

8. TAX INVOICE, DEBIT, CREDIT NOTES & E-WAY BILL

MODEL WISE ANALYSIS OF PAST EXAM PAPERS OF IPCC AND CA INTER

Q.NO.	M-17	N-17	M-18 (O)	M-18 (N)	N-18 (O)	N-18 (N)	M-19 (O)	M-19 (N)	N-19 (O)	N-20(N)	N-20(O)
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QNO. 3(AP)	-	-	3	-	-	-	-		-	-	-
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QNO. 2(AP)	-	-	-	3	-	-	-	-	-	-	-
QNO. 4	-	-	-	-	-	-	4		-	-	-
QNO. 5	-	-	-	-	-	-	-	5	-	-	-
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SECTION 1: THEORY FOR CLASSROOM DISCUSSION

1. MATCHING CONCEPT OF INVOICES ISSUED UNDER GST

- 1) An invoice is a commercial instrument issued by a supplier of goods/ services to a recipient.
- 2) Invoicing is very crucial aspect for ensuring tax compliance under any indirect taxation system.
- 3) In order to ensure transparency (i.e. clarity), issuance of invoice for every taxable transaction is a pre-requisite.
- 4) Tax invoice acts as a document evidencing the payment of the value of the goods or services or both as also the tax portion in the same.
- 5) For the purpose of claiming the input tax credit, the invoice matching needs to be done. The inwards supplies of the person claiming the credit (recipient) should match with the outward supplies of the supplier(s).
- 6) Thus, a registered person cannot avail Input Tax Credit unless he is in possession of a tax invoice or a debit note.

- 7) It is not necessary that only a person supplying goods or services needs to issue an invoice. The GST law mandates that any registered person buying goods or services from an unregistered person also needs to issue a payment voucher as well as a tax invoice.

2. INVOICE

1) What do you mean by an invoice?

Invoice or tax invoice means the tax invoice referred to in **section 31**. However there is no any hard and fast rule to issue an invoice electronically only.

2) Who are liable for issuing an invoice?

A **registered person** who -

- a) **supplies** goods/ services/ both or
- b) **receives** goods/ services/ both from an unregistered person

3) What is the time limit for issuance of an invoice?

Sec.31 contemplates about the time limit for issuance of an invoice (**already discussed at chapter 5** at the concept of time of supply of goods, services.)

4) To what extent the invoice shall be issued at the time when the supply ceases before its completion?

The invoice shall be issued at the time when the supply ceases to the extent of the supply made before such cessation.

5) When the invoice will be issued in the case of “goods sent on sale or return basis”?

Where the goods being sent or taken on approval for sale or return, are removed before the supply takes place, the invoice shall be issued:

- i) **Before/ at** the time of supply or
- ii) **6 months** from the date of removal

Whichever is **Earlier**.

(TEACH PROBLEM NO.1, 2 OF CLASSROOM DISCUSSION)

6) What is the format and particulars of a tax invoice?

There is no specific format for an invoice except some specific fields. The following contents shall be included in a tax invoice.

- i) Name, address and GSTIN of supplier.
- ii) Consecutive Serial Number (not exceeding 16 characters containing any alpha numeric codes and special characters) & date of issue
- iii) GSTIN of recipient (if registered) or
Name & address of recipient (if not registered)
- iv) Description of goods (including quantity) or services
- v) Total Value and taxable value of supply **taking into account discount or abatement, if any**
 - ❖ Tax rates such as Central tax & State tax or Integrated tax, cess **and** Amount of tax charged
 - ❖ Place of **supply** along with the name of State, in case of a supply in the course of inter-State trade or commerce; **or**
 - ❖ **Address of delivery** where the same is **different** from the place of supply;
- vi) Tax payable on **reverse charge basis**
- vii) **Signature or digital signature of the supplier or his authorized representative (Signature or digital signature is not required if electronic tax invoice is issued as per IT Act,2000).**
- viii) **Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued**

ix) HSN (goods) and SAC (services) (See Note 1 and 2)

NOTE 1: ICAI study material does not contains any explanation for SAC.

NOTE 2:

Number of HSN digits required on tax invoice and class of registered person not required to mention HSN [Rule 46]

Board may, on the recommendations of the Council, by notification, specify:

- i) the number of digits of Harmonised System of Nomenclature (HSN) code for goods or services that a class of registered persons shall be required to mention; or
- ii) a class of supply of goods or services for which specified number of digits of HSN code shall be required to be mentioned by all registered taxpayers; and
- iii) The class of registered persons that would not be required to mention the HSN code for goods or services.

a)

If recipient is unregistered and value of supply is	Particulars of invoice
Rs.50,000 or more	Name and address of the recipient and the address of delivery, along with the name of State and its code
less than Rs.50,000	unregistered recipient may still request the aforesaid details to be recorded in the tax invoice

b)

Annual Turnover (AT) in the preceding FY	Number of Digits of HSN Code
AT ≤ Rs. 1.5 crores	Nil
Rs. 5 crores ≥ AT >Rs. 1.5 crores	2
AT > Rs. 5 crores	4

c) **Position with effect from 01.04.2021**

S.No.	Annual Turnover (AT) in the preceding FY	Number of Digits of HSN Code
	AT ≤ ₹ 5 crores	For B2B supply - 4 For B2C supply – 4 (optional)*
	AT > ₹ 5 crores	For B2B supply and B2C supply – 6

***As mentioned above, a registered person having aggregate turnover up to ₹ 5 crores in the previous financial year has been exempted from the requirement of mentioning the HSN Code in the manner specified in above table in a tax invoice issued by him under the said rules in respect of supplies made to unregistered persons.**

Follow the Invoice format at ICAI as it is more specific and explanatory in nature:

The words 'tax invoice'

TAX INVOICE

Customer's name (Customer's Name)

Customer's address (Customer's Address)
(Customer's Address)
(Customer's Address)

Type of Supply: Cash / Credit Sale

S/No.	Description	Qty	Unit Price (\$)	Total (\$)	Discount (\$)	Total (\$)
1	Yashica MG2	10	90	900	45	855.00
2	Pentax Z-1 Body	20	1,000	20,000	1,000	19,000.00
3	Nikon W35	30	200	6,000	300	5,700.00
4	Canon Prima 5	40	220	8,800	440	8,360.00
Total						33,915.00
Add GST @ 7%						2,374.05
Amount Due:						36,289.05

Thank you. We look forward to being of service to you again.

