



E-invoicing in the digital era

Enabling seamless transactions

September 2020





Over the last few years, digitalisation has made processes seamless and more transparent. As the Goods and Services Tax (GST) regime enters its fourth year of implementation, the e-invoicing process for businesses in India is set to undergo a major change.

E-invoicing is aimed at standardising interoperability across the GST ecosystem, i.e., an e-invoice generated by one software should be readable by another.

The proposed new system of e-invoicing aims to make invoice reporting an integral part of a business process and remove the tedious task of invoice compilation at the end of a return period. With the help of this system, tax departments intend to pre-populate returns and reduce reconciliation-related challenges. As the system allows real-time access to tax authorities, it will also help in curbing actions of unscrupulous taxpayers and reduce the number of fraud cases.



Need for a new invoice system

In the absence of a standard e-invoice process, transaction reporting was cumbersome and time consuming. To overcome these challenges, a new invoice system was drafted after consultation with trade/industry bodies as well as the Institute of Chartered Accountants of India. Machine readability and uniform interpretation are the main objectives of the new system.

In addition to making the GST filing process smoother, this new standard will also ensure that an e-invoice shared by a seller with his buyer/bank/agent/others in the business ecosystem can be read by machines, which will eliminate data entry errors.



Criteria and timelines

The Central Board of Indirect Taxes and Customs recently issued a notification and increased the threshold for applicability on registered businesses having turnover of INR 500 crore and above. For businesses with turnover between INR 100-500 crore, it is expected to be implemented in upcoming phases, hence businesses should start planning for this, as this change will be made subsequently.

The government is set to launch the new e-invoicing system from 1 October 2020. With its launch nearing, businesses must immediately and holistically review the existing technological readiness of all functions to cope with these changes and be ready before timeline.



What is an e-invoice?

E-invoicing is a form of electronic billing. Its methods are to be used by trading partners, such as customers and their suppliers, to present and monitor transactional documents between one another and ensure the terms of their trading agreements are being met.

Taxpayer can enter the invoice details in bulk generation tool available on e-invoice portal, which in turn will create JSON file for uploading on the e-invoice system.

Unique aspects of new e-invoice system

Invoice reference number (IRN)

IRN is a unique number (also known as hash) generated by the e-invoice system using a hash generation algorithm. For every document, such as an invoice or debit or credit note to be submitted on the e-invoice system, a unique 64-character invoice reference number shall be generated.

The unique IRN will be based on the computation of hash of GSTIN of generator of document (invoice, credit note, etc.), year and document/invoice number. The hash could also be generated by the taxpayers based on above algorithm. This will be unique and will give a distinct identity to each invoice for the entire financial year in the entire GST system for a taxpayer.

Quick response (QR) code

E-invoice system will generate a unique 64-character length IRN and QR code and digitally sign the e-invoice. The QR code will be generated for all invoice types, such as B2B, SEZWP, SEZWOP, EXPWP, EXPWOP and DEXP, mentioned in schema. This QR code will be used to quickly provide information about an invoice, without the need to retrieve such information from an external source, including the internet. Having a QR code will have the following benefits:

- Increase efficiency of conducting commerce by using machines to capture the data contained in invoices for quick and accurate input
- Help indirect tax officers determine whether an invoice is valid and contains all the relevant particulars with the use of handheld devices. This is especially useful when the officers are out in the field



To comply with the new GST law, Grant Thornton has launched the unique GTaxPro tool, which can benefit businesses

- **Save time:** With e-invoicing, many unnecessary steps are cut out of the invoicing process, such as removing multiple errors, generating multiple IRN invoices in one go, download excel of invoices to work offline etc.
- **Reduce errors:** With minimal manual input and increasing automation, mistakes and typos are reduced
- **Improve tracking:** User gets a notification via email when an invoice IRN is generated or cancelled
- **Increase control and provide insights:** Users can save all related information on one platform accessible from anywhere

