

## 5. Turnover Limit

The taxpayers must comply with e-invoicing from 1<sup>st</sup> August 2023, if their turnover exceeds **INR 50 million** (Euros 0.56 million) in any financial year from 2017-18 to 2022-23. Also, the aggregate turnover will include the turnover of all GST numbers under a single PAN across India.

## 5. Penalties

The penalty for non-generation of e invoices is as below:

- Penalty for non-issuance of invoice – **100% of the tax due or INR 10,000** (€ 112) (Whichever is higher) for each instance of non-compliance.
- Penalty for incorrect invoice - **INR 25,000** (€ 281) per invoice.

For further information on e-invoicing, you may please contact Octagona India at [octagona.india@octagona.com](mailto:octagona.india@octagona.com) or [a.chaurasia@octagona.com](mailto:a.chaurasia@octagona.com)

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