Supplier's name and address
Gallery Photo Supplier
888 Jalan Ang Teng
Singapore 500009

GST registration number
GST Reg No: M2-1234567-K

Invoice date
Date: 01/07/2007

An identifying number
Invoice No: F012345

Total amount payable excluding GST
33,915.00

Total GST
2,374.05

Total amount payable including GST
36,289.05

d) Amount of tax to be indicated in tax invoice and other documents (Sec.33):

Notwithstanding anything contained in this Act or any other law for the time being in force, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

7) What is the manner of issuing an invoice?**a) In the case of supply of goods:**

An invoice shall be issued in **triplicate** of which the original, duplicate, triplicate is for the recipient, transporter, supplier respectively.

b) In the case of supply of services:

An invoice shall be issued in **duplicate** of which the original, duplicate is for the recipient, supplier respectively.

NOTE: The serial number of invoices issued during a month/ quarter shall be furnished electronically in FORM GSTR-1.

8) What is a 'revised tax invoice' and when it will be issued?

a) As far as GST is concerned, the tax invoice **includes** revised tax invoice.

b) Prominently, the issuance of a revised tax invoice arises **when a person issued tax invoices before the issuance of the registration certificate to him/ her/ it.**

c) Since the person who becomes liable for registration has to apply for registration **within 30 days** of becoming liable for registration, a revised tax invoice shall be issued **within 1 month** from the date of issuance of certificate **registration.**

d) Revised Tax Invoices has to be issued in respect of taxable supplies effected during the period **between the Effective date of registration and the Date of issuance of certificate of registration.**

FOR EXAMPLE, Sarabhai Private Ltd. commenced business of supply of goods on 1st April in Delhi. Its turnover exceeded Rs.20,00,000 on 3rd September. Thus it became liable to registration on 3rd September. It applied for registration on 29th September and granted registration certificate on 5th October. Since it applied for registration within 30 days of becoming liable to registration, it was granted registration with effect from 3rd September.

Sarabhai Private Ltd. may issue Revised Tax Invoices in respect of taxable supplies effected between 3rd September and 5th October.

NOTE: A registered person may issue a **Consolidated Revised Tax Invoice (other than inter-state supplies to all unregistered recipients of value exceeding Rs.2,50,000 in aggregate) in respect of all taxable supplies made to the unregistered recipient(s) during such period (i.e. the period between the Effective date of registration and the Date of issuance of certificate of registration).**

(TEACH PROBLEM NO.3 OF CLASSROOM DISCUSSION)

9) Is there any exception for issuance of a tax invoice for smaller value of supplies say Rs.100?

Yes. Tax invoice is not required to be issued if:

- a) **Value of Supply is less than Rs.200;**
- b) **the recipient is unregistered; and**
- c) **The recipient does not require such invoice.**

A Consolidated Tax Invoice shall be issued for such supplies **at the close of each day** in respect of **all such supplies**

However, with effect from 01.09.2019: Fourth proviso to rule 46 has been amended to disallow this option to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. And a new sub-rule (4A) has been inserted in rule 54 Accordingly, a registered person who is supplying services by way of admission to exhibition of cinematograph films in multiplex screens shall be required to issue an electronic ticket. The said electronic ticket is deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as mentioned under rule 46.

(TEACH PROBLEM NO.4 OF CLASSROOM DISCUSSION)

10) What do you mean by a ‘bill of supply’ and explain in brief?

A registered person -

- a) Supplying **exempted** goods or services or both (Or)
- b) Paying tax under **composition levy**
- c) Paying tax at **optional rate of 6% (CGST@3% & SGST@3%)**

Shall issue a bill of supply instead of a tax invoice.

For example, Patel & Sons is a manufacturer of goods who has opted for composition levy. It will issue a Bill of Supply to the buyers of goods and not the tax invoice as it does not collect any tax from the buyers, but amount at the rate specified.

Invoice-cum-bill of supply: A registered person who supplies **taxable** as well as **exempted goods or services or both** to an unregistered person, may issue a single “**invoice-cum-bill of supply**” for all such supplies.

11) What do you mean by a ‘Receipt voucher’ and explain in brief?

- a) A registered person **shall** issue a receipt voucher in respect of **an advance received** for a supply of goods/ services/ both.
- b) **Where at the time of receipt of advance -**
 - i) If the **rate of tax** is not determinable - tax shall be paid at the rate of **18%**
 - ii) If the **nature of supply** is not determinable - treated as **inter-state supply**

12) What do you mean by a ‘Refund voucher’ and explain in brief?

A refund voucher **shall** be issued by a registered supplier if **all** the following conditions are satisfied -

- a) An **advance** has been received from the recipient
- b) A **receipt voucher** has already been issued in respect of the advance so received
- c) A **supply** of goods/ service/ both **and tax invoice** has **not** been made.

13) Is a registered recipient is liable for issuance of any invoice/ voucher under reverse charge mechanism?

Yes. In the following two cases a registered recipient is liable for issuance of any invoice/ voucher under **reverse charge mechanism**.

	Payment voucher	Invoice
Whether the Recipient is registered or not?	Registered	Registered
In case of providing the notified services, whether the Supplier is registered or not?	Registered/ Unregistered	Unregistered
Time of issue	At the date of making payment to the supplier	At the date of receipt of goods / services / both

NOTE: It is important to note here that in case the **notified services** have been received by a registered recipient even from a registered supplier shall issue a payment voucher. However, an invoice shall be issued by a registered recipient only if the notified services have been received from an **unregistered supplier**.

14) Can a registered supplier of services issues a document not being a tax invoice?

Yes. The government after considering the recommendations of the council may by **notification -**

- a) **Exempts** an entity/ person from issuing a tax invoice or
- b) Specifies such **other documents** to be issued in lieu of a tax invoice within such time and manner.