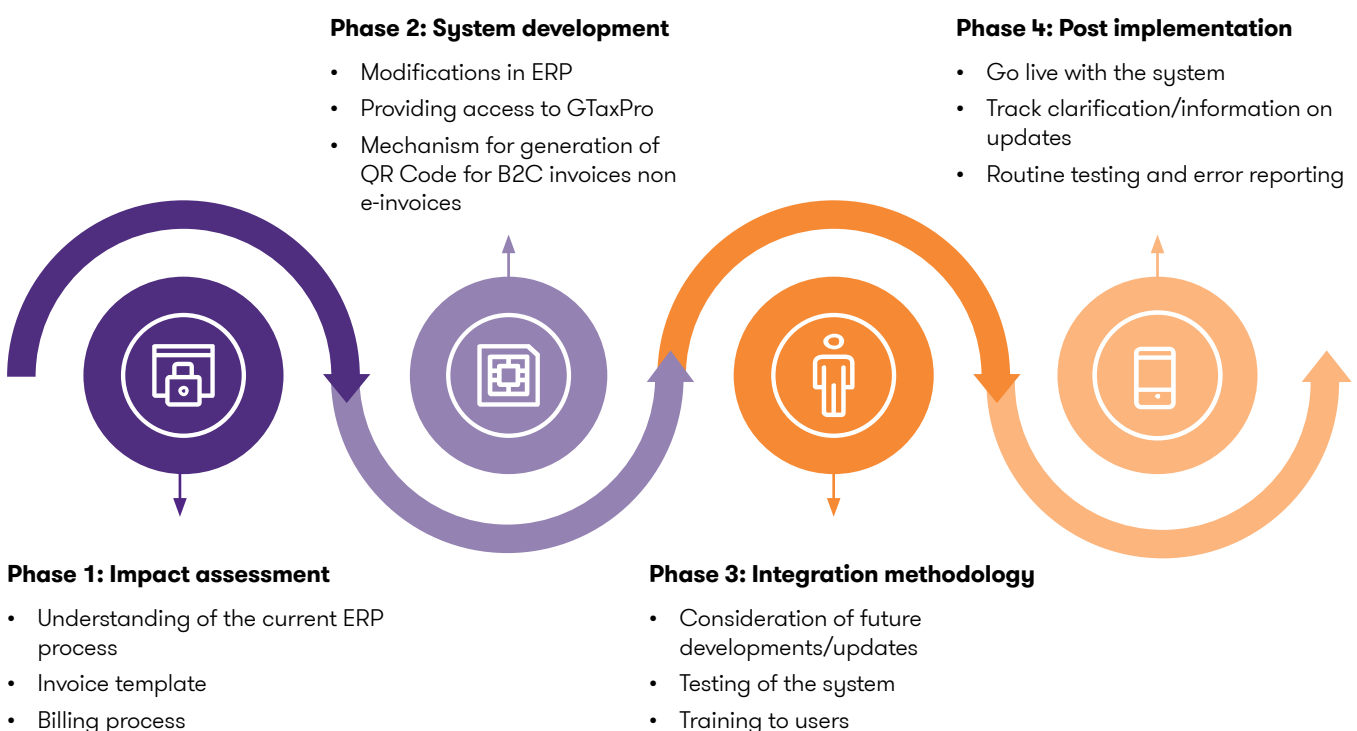


Key features of GTaxPro

- **Monitor generated IRN:** Facilitates registered person to know the number of IRN generated by them on a specific date
- **Email integration:** Provides suitable email integration for various activities that are performed by user
- **PDF generation:** Allows download of invoices into PDF format with QR codes
- **Download Excel files:** Enables easy download of failed and processed invoices in Excel format, allowing users to apply various filters, such as selective Excel downloads, IRN generated invoice downloads and cancel invoice downloads
- **Cancel IRN timer:** Allows user to cancel IRN generated invoices. This feature has a 24 hour-timer, giving user a clear idea about the time left to cancel an invoice
- **Dynamic validations:** Provides dynamic schema and business validations, allowing users to easily edit uploaded Excel sheets and save multiple transactions at one go
- **Built-in Excel edit:** Allows user to download an Excel sheet, edit it and directly upload to the system. The system can pick invoices from an Excel using specific IDs as well as edit and save them
- **Sending PDF on email:** Allows user to send emails with attached PDF directly to recipients
- **Reports:** Generates reports with total taxable value and total passed and failed invoices per state
- **Multiple IRN generation:** Allows users to generate IRN of multiple invoices in one go
- **Bulk upload:** Allows users to upload multiple invoices on to the portal
- **Archival of data:** Data available to the client for the entire duration of subscription for the invoices that are generated



