

Getting Invoicing in GST right is critical. Here are 6 reasons why!

1

It is a **record of business transactions** between the supplier and the customer

2

It is the **primary document** using which **GST returns** are prepared and furnished to tax authorities. Tax authorities will use it to audit chargeability, collection and payment of taxes

3

Invoices shall indicate whether a transaction is **intra-state or inter-state**

4

Invoices shall assist in **formulation of branch accounts** for GST compliance.

5

Date of issue of invoice is one of the factors that trigger the liability to pay GST

6

It is **mandatory for claiming Input Tax Credit (ITC)** of CGST, SGST or IGST.

15 things your Tax Invoice must have

- Name, Address and GSTIN of the supplier
- A consecutive serial number not exceeding sixteen characters, in one or multiple series. It is a combination of alphabets or numerals or special characters like hyphen, dash ("-") or slash ("/") and is unique for a financial year
- Date of issue of the invoice
- If recipient is registered – Name, Address and GSTIN/UIN of the recipient
- If recipient is unregistered and taxable value of supply is Rs. 50,000 or more – name and address of recipient, address of delivery along with the name of the state and its respective code must be mentioned
- HSN code of goods or accounting code of services
- Description of goods or services
- In case of goods – Quantity, Unit/Unique Quantity Code (for example - kgs for kilograms, ctn for cartons etc.)
- Total value of goods or services or both
- Taxable value of goods or services (after discounts or abatement, if any)
- Rate of tax – CGST, SGST, IGST, UGST, cess – whichever is applicable. And amount of tax charged for the taxable goods and services – CGST, SGST, UGST, IGST, cess
- In case of inter-state supply – place of supply (PoS) along with name of State
- Address of delivery, in case it is different from place of supply
- Whether tax is payable on reverse charge basis
- Signature/ Digital Signature of supplier or his Authorised Representative

I am a Recipient. Do I need to issue a Tax Invoice?

Tax invoice is liable to be issued by either the supplier or the recipient, depending upon the nature of supply

Regular Supply Cases

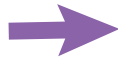


Tax Invoice issued by



Supplier

Reverse Charge Cases



Tax Invoice issued by



Recipient

What is a Reverse Charge case?

The Government has notified some supplies of goods/services on which the recipient, and not the supplier, is liable to pay tax directly to the government. These are known as payment on reverse charge basis. On such supplies, instead of the supplier, the recipient is liable to issue the tax invoice. Along with the invoice, the recipient is also required to issue a **payment voucher** at the time of making the payment to the supplier.

How many invoice copies do you need to issue?

Supplier of services



Recipient copy marked as "ORIGINAL FOR RECIPIENT"



Suppliers copy marked as "DUPLICATE FOR SUPPLIER"

Supplier of goods



Recipient copy marked as "ORIGINAL FOR RECIPIENT"



Transporters copy marked as "DUPLICATE FOR TRANSPORTER"



Suppliers copy marked as "TRIPPLICATE FOR SUPPLIER"

As per the draft E-waybill rules, an Invoice reference number can be generated by uploading details in FORM GST INV-1 in lieu of the tax invoice and such number shall be valid for a period of thirty days from the date of uploading.

Time of supply refers to the point of time, when GST would need to be paid on any transaction related to supply of goods and/or services. The Time of Supply will also determine in which month's return would a particular transaction have to be captured. Under the GST regime, the time of supply is primarily determined by the **date of issuance of invoice** (among other criteria).

Why is the Time of Supply important for GST?

When is the invoice to be issued?

Supply frequency	Conditions	Final Date Of Issue
One-time or irregular Supply of Service		Before or after the 'Provision of Service' but within 30 days from the date of supply of service
Continuous Supply of Services	<p>If due date of payment ascertainable from contract</p> <p>If due date of payment not ascertainable from contract</p>	<p>Before or on the due date of payment</p> <p>Before or at the time when supplier receives payment. The Date of receipt of payment is the date on which payment is entered in supplier's books of accounts or Date on which payment is credited to supplier's bank account, whichever is earlier</p>
"A supply of services which are provided or agreed to be provided; continuously or on a recurrent basis; under a contract; for a period exceeding 3 months; with periodic payment obligations; & includes such supply of services which the Government may notify"	<p>If payment is linked to completion of an event</p> <p>Where supply of service ceases under a contract, before completion of supply</p> <p>Reverse Charge Cases</p>	<p>Before or on the date of completion of that event</p> <p>At the time when supply ceases</p> <p>Date of receipt of goods or services</p>

HOW DOES ONE ARRIVE AT THE 'TIME OF SUPPLY' FOR SERVICES?

- A) For invoices issued **within 30 days of completion of service**, the Time of Supply is the **Date of Issue of Invoice or Date of Payment**, whichever is earlier
- B) If the invoice is issued **post 30 days of completion of service**, the Time of Supply is the **Date of Provision of service or Date of Payment**, whichever is earlier
- C) If A and B don't apply, the Time of Supply is the Date on which Recipient shows **Receipt of Services in his book of accounts**

How to manage Receipts of Advance Payment now?