IN RESPECT OF SPECIFIED SERVICES

What are they?

Supply of taxable services by -	Documents required to be issued instead of tax invoice
Insurer/Banking company/ Financial institution, including NBFC	A Consolidated tax invoice/ any other document in lieu thereof, by whatever name called may be issued/ made available, physically/ electronically, for supply of services made during a month at the end of the month. Note: Details such as Serial number, Address of the recipient of taxable service are optional.
Goods Transport Agency (GTA)	Document(s) containing the details of - i) Gross weight of the consignment & details of goods transported, place of origin and destination ii) Name of the consignor and the consignee iii) Registration number of goods carriage in which the goods are transported iv) GSTIN of the person liable to pay GST v) Other information
Supplier of passenger transportation service	Document(s) containing other information (made available physically/ electronically), ticket in any form, as may be prescribed for a Tax Invoice Note: Details such as Serial number, Address of the recipient of taxable service are optional.

15) What do you mean by a delivery challan and explain in brief?

Normally at the time of removal of goods, the tax invoice may or may not be issued. However in some cases, a **delivery challan** may be issued instead of a tax invoice at the time of removal of goods. However, tax invoice shall be issued after the delivery of goods.

In the following cases a delivery challan may be issued at the time of removal -

- Supply of **liquid gas** where the quantity at the time of removal from the place of business of the supplier is not known.
- Transportation** of goods for **job work**,
- Transportation** of goods for reasons **other than** by way of supply, or
- Such other supplies as may be **notified** by the board

FOCUS POINTS:

- The delivery challan to be issued
 - serially numbered not exceeding 16 characters
 - in one or multiple series
 - at the time of removal of goods for transportation
- The delivery challan shall be prepared in **Triplicate**
 - Original for **consignee**,
 - Duplicate for **transporter**,
 - Triplicate for **consignor**
- Where goods are being **transported** on a delivery challan in lieu of invoice, the same shall be declared in **E-Way Bill**.
- Where the goods are being transported in a **semi knocked down or completely knocked down condition or in batches or lots**,
 - the supplier shall issue the complete invoice before dispatch of the first consignment

- ii) the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- iii) Copies of the corresponding delivery challan shall accompany each consignment along with a duly certified copy of the invoice; and
- iv) The original copy of the invoice shall be sent along with the last consignment.

e) **Goods moved within the State or from the State of registration to another State for supply on approval basis:**

The goods which are taken for supply on **approval basis** can be moved from the place of business of the registered supplier to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of **delivery of goods**.

f) **Art works sent by artists to galleries for exhibition-Approval basis (Major part covered in Chapter-2):**

The art work for supply on **approval basis** can be moved from the place of business of the registered person (artist) to another place within the same State or to a place outside the State on a delivery challan along with the e-way bill wherever applicable and the invoice may be issued at the time of **actual supply of art work**.

16) What do you mean by a Credit, Debit Note and explain in brief?

a) **After** issuing a tax invoice, a registered Supplier of goods/ services/ both **may** issue a “**credit note**” to the recipient of goods/ services/ both if **any** of the following conditions are satisfied.

i) **Conditions:**

In respect of a supply where -

- the taxable value in invoice is **greater than** the taxable value (Or)
- Tax charged in invoice is **greater than** the tax payable (Or)
- Where the goods supplied are **returned** by the recipient (Or)
- where goods or services or both supplied are found to be **deficient**

ii) **NOTE:**

- A registered person who issues a credit note shall mention the same in the details of the return to be filled by him at the earliest of **September** following the end of the financial year in which such supply was made **or** the date of furnishing of the relevant annual return.
- The tax liability may be adjusted to the extent of the credit note issued. (**Except** in a case where the tax incidence has been shifted to some other person).
- **Secondary discounts:** Supplier can issue financial/ commercial **credit note(s)** to reduce the value of supply payable by the recipient to the supplier.

It is important to note that credit note(s) are not permitted to be issued in case secondary discounts are allowed by the supplier since the tax liability of the supplier does not get reduced in such case. However, supplier can issue financial/ commercial credit note(s) to reduce the value of supply payable by the recipient to the supplier.

(TEACH PROBLEM NO. 5 OF CLASSROOM DISCUSSION)

b) **After** issuing a tax invoice, a registered Supplier of goods/ services/ both **shall** issue a “**debit note**” to the recipient of goods/ services/ both if **any** of the following conditions are satisfied.

i) **Conditions:**

In respect of a supply where -

- the taxable value in invoice is **less than** the taxable value (Or)
- Tax charged in invoice is **less than** the tax payable

ii) A registered person who issues debit note shall mention the same in the details of the return for the month during which such debit note has been issued by him.

c) **Combined Note (For both credit and debit notes):**

i) The registered person to issue one (consolidated) or more credit/debit notes in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

ii) **Contents:**

- Name, address and GSTIN of the supplier;
- Nature of the document;
- Consecutive Serial Number (not exceeding 16 characters containing any alpha numeric codes and special characters) & date of issue;
- Name, address and GSTIN of recipient (if registered);
- Name & address of recipient and delivery along with the State name and code (if not registered);
- Serial number and date of the corresponding tax invoice/bill of supply;
- Value of taxable supply of goods or services, rate of tax and the amount of the tax credited or debited to the recipient;
- Signature or digital signature of the supplier or his authorised representative.

17) It is important to note here that a person who is not a registered person shall not collect in respect of any supply of goods or services or both any amount by way of tax under this Act. No registered person shall collect tax except in accordance with the provisions of this Act or the rules made thereunder (Sec.32).

Ex: Rujuta is engaged in providing grooming services. She is not registered under GST law as her turnover is below the threshold limit. Rujuta cannot collect tax on the grooming services provided by her as a person who is not a registered person cannot collect any amount by way of tax under this Act in respect of any supply of goods or services or both.

18) Signature/ digital signature of the supplier/ his authorised representative **not required** on;

- a) Electronic tax invoice;
- b) Electronic bill of supply;
- c) Electronic consolidated tax invoice in case of banking companies etc. and
- d) Electronic ticket for passenger transportation service.