Our end-to-end service offering includes all aspects of the invoice journey





What makes GTaxPro different?

- **Email integration:** Offers suitable email integration for various activities performed by user
- **Online rectification of errors:** Allows rectification of errors on the portal instead of uploading updated file
- **Send PDFs over email:** Allows users to send emails with attached pdf directly from portal
- **Timer/reminder for cancellation of e-invoice:** Enables tracking of time left for cancellation of invoices within 24 hours

How Grant Thornton can help

Our **Indirect tax** team can help you navigate current business and operational challenges by drawing on years of experience of working with industry leaders. We can assist in areas such as:

- Evaluating tax implications on existing or proposed business transactions
- Reviewing contracts and agreements to identify GST impact covering procurement, manufacturing and distribution
- Assisting in identifying optimal valuation model for related party transactions under GST, while aligning the same with the model adopted under transfer pricing provisions, amongst others



[Click here to read more details about the GTaxPro tool](#)

[Click here to view a webinar highlighting features of our GTaxPro tool](#)

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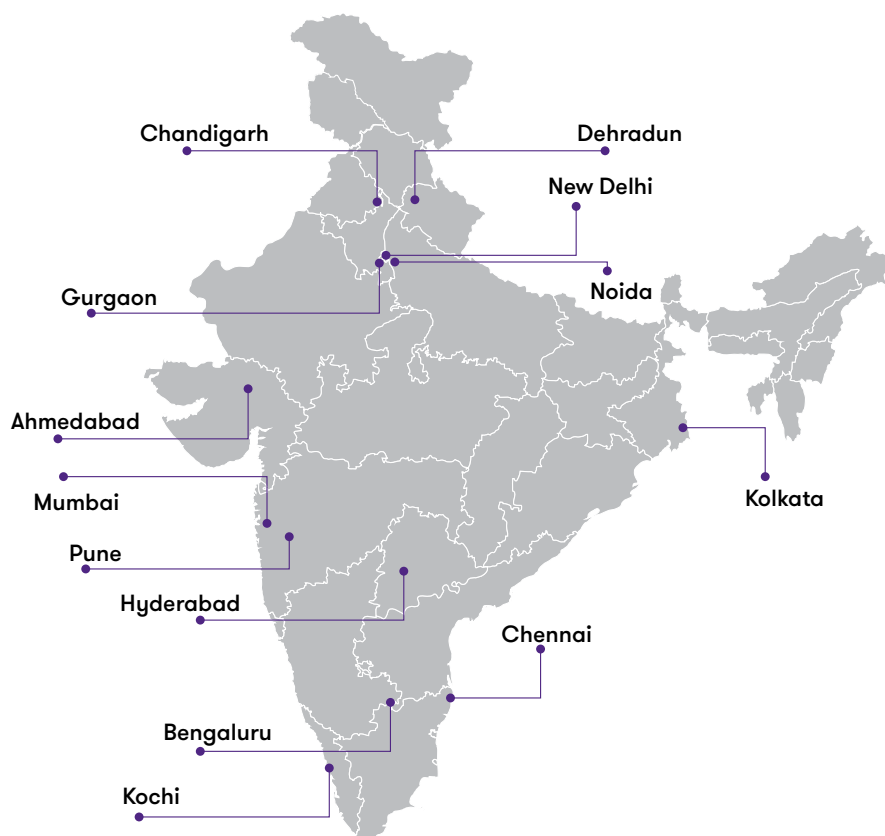
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