For some transactions where payment is received (either in part, in whole or in excess) before the commencement of supply of goods/ services, i.e. in advance, the supplier is REQUIRED to issue a **receipt voucher** to the recipient, as an evidence of receipt of payment.

- Name, Address and GSTIN of the supplier;
- A consecutive serial number containing alphabets or numerals or special characters hyphen or dash (“-”) and slash (“/”) and any combination thereof, unique for a financial year
- Date of issue of receipt voucher
- If recipient is registered – Name, Address and GSTIN/UIN of the recipient
- Description of goods or services
- Amount of advance taken; whether tax is payable on reverse charge basis
- Rate of tax – CGST, SGST, IGST, UGST, cess – whichever applicable
- Amount of tax charged for the taxable goods and services – CGST, SGST, UGST, IGST, cess
- In case of inter-state supply – Place of Supply (PoS) along with name of State and State Code
- Signature/Digital Signature of supplier or his Authorised Representative

**10 Details
You Must Enter
In A Receipt
Voucher**

Credit/ Debit Note Decoded

Credit Note is issued by a supplier to the recipient if

- 1 Tax invoice has been issued, but the taxable value or tax charged in the tax invoice exceeds the taxable value or tax payable for that supply
- 2 Goods supplied are returned by the recipient
- 3 Goods/Services supplied are found to be deficient

Issuance of credit note is optional

Debit Note is issued by a supplier to the recipient

- 1 Issuance of debit note is mandatory in the circumstance as detailed below:
Supplier needs to record relevant Debit or Credit notes in GSTR 1 on the common portal which will auto populate in GSTR 2 of the recipient. The output tax liability of the supplier will decrease or increase accordingly.
- 2 Tax invoice has been issued, but the taxable value or tax charged in the tax invoice is less than the taxable value or tax payable for that supply

How to upload an Invoice for returns?

The GST system is designed to be a self-regulatory system based on strong Information Technology backing. This proposed system will be monitored by way of Invoice Reporting at every stage in the form of Returns GSTR-1, GSTR-2, GSTR-3 or rectified in form of returns GSTR-1A, GSTR-2A, GSTR-3A. Therefore, Tax invoices are the most important document under GST Scheme as they would be issued by the supplier notifying the recipient of obligation to make payment in respect of a particular transaction(s). Certain details as required in the Invoice need to be filled in GSTR-1 (Details of Outward Supply) for the purpose of return filing.

Scanned copy of invoices need not be uploaded. Only certain prescribed fields of information from invoices need to be uploaded in GSTR-1. Scanned copies of invoices can be kept internally for the purpose of audit.

Role of Information Technology

The GST System is going to have a G2B portal for taxpayers to access the GST Systems. Many Indian companies including some of the largest ones are struggling to update their tech infrastructure to implement the GST (Goods and Services tax). Companies are mainly upgrading their Enterprise Resource Planning (ERP), a category of business management software so as to accommodate the complexities of calculating GST. Therefore, apart from training their employees, working afresh on their invoices and meeting new compliance regulations, companies are modifying their accounting software used to generate invoices and payroll. It would entail developing tax accounting software from scratch. They are also setting up teams that would include a tech expert from their vendors, an indirect tax expert and a finance department executive.

Who are GST Suvidha Providers (GSPs)?

GST Suvidha Providers ('GSP') are special entities authorized to develop a platform to enable the taxpayer to do the compliances under GST law. The GSPs are envisaged to provide innovative and convenient methods to taxpayers and other stakeholders in interacting with the GST Systems from registration of entity to uploading of invoice details to filing of returns. Thus there will be two sets of interactions, one between the App user and the GSP and the second between the GSP and the GST System.

Application Service Providers (ASP) act as a link between the taxpayers and the GSPs. ASPs focus on taking taxpayer's raw data on sales and purchases and converting it into the GST returns (in case of multiple registrations, it is a huge task manually). These GST returns, or GSTRs, will then be filed on behalf of the filer with GSTN via the GSP. ASPs will act as a link between the taxpayers and the GSPs.

Who are Application Service Providers (ASPs)?

What is 'Offline Utility'?

The GST Network (GSTN) launched Offline Tool, where data on invoices (business to business), exports and supplies to consumers that are required to create GSTR-1 (Outward Supply Return), can be entered in an excel sheet without being connected to the Internet. The Excel template, comprising eight worksheets, is part of GST Network's approach to make tax compliance easy and convenient for taxpayers and also reduce the time of compliance. In the excel sheet, the businesses would have to give details of transaction, like supply invoices issued to registered tax payers, export invoice details, consolidated details of supplies to consumers, credit/debit note details to registered/unregistered taxpayers and details of documents issued.