E-INVOICING:

a) **What is E-invoicing under GST?**

- i) E-invoicing is not generation of invoice by a Government portal. Taxpayers will continue to create their GST invoices on their own Accounting/Billing/ERP Systems as per e-invoice schema.
- ii) These invoices will then be reported to 'Invoice Registration Portal (IRP)'. On such reporting, IRP will generate a unique 'Invoice Reference Number (IRN)', digitally sign it and return the e-invoice to the supplier. A GST e-invoice will be valid only with a valid IRN.

b) **To whom is E- invoicing applicable?**

E- invoicing has been made applicable from 1st October, 2020 to all business whose aggregate turnover has exceed Rs 500 crore limit in any of the preceding financial years from 2017-18.

c) **Advantages of e-invoicing**

- i) Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required).
- ii) Substantial reduction in transcription errors (As same data will get reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register. On receipt of information through GST System, buyer can do reconciliation with his Purchase Order.)

- iii) Facilitate standardisation and inter-operability leading to reduction of disputes among transacting parties, improve payment cycles, reduction of processing costs and thereby greatly improving overall business efficiency.
- iv) Complete trail of B2B invoices is available with the Department, it will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.
- v) E-invoicing will eliminate the fake invoices. (Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently faced by tax-authorities. The e-invoice system will help to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities will have access to data in real-time.)

d) E-invoicing statutory provisions

- i) Rule 48(4) stipulates that the e-invoice shall be prepared by notified class of registered persons, by uploading such particulars as contained in Form GST INV-01 on the Common GST Electronic Portal⁵ and obtain an IRN (Invoice Reference Number), in prescribed manner and subject to prescribed conditions and restrictions.
- ii) However, the Commissioner may, on the recommendations of the Council, by notification, exempt a person or a class of registered persons from issuance of e-invoice under rule 48(4) for a specified period, subject to such conditions and restrictions as may be specified in the said notification.
- iii) Every invoice, issued by above persons, in any manner other than the manner specified in the rule 48(4) shall not be treated as an invoice. Where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate.

e) Class of persons notified to mandatorily issue e-invoice

- i) a registered person (except specified class of persons⁶), whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs 500 crores, has been notified as class of persons who shall prepare e-invoice in respect of B2B supplies (supply of goods or services or both to a registered person or for exports. Thus, presently, such notified persons are not required to report B2C invoices.
- ii) E-invoicing is also not applicable to invoices issued by Input Service Distributor (ISD).
- iii) If the invoice issued by a notified person is in respect of supplies made by him tax on which is payable under reverse charge under section 9(3), e-invoicing is applicable.

Ex: A taxpayer (say a firm of advocates) having aggregate turnover in a FY of more than Rs 500 crore is supplying services to a company (who will be discharging tax liability as recipient under reverse charge mechanism), such invoices have to be reported by said taxpayer (since it is a notified person) to IRP.

On the other hand, where specified category of supplies are received by notified person from unregistered persons [attracting reverse charge under section 9(4)] or through import of services, e-invoicing doesn't arise/ not applicable. E-invoicing is also not applicable for import of goods (Bills of Entry).

f) Exemption from e-invoicing:

Following entities are exempt from the mandatory requirement of e-invoicing:

- i) Special Economic Zone units **
- ii) Insurer or banking company or financial institution including NBFC
- iii) GTA supplying services in relation to transportation of goods by road in a goods carriage
- iv) Supplier of passenger transportation service
- v) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens

Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds Rs 500 crore in the preceding financial year from 2017-18 onwards.

**It is important to note here that only SEZ units and not SEZ developers are exempt from issuing e-invoices. Thus, SEZ developers whose turnover exceeds Rs 500 crores in any preceding financial year from 2017-18 onwards are mandatorily required to issue e-invoices. Further, in case of supplies made by notified persons to SEZ units, e-invoices need to be issued.

Ex: Maharaja Private Limited has an SEZ unit and a regular DTA unit (both having same PAN). The aggregate total turnover of Maharaja Private Limited is more than Rs. 500 crores (considering both the GSTINs). However, the turnover of DTA unit is below Rs 100 crores for FY 2019-20.

ANS:

In this scenario, SEZ unit is exempt from e-invoicing. However, e-invoicing will be applicable to DTA Unit because the aggregate turnover of the legal entity in this case is > Rs 500 crores. The eligibility is based on aggregate annual turnover on the common PAN.

g) How e-invoice is generated?

- i) The taxpayer first prepares and generates his invoice using his own ERP/ accounting/ billing system or manual system. The invoice must conform to the e-invoice schema (standard notified format - discussed in detail subsequent paras) and must have the mandatory parameters.
- ii) The details of this invoice are uploaded/reported by the taxpayer to the Invoice Registration Portal (IRP). This way taxpayer registers his supply transaction on IRP. On uploading, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' (explained in detail subsequent paras) after digitally signing the e-invoice and adding a QR Code (Quick Response Code). Then, the supplier shares the e-invoice with the receiver (along with QR Code).

h) How e-invoice data is consumed by GST System for generation of e-way bill or populating relevant parts GST Returns?

- i) IRP sends the e-invoice data along with IRN to the GST System as well as to E-Way Bill System.
- ii) The GST system will auto-populate them into GSTR-1 of the supplier and GSTR-2A of respective receivers. With source marked as 'e-invoice', IRN and IRN date will also be shown in GSTR-1 and GSTR-2A.
- iii) The e-invoice schema (discussed subsequently) includes parameters e.g. 'Transporter ID' and 'Vehicle Number', etc. that are required for creating and generating e-way bills. These can be entered if available with seller, at the time of generation of e-invoice so that e-way bill can be created using this data without any further requirement of data entry by the user. The e-invoice reporting software already allows reporting of e-invoice and generation of e-way bill with same data.

- i) **Cancellation/amendment of reported invoice:** Where needed, the seller can cancel IRN for an e-invoice already reported by reporting it on IRP within specified time. Amendment of e-invoice already uploaded on IRP will be done only on GST portal. Amendment of invoices is not possible through the IRP.

