E-invoicing in India

An E-book on Getting Ready for E-invoicing

E-INVOICE

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Introduction of E-invoicing System In India

Under the Digital India Scheme, the Government of India primarily focuses on digitally empowering the country. Therefore, the government is making infrastructure plans that do everything online. In this way, every business, their employees and customers get unconditional benefits such as-

✓ **Business can work faster.**

✓ **They find an effective way to retain information.**

✓ **This can use the company's money properly.**

✓ **Products and services become easier to display.**

✓ **Relationships with customers and potential customers are easy.**

✓ **Marketing your brand is also easy.**

The introduction of e-invoicing was approved by the GST Council during the 37th meeting held in September 2019. The objective behind it to ensure the inter-operability of e-invoicing in the GST ecosystem.

E-invoicing Concept

E-invoicing is an electronic invoicing system, where an identification number is allocated for each B2B invoice by the invoice registration portal, which is looked after by the GST network (GSTIN). This e-invoice system has a facility to update the invoice information in real-time for both GST and e-way bill portals. This way, it provides a system to businesses through which it has become mandatory for taxpayers to generate invoice e-invoice for every sale on the government's GST portal.

Facts About E-invoicing

- ✓ The introduction of an Electronic approach to Invoicing has made the process more systematic and sorted.

- ✓ E-Invoicing is increasingly mandated by governments across the globe particularly due to GST evasion.

- ✓ Invoices are to be generated through ERP or billing software and uploaded on Invoice Registration Portal (IRP)

- ✓ E-invoice is now mandatory only for B2B and exports transactions.

- ✓ No major changes will be required at the taxpayers' end. Certain updates and changes will be required to be made by the ERP or b illing software.

- ✓ The invoice number will be as per ERP or billing software. IRN will be a reference number GSTN.

- ✓ There will be one standard format. Certain fields will be mandatory and others optional. These fields may be filled depending upon the nature of businesses.

Terminologies and Features involve in the E-invoicing system

E-invoice Standard

E-invoicing is the schema prescribed and notified by the GST Council. This is today's demand in which every business has to follow the invoicing process. E-invoice is an advanced concept that is fully digitally operated, so it should be equally machine-readable. This is why its standardization becomes a necessity.

This schema provides standardization of content in a specified format. It contains the mandatory and optional parameters of an e-invoice that works according to the business. This standard ensures complete interoperability of the system and eliminates the need for manual data entry and transcription errors.

Invoice Registration Portal (IRP)

IRP is the central portal that accepts e-Invoice document prepared by the taxpayer, verify that the document is valid as per the e-Invoice schema and perform additional checks on the contents of the e-Invoice. The IRP will then generate a unique Invoice Reference Number, digitally sign the e-Invoice, and generate an e-Invoice QR Code with high-level details of the invoice, and reply to the user with these details.

Invoice Reference Number (IRN)

Under the new e-invoicing system, the IRN can be defined as a unique number generated for invoices by the Invoice Registration Portal (IRP). Once a taxpayer uploads their software-generated invoice to the Invoice Registration Portal, a unique invoice reference number is generated by the system. This step ensures that the supplier does not submit the same document more than once within the financial year.

Digital Signature (DSC)

A digital signature is a method of electronically signing a document to authenticate that it has been submitted by the respective supplier.

Before the e-invoicing system, the GST rules required all invoices to be physically signed by the authorized individual. But after e-invoicing, an authorized individual could also affix their digital signature provided that they fulfilled the required provisions under the IT Act, 2000.

QR Code

QR code is helpful for tax officers checking the invoice. The IRP generates a QR code containing the unique IRN (hash) along with some important parameters of invoice and digital signature. It can be used to verify the invoices on the central portal as well as by an Offline App. The QR code consists of the following e-invoice parameters:

- GSTIN of supplier
- GSTIN of Recipient
- Invoice number as given by Supplier
- Date of a generation of invoice
- Invoice value (taxable value and gross tax)
- A number of line items.
- HSN Code of the main item (the line item having the highest taxable value)
- Unique Invoice Reference Number (hash)

JSON

JSON is a data interchangeable format that converts human-readable language into machine-readable language and vice versa. GSTN is using JSON format for reporting purposes. It includes return filing, refund filing, and other applications to be made on the portal. In short, the transmission of data to and from GSTN is to be done through JSON.

