

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 1st 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

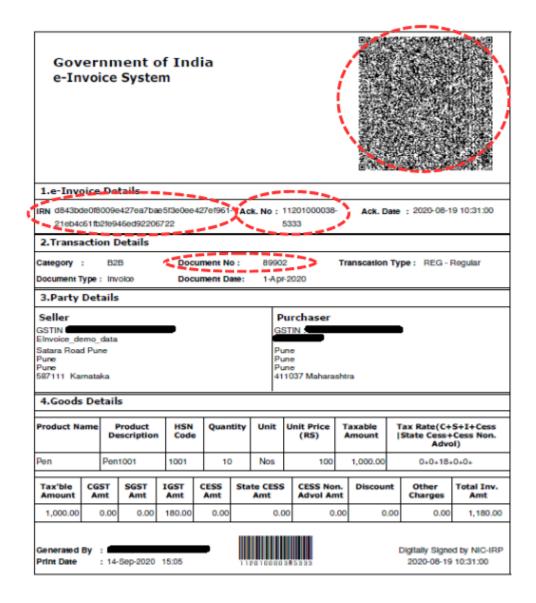
E-Invoicing or electronic invoicing involves a specific category of GST registered businesses reporting their Business-to-Business (B2B) invoices and credit-debit notes with the government for validation. Businesses must follow a pre-designated e-invoice format that is exhaustive for most of the information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





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 1st August 2023. E-invoicing applies to:

- Tax Invoices
- Debit notes
- Credit Notes



5. Turnover Limit

The taxpayers must comply with e-invoicing from 1st 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 or a.chaurasia@octagona.com