- j) **Implications for businesses:** As can be inferred from the above discussion, e-invoicing does not mean that the invoice needs to be prepared/generated on the Government portal. It is only intimating the Government portal that invoice has been issued to the buyer, by registering that particular invoice on the Government portal. Consequently, businesses will continue to issue invoices as they were doing earlier. Necessary changes on account of e-invoicing requirement (i.e. to enable reporting of invoices to IRP and obtain IRN), be made by ERP/Accounting and Billing Software providers in their respective software. They need to get the updated version having this facility.

k) E-invoice Schema

Businesses use various accounting/billing software, each generating and storing invoices in their own electronic formats. These different formats are neither understood by GST System nor by the systems of suppliers and receivers.

Ex: An invoice generated by SAP system cannot be read by a machine which is using 'Tally' system, unless a connector is used. With more than 300 accounting/billing software products, there was no way to have connectors for all.

In this scenario, 'e-invoicing' was introduced aiming at machine-readability and uniform interpretation. To ensure this complete 'inter-operability' of e-invoices across the entire GST ecosystem, an invoice standard is a must. By this, e-invoices generated by one software can be read by any other software, thereby eliminating the need of fresh/manual data entry. Since, there was no such standard for e-invoice available earlier, as a first step, a standard/format for e-invoice has been finalized.

This uniform standard format (containing specified fields) applicable for all the businesses across the country is known as 'e-invoice schema'. It is notified as Form GST INV-1. E-invoice schema mandates what particulars shall be reported in electronic format to IRP.

l) Invoice Registration Portal (IRP)

IRP is the website for uploading/reporting of invoices by the notified persons. Following IRPs have been notified for the purpose of preparation of the e-invoice:

www.einvoice1.gst.gov.in

www.einvoice2.gst.gov.in

www.einvoice3.gst.gov.in

www.einvoice4.gst.gov.in

www.einvoice5.gst.gov.in

www.einvoice6.gst.gov.in

www.einvoice7.gst.gov.in

www.einvoice8.gst.gov.in

www.einvoice9.gst.gov.in

www.einvoice10.gst.gov.in

- m) Invoice Reference Number:** As seen earlier, GST invoice will be valid only with a valid IRN. IRN is different from invoice number. Invoice no. (e.g. ABC/1/2019-20) is assigned by supplier and is internal to business. Its format can differ from business to business and also governed by relevant GST rules. IRN, on other hand, is a unique reference number (hash) generated and returned by IRP, on successful registration of e-invoice, for instance,

35054cc24d97033afc24f49ec4444d5ab81f542c555f9d30359dc75794e06bbe

The overall work flow of e-invoice generation, its reporting/registration and receipt of confirmation is depicted in the diagrams below:

- i) Interaction between the business (supplier) and the Invoice Registration Portal (IRP).
- ii) Interaction between the IRP and the GST/E-Way Bill Systems and the Buyer.

Other points:

- i) The e-invoicing system is also available for the E-Commerce Operators (ECO) to report the invoices to the Invoice Registration portal, generated by them on behalf of the suppliers.
 - ii) Bulk uploading of invoices to IRP is also possible.
- n) Quick Response (QR) code:** Upon successful registration of invoice on IRP, it will return a signed e-invoice to the supplier with IRN and QR Code. IRN is embedded in the QR Code which shall be extracted and printed on the invoice. The QR code enables quick view, validation and access of the invoices from the GST system from hand-held devices. The digitally signed QR code will have a unique IRN which can be verified on the central portal as well as by an offline app by the officer. This will be helpful for tax officers checking the invoice offline on the roadside where internet may not be available all the time.
- o) Dynamic QR code**
- i) All B2C invoices issued by a registered person whose aggregate turnover in any preceding financial year from 2017-18 onwards exceeds Rs 500 crores are proposed to have a QR code from December 1, 2020.

- ii) Sixth proviso to rule 46 has empowered the Government to specify that the tax invoice shall have Quick Response (QR) code. Resultantly, it has been notified¹⁰ that invoice issued by a registered person (except specified class of persons¹¹), whose aggregate turnover in a financial year exceeds ` 500 crores, in respect of B2C supplies (supply of goods or services or both to an unregistered person) shall have Dynamic QR code.
- iii) A Dynamic Quick Response (QR) code made available to buyer by such registered person through digital display (with payment cross-reference) shall be deemed to be having QR code. The purpose of this provision is to enable and encourage digital payments where buyer can scan the dynamic QR code and make payment from mobile wallet directly. Today, many shops have static QR code at the payment counter which is scanned by the buyer, but the buyer has to enter the amount to be paid to the shop in the mobile payment App. The dynamic QR code, on the other hand, will have the payment details and thus 'scan and pay' in one go is possible. This has no relevance or applicability to the e-invoicing in respect to B2B supplies by notified class of taxpayers. Dynamic QR Code will be generated by the seller himself either on the Point of Sale (PoS) machine or the invoice issued.

19) E-WAY BILL:

a) Meaning of E-Way Bill and why is it required?

- i) E-Way Bill is an electronic document generated on the GST portal evidencing **movement of goods**.
- ii) E-Way Bill **includes** name of the consignor, the consignee, the point of origin of the consignment, its destination and route.

b) What are the benefits of E-Way Bill?

- i) **Physical interface** to pave way for **digital interface** resulting in **elimination** of state boundary check-posts
- ii) It will facilitate **faster movement** of goods.
- iii) It will improve the **turnaround time** of trucks and help the logistics industry by increasing the **average distances travelled**, reducing the travel time as well as costs.

c) When E-Way Bill is required to be generated?