E-invoicing process: Manual to Automatic

Traditionally, invoices were and are being manually done with a paper-based process. It has a greater potential for human error, resulting in increased costs and processing life cycles for companies. Over time e-invoice has been implemented using technology. The e-invoice comes with an integrated electronic format that helps buyers and suppliers exchange their invoice documents electronically.

The workflow of an e-invoice system can be classified into two parts. The first is the interaction between the business (for invoicing) and the Invoice registration portal (IRP). The second part is the interaction between IRP and GST / e-way bill system and buyer. It is necessary to know that you need to upgrade your system to make your business compliant with GST.

So, the following steps are needed to be followed to generate it on the GST e-invoice portal.

STEP 01 — Invoice Creation

In this step, the taxpayer/business is required to create an invoice in the format defined in the e-invoice schema using the correct accounting software. Next, the supplier's accounting software will generate one JSON for each B2B invoice. After this, the JSON file will be uploaded to the IRP.

IRN Generation — STEP 02

This step would be to generate a unique Invoice Reference Number (IRN) by the business/taxpayer using a standard hash-generation algorithm

STEP 03 — Invoice Uploading

In this step, the process is involved to upload the JSON file for each of the invoices with IRN to the Invoice Registration Portal, either directly or through third-party software.

STEP 04 — Authentication and Signing

In this process the authentication and signing process takes place. IRP will validate hashes / IRNs appended with JSON. If the file is not already uploaded by the taxpayer/business, it will generate an IRN and authenticate the file against the Central Registry of GST.

Once authenticated, it will add a signature on the invoice and a QR code on the JSON. As such, the already generated hash will become the new IRN of the e-invoice. This will be the unique identification of that e-invoice for the entire financial year.

Sharing of Data — STEP 05

In this process, the uploaded data will be shared with the E-way bill and the GST system.

STEP 06 — E-invoice Downloading

In this process, e-invoice downloading takes place. The portal will send the digitally signed JSON file with IRN and QR code back to the taxpayer/business. Also, a copy of the invoice is sent to the taxpayer/business on their registered email id.

How is the GST e-invoicing system benefits businesses ?

01 GST e-invoicing facilitates transparency. It enables electronic authentication by the GST Network (GSTN) of B2B transactions and can be further accessed on the common GSTN portal.

The e-invoice system fills the gaps in data reconciliation under GST and reduces mismatch errors. **02**

03 With GST e-invoicing, the moment the invoice is generated, it gets uploaded on the GSTN portal. Before the introduction of e-invoice, there was a direct transaction between the supplier and the recipient. Which the government had no proof. With the arrival of GST e-invoicing, the government got instant notification of the direct transaction.

With the GST e-invoicing feature, the invoice is pre-validated. It is possible by having a unique number called an IRN (invoice reference number) and issued to the supplier/taxpayer. This feature automatically sends tax invoices to the recipient. **04**

05 E-invoicing automates the process of filing GST returns. It reduces huge manual work, eliminates the possibility of errors, and provides accuracy to the entire process.

The system will auto-match input credit liability with output tax. E-invoicing can be created for debit/credit notes, invoices, and other eligible documents. **06**

Things to keep in mind when choosing the right e-invoicing solution

With the GST taxation system, e-invoicing is an important function of every business. Businesses need to understand the concept of e-invoicing, and it is difficult for businesses to choose e-invoice software. This e-book helps you find the best e-invoice solution through which you can easily get the right technology.

The software generates e-invoice instantly

We all switch to software to get quick answers in a precise way. As the e-invoice concept is important, it is always necessary to have valid invoice generation. The e-invoicing software minimizes complications by sending details directly to the IRP in the prescribed format. It downloads the authentic statement and automatically prints the QR code, IRN, etc. on the invoice immediately.

The software has the functionality to upload bulk invoices

If the business is dealing with bulk invoices then your e-invoicing software must-have feature to handle bulk invoices. Your software should be set up to generate e-invoices in bulk. Along with this, you should also be able to send bulk invoices to create an e-invoice and also have the facility to print the QR code on the invoice.