- i) E-way Bill is **mandatory** in case of **movement of goods** of consignment value exceeding **Rs.50,000**.
- ii) **Movement** should be:
- **In relation** to a supply; or
 - For reasons **other than** supply; or
 - Inward supply from an **unregistered person**.
- iii) **Exception to general rule: E-Way Bill** needs to be issued even if the value of the consignment is **less than Rs.50,000**:
- Inter-State transfer of goods by **principal to job-worker**
 - Inter-State transfer of **handicraft goods** by a person exempted from obtaining **registration**
- iv) E-Way Bill is generated electronically in **Form GST EWB 01** on the common portal.
- v) The facility of generation, cancellation, updation and assignment shall be made available **through SMS** to the **supplier, recipient and the transporter**.
- vi) Generated through **various modes** like Web (Online), Android App, SMS, using Bulk Upload Tool and API.
- vii) The person who generates E-Way Bill should be a registered person on **GST portal** and he should register on the **E-Way Bill portal**.
- viii) Registered person causing **movement of goods** shall furnish the information relating to the said goods in **Part A of Form GST EWB-01** before commencement of such movement.

ix) **E-Way Bill** is required to be generated, if the goods transit through a second State while moving from one place in a State to another place in the same State.

Ex: Bhanupratap Shoe Manufacturers, registered in Punjab, sold shoes to a retail seller in Gujarat, at a value of ₹ 48,000 (excluding GST leviable @ 18%) and wants to send the consignment of such shoes to Gujarat. The consignment value will be ₹ 56,640 [₹ 48,000 × 118%]. Since the movement of goods is in relation to supply of goods and the consignment value exceeds ₹ 50,000, e-way bill is mandatorily required to be issued in the given case.

Ex: Sindhi Textiles of Ludhiana, registered in Punjab, sends cloth to a job worker in Jalandhar, Punjab on a delivery challan. The value of cloth mentioned in the delivery challan is ₹48,000. Since the movement of goods is for reasons other than supply, the value given in the delivery challan is adopted for the purposes of the e-way bill. Such value does not exceed ₹50,000. Consequently, e-way bill is not required to be issued in this case.

d) Who causes movement of goods?

- i) If **supplier** is registered and **undertakes to transport** the goods, movement of goods is caused by the **supplier**.
- ii) If **recipient arranges** transport, movement is caused by the **recipient**.
- iii) If goods are supplied by an **unregistered supplier** to a **registered known recipient**, movement shall be caused by such **recipient**.

e) E-Way Bill in case of 'Bill To Ship To' Model:

Example, In a "Bill To Ship To" model of supply, 3 persons involved in a transaction, namely:

M is the person who has ordered **N** to send goods directly to **O**.

N is the person who is sending goods directly to **O** on behalf of **M**.

Therefore, two supplies are involved and accordingly two invoices are required to be issued:

Invoice -1: Which would be issued by **N to M**

Invoice -2: Which would be issued by **M to O**

Either **M** or **N** can generate E-Way Bill, but **only one** E-Way Bill is required to be generated.

f) Information to be furnished in E-Way Bill:

- i) An E-Way Bill Form GST EWB-01 contains two parts:
 - **Part A:** to be furnished by the registered person who is causing movement of goods
 - ✓ GSTIN of supplier & recipient
 - ✓ Place of delivery (indicating PIN Code)
 - ✓ Document number (Tax invoice, Bill of Supply, Delivery Challan or Bill of Entry) and date
 - ✓ Value of goods
 - ✓ HSN code
 - ✓ Reasons for transportation etc.
 - **Part B (Transport details):** to be furnished by the person who is transporting the goods
 - ✓ Transporter document number (Goods Receipt Number or Railway Receipt Number or Airway Bill Number or Bill of Lading Number)
 - ✓ Vehicle number, in case of transport by road.
- ii) However, information in Part-A may be furnished:
 - ✓ By the transporter if so authorised or
 - ✓ By the e-commerce operator/courier agency, where the goods are supplied through them.

g) Who can generate the E-Way Bill?

- i) E-Way Bill is to be generated by:
 - The registered **consignor or consignee**, if the transportation is being done in own/hired conveyance/by railways/by air/by vessel or

- The **transporter**, if the goods are handed over to a transporter for transportation by road.
Where neither the **consignor nor consignee** generates the E-Way Bill and the value of goods is **more than Rs.50,000/-** it shall be the responsibility of the **transporter** to generate it.
- The **registered person**, being the supplier or the recipient, who shall, either before or after the commencement of movement, if the goods are transported by railways or by air or vessel.

ii) Goods transported by railways shall be delivered only on production of E-Way Bill.

iii) E-Way Bill can be generated even if consignment value is less than Rs.50,000.

iv) E-Way Bill can be generated by an unregistered person/ the transporter, if the movement is caused by an unregistered person either in his own conveyance/a hired one/through a transporter.

v) E-Way Bill can be generated by recipient, if the goods are supplied by an unregistered supplier to a registered recipient, the recipient is known at the time of commencement of the movement of goods.

h) Details of conveyance may not be furnished in Part-B:

Intra-State transportation of goods for a distance of upto 50 km:

i) From the place of business of the consignor to the place of business of the transporter for further transportation or

ii) From the place of business of the transporter finally to the place of business of the consignee.

i) **Unique E-Way Bill number (EWBN):** Upon generation of the E-Way Bill, a EWBN shall be made available to the supplier, the recipient and the transporter.

j) Transfer of goods from one conveyance to another:

i) The consignor/the recipient, who has provided information in Part A, or the transporter shall update the details of conveyance in Part B before such transfer and further movement of goods.

ii) The consignor/recipient, who has furnished the information in Part A, or the transporter, may assign the EWBN to another registered transporter for updating the information in Part B.

iii) Once the details of the conveyance have been updated by the transporter in Part B, the consignor /recipient, who has furnished the information in Part A shall not be allowed to assign the EWBN to another transporter.

iv) ***Example***, A consignor is required to move goods from City X to City Z. He appoints Transporter A for movement of his goods. Transporter A moves the goods from City X to City Y. For completing the movement of goods i.e., from City Y to City Z, Transporter A now hands over the goods to Transporter B. Thereafter, the goods are moved to the destination i.e. from City Y to City Z by Transporter B.

In that case, only one E-Way Bill would be required. Part A can be filled by the consignor and then the E-Way Bill will be assigned by the consignor to Transporter A. Transporter A will fill the vehicle details, etc. in Part B and will move the goods from City X to City Y.

On reaching City Y, Transporter A will assign the said E-Way Bill to the Transporter B. Thereafter, Transporter B will be able to update the details of Part B. Transporter B will fill the details of his vehicle and move the goods from City Y to City Z

k) Consolidated E-Way Bill:

i) After E-Way Bill has been generated, where multiple consignments are intended to be transported in one conveyance, the transporter may indicate the serial number of E-Way Bills generated in respect of each such consignment electronically on the common portal and a consolidated E-Way Bill in Form GST EWB-02 may be generated by him on the said common portal prior to the movement of goods.

ii) Where the consignor/consignee has not generated the E-Way Bill in Form GST EWB-01 and the aggregate of the consignment value of goods carried in the conveyance is more than Rs.50,000, the transporter shall generate individual Form GST EWB-01 on the basis of invoice or bill of supply or delivery challan and may also generate a consolidated E-Way Bill in Form GST EWB-02 prior to the movement of goods.

l) **Information submitted for E-Way Bill can be used for filing GST Returns:** The information furnished in Part A of the E-Way Bill shall be made available to the registered supplier on the common portal who may utilize the same for furnishing the details in Form GSTR-1.

m) **Cancellation of e-way bill:**

i) E-Way Bill can be cancelled if either goods are not transported or are not transported as per the details furnished in the E-Way Bill, the E-Way Bill may be cancelled electronically within 24 hours from the time of generation.

ii) Unique EWB number generated is valid for a period of 15 days for updation of Part B.

n) **Validity period of E-Way Bill/consolidated E-Way Bill: (FOR STUDENTS SELF-STUDY)**

S.No.	Distance within country	Validity period from relevant date*
1.	Upto 100 km.	One day in cases other than Over Dimensional Cargo** or multimodal shipment in which at least one leg involves transport by ship
2.	For every 100 km. or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
3.	Upto 20 km.	One day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship
4.	For every 20 km. or part thereof thereafter	One additional day in case of Over Dimensional Cargo or multimodal shipment in which at least one leg involves transport by ship

*Relevant date means the date on which the E-Way Bill has been generated.

**Over dimensional cargo means a cargo carried as a single indivisible unit and which exceeds the dimensional limits prescribed under the Motor Vehicles Act, 1988.

It further lay down that the validity of the e-way bill can be extended within eight hours from the time of its expiry.

EXAMPLE, consignor hands over his goods for transportation on Friday to transporter. However, the assigned transporter starts the movement of goods on Monday. The validity period of e-way bill starts only after the details in Part B are updated by the transporter for the first time.

In the given situation, Consignor can fill the details in Part A on Friday and handover his goods to the transporter. When the transporter is ready to move the goods, he can fill Part B i.e. the assigned transporter can fill the details in Part B on Monday and the validity period of the e way bill will start from Monday.

o) **Extension of validity period:**

i) **Extension by Commissioner:** Commissioner may, on the recommendations of the Council, by notification, extend the validity period for certain categories of goods as may be specified therein.

ii) **Extension by transporter:**

- ✓ Transporter can extend the validity period, if the consignment is not being reached the destination within the validity period due to exceptional circumstance like natural calamity, law and order issues, trans-shipment delay, accident of conveyance, etc.
- ✓ This option is available for extension of E-Way Bill before 8 hours and after 8 hours of expiry of the validity period.

p) **Acceptance of E-Way Bill:** The person to whom the information in Part-A is made available, does not communicate his acceptance or rejection within 72 hours of the details being made available to him or the time of delivery of goods whichever is earlier, it shall be deemed that he has accepted the said details.

q) E-Way Bill generated in one State is valid in another State:

- i) The E-Way Bill generated under GST Rules of any State or Union territory shall be valid in every State and Union territory.
- ii) E-Way Bill is not valid for movement of goods without vehicle number on it and may be updated with vehicle number any number of times.
- iii) If the E-Way Bill is generated with wrong information it can be cancelled and new E-Way Bill can be generated.
- iv) Provision for Cancellation of E-Way Bill within 24 hours by the person who have generated the E-Way Bill.

r) Exemption from generation of E-Way Bill: (FOR STUDENTS SELF-STUDY)

No E-Way Bill is required to be generated in the following cases:

- i) 8 notified goods in Annexure to rule 138 like LPG, Kerosene oil, Postal Baggage, Natural/cultured pearls, Jewellery, Currency, Used personal and household effects, Coral etc.
 - ii) Where goods are transported in a non-motorized vehicle.
 - iii) Movement of goods from Customs Port/Airport/Air Cargo Complex/Land Custom Station to an ICD/ Container Freight Station (For clearance by customs).
 - iv) Movement of goods within such areas as is notified under GST Rules in that particular State/Union territory.
 - v) Exempted goods other than de-oiled cake.
 - vi) Alcoholic liquor for human consumption, petroleum crude, high speed diesel, motor spirit, natural gas, aviation turbine fuel.
 - vii) Supply of goods falling under Schedule III of CGST Act, 2017.
 - viii) Movement of goods
 - Under customs bond from an ICD/ Container Freight Station to a Customs Port/Airport/Air Cargo Complex/Land Custom Station or from one customs station/ port to another customs station/ port or
 - Under customs supervision/Seal.
 - ix) Where the goods being transported are transit cargo from or to Nepal or Bhutan.
 - x) Supply of goods by the CSD to the Unit Run Canteens/the authorized customers and by the Unit Run Canteens to the authorized customers.
 - xi) Any movement of goods caused by defense formation under ministry of defense as consignor or consignee.
 - xii) Where the consignor of goods is the Central Government, Government of any State or a local authority for transport of goods by rail.
 - xiii) Where empty cargo containers are being transported.
 - xiv) Where the goods are being transported upto a distance of 20 km from the place of the business of the consignor to a weighbridge and vice-versa. (Subject to issue of delivery challan).
 - xv) Movement of empty cylinders for packing of liquefied petroleum gas for reasons other than supply.
- s) Documents and devices to be carried by a person-in-charge of a conveyance:**
- i) **The person-in-charge of a conveyance shall carry:** (FOR STUDENTS SELF-STUDY)
 - The invoice/bill of supply/delivery challan and
 - A copy of the E-Way Bill in physical form/the E-Way Bill number in electronic form/mapped to a RFID (Radio Frequency Identification Device) embedded on to the conveyance.