Generates e-way bill along with e-invoice

As suggested, the e-invoice system (IRP) is integrated with GSTN and e-way bill systems. Therefore, when you upload an invoice, the IRP portal automatically shares the details of the challan for the GSTN system for return purposes and the e-way bill system for creating e-way bills. Thus, your e-invoicing software should be such that avail this facility. The software should be able to generate an e-way bill as well as an e-way bill for invoices that require an e-way bill.

Feature of cancellation of e-invoice

Sometimes, while arranging the invoices, you may face problems like duplicate data entry, mistakes, or want to cancel your order, etc. In such a scenario, the invoice for which IRN is already generated requires to be canceled. Thus, you must have a software solution that allows you to cancel such invoices. And more importantly, automatically send the details to IRP for cancellation of IRN.

You can have the flexibility to use other modes of e-invoice

You must have a system in your software that efficiently works in a situation like the unavailability of internet services on a system. The software must flexible with the use of other modes of e-invoicing such as offline utility, a direct entry on the portal, etc. Also, it should fetch the QR Code, IRN, etc from the portal and update accordingly.

E-invoicing software can seamlessly integrate with existing systems

Integrating an e-invoice system into your existing ERP environment is a challenge. When choosing software, there should be a possibility that your ERP is compatible with the e-invoice system of your choice. If you need software to integrate with specific business systems, you will want to ensure that seamless and secure integration is guaranteed by the provider. Here, we suggest RetailGraph as the best software solution that is the answer to your entire query. For more information, please visit our website or call us.

Research e-invoicing options that automate both the sending and receiving of invoices

While looking for the e-invoicing system for your business, it is required that you must integrate with the system that allows you to fully manage your e-invoicing sending and receiving. This way, you will increase efficiency, cost savings, and scalability in your entire business.

Identify an e-invoicing solution that operates over a large, open network

It is advised that you should have an e-invoicing system that caters to your current and future needs. You should also see that the development company assures you of any customization when required. Furthermore, all your suppliers can easily join your network and be able to send such invoices to you immediately.

Analytics capabilities of the e-invoicing solution

Analytics is an essential part of any software solution. Your e-invoicing software should provide integrated analytics to provide you with insightful insights along with graphical dashboards for trend analysis. Valuable insights can be gleaned from the data, so you make sure in the software that the e-invoice solution you choose uses the data correctly and is strict in keeping it secure.

Some other important details

What are the documents to be communicated under e-invoicing?

While filing GST, some more documents have to be submitted along with an e-invoice. This information helps you to get rid of any kind of confusion on filing.

Supplier invoice

Credit note by a supplier

Debit note by a supplier

Who is eligible to submit GST e-invoice?

GST e-invoicing provides several categories under which the taxpayer fills e-invoice as per business turnover and other measures. A turnover of more than 500 crores is required for every taxpayer to fill the GST e-invoicing through the government portal.

Who is eligible to submit GST e-invoice?

Yes, GST e-invoice has a limit of which can include a certain amount of items. Thus, a maximum of 100 items can be included in each e-invoice.

Is there a provision to amend the e-invoice?

Yes, a taxpayer can amend the e-invoice, which can only be done on the GSTN portal.

Best E-invoicing Software Solution in the Market

If you're looking for an all-in-one software solution to minimize the hurdles in generating e-invoices, you should look into the RetailGraph. RetailGraph has all the GST features under one roof. It helps small, medium, and big size businesses to fulfill tax compliance and accounting activities on time. It greatly helps businesses/tax consultants to carry out all the GST (Goods and Services Tax) related functionalities such as invoice uploading, GST return filing, GST reconciliation, e-way billing, and e-invoicing. The following features help you more with your business growth.

- ✓ User-Friendly Interface
- ✓ GST Return Filing
- ✓ GSTR-2A Reconciliation with Purchases
- ✓ GST Billing
- ✓ Automated GST Accounting
- ✓ Easy Data Import & Export
- ✓ Multiple Branch Management
- ✓ Powerful Dashboard & Reports
- ✓ Multiple Users, Multiple GSTIN Companies & Multiple Currency

This way, RetailGraph GST E-invoicing software streamlines the process of filing GST returns and reduces manual working, and increases efficiency. For more details, feel free to contact the SWIL India team. They will assist you in the best possible way.

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