ii) **Documents in lieu of E-Way Bill:** The Commissioner may, by notification, require the person-in-charge of the conveyance to carry the following documents instead of the E-Way Bill:

- Tax invoice or bill of supply or
- A delivery challan, movement of goods for reasons other than supply

iii) **Invoice Reference Number in lieu of tax invoice:**

- A registered person may obtain an Invoice Reference Number (valid for a period of 30 days) from the common portal by uploading, a tax invoice issued by him.
- The registered person will not have to upload the information in Part A for generation and the same shall be auto-populated by the common portal.

t) **Verification of documents and conveyances:**

- i) Commissioner or an officer empowered by him in this behalf may authorise the proper officer to intercept any conveyance to verify the E-Way Bill or EWBN in physical form for all inter-State and intra-State movement of goods.
- ii) Physical verification of a specific conveyance can also be carried out by any officer, on receipt of specific information on evasion of tax, after obtaining necessary approval of the Commissioner or an officer authorised by him in this behalf.

u) **Inspection and verification of goods:**

(FOR STUDENTS SELF-STUDY)

- i) A summary report of every inspection of goods in transit shall be recorded online by the proper officer in Part A within 24 hours and the final report in Part B within 3 days of inspection.
- ii) The Commissioner may extend the time of the final report in Part B for a period not exceeding 3 days.
- iii) Where the physical verification of goods has been done during transit at one place within the State/UT or in any other State/UT, no further physical verification shall be carried out again except in case of evasion of tax.

- v) Where a vehicle has been intercepted and detained for a period exceeding 30 minutes, the transporter may upload the said information on the common portal.
- w) The expressions 'transported by railways', 'transportation of goods by railways', 'transport of goods by rail' and 'movement of goods by rail' does not include leasing of parcel space by Railways takes place.
- x) Person-in-charge of the conveyance (not required to carry an e-way bill) shall carry a copy of the tax invoice/Bill of supply.

y) **Restriction on furnishing of information in Part A of Form GST EWB-01**

No person (including a consignor, consignee, transporter, an e-commerce operator or a courier agency) shall not be allowed to furnish the information in Part A of Form GST EWB-01 in respect of following registered persons, whether as a supplier or a recipient:

- i) A person paying tax under composition scheme or under Notification No. 2/2019 CT (R) dated 07.03.2019 has not furnished the statement for payment of self-assessed tax for 2 consecutive quarters, or
- ii) A person paying tax under regular scheme has not furnished the returns for 2 consecutive months, or
- iii) A person paying tax under regular scheme has not furnished GSTR-1 (Statement of outward supplies) for any 2 months or quarters, as the case may be.

However, Commissioner (jurisdictional commissioner) may, on receipt of an application from a registered person in prescribed form, on sufficient cause being shown and for reasons to be recorded in writing, by order, in prescribed form allow furnishing of the said information in Part A of Form GST EWB-01, subject to prescribed conditions and restrictions. An order rejecting said request shall not be passed without giving the said person a reasonable opportunity of being heard.

[Notification No. 74/2018 CT dated 31.12.2018 read with Notification No. 36/2019 CT dated 20.08.2019 and Notification No. 75/ 2019 CT dated 26.12.2019]

SECTION 2: PROBLEMS FOR CLASSROOM DISCUSSION

PROBLEM NO.1: MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 1, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?

(NEW SM) (ANS.: MBM CARE TAKERS SHOULD ISSUE INVOICES ON OR BEFORE APRIL 1, JULY 1, OCTOBER 1, JANUARY 1)

(SOLVE PROBLEM NO. 1 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.2: Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4th January, 20XX. For the occasion, it gets the makeover of its models done by Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is Rs.5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10th February, 20XX showing the lumpsum amount of Rs.5,90,000 inclusive of CGST and SGST @ 9% each. Royal Fashions made the payment the very next day. Answer the following questions:

- i) Examine whether the tax invoice has been issued within the time limit prescribed under law?
- ii) Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions? (RTP M18 (N&O))

(ANS.: I) 04.01.20XX; II) TAX AMOUNT HAS NOT BEEN SHOWN SEPARATELY IN THE INVOICE)

(SOLVE PROBLEM NO. 2 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.3: Luv & Kush Pvt. Ltd. of Srinagar, Jammu & Kashmir engaged in the supply of gifts items provides you the following details:

S. No.	Particulars	Date
1.	Commencement of the business of supplying goods	01.08.2019
2.	Turnover exceeds Rs.10,00,000 on	15.08.2019
3.	Turnover exceeds Rs.20,00,000 on	05.09.2019
4.	Application for registration made on	28.09.2019
5.	Registration certificate granted on	06.10.2019

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

(RTP N18(N&O)) (ANS.: LUV & KUSH PVT. LTD. MAY ISSUE REVISED TAX INVOICES)

(SOLVE PROBLEM NO. 3 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.4: ABC Ltd., a registered supplier has made following taxable supplies to its customer Mr. P in the quarter ending 30th June, 20XX.

Date	Bill No.	Particulars	Invoice value (including GST) (Rs.)
5 th April, 20XX	102	Notebooks [10 in numbers]	1,200

10 th May, 20XX	197	Chart Paper [4 in number]	600
20 th May, 20XX	230	Crayon colors [2 packets]	500
2 nd June, 20XX	254	Poster colors [5 packets]	900
22 nd June, 20XX	304	Pencil box [4 sets]	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Mr. P. You are required to advise ABC Ltd. whether it can issue consolidated credit note against all the three invoices? (RTP N19 (N&O))

(ANS.: M/S ABC LTD. CAN ISSUE A CONSOLIDATED CREDIT NOTE FOR THE GOODS RETURNED IN RESPECT OF ALL THE THREE INVOICES) (SOLVE PROBLEM NO. 4 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.5: Karthik & co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March 2019:

- 1) Value of supply charged in an invoice was Rs. 2,50,000 against the actual taxable value of Rs. 2,30,000
- 2) Tax charged in an Invoice was Rs. 32,000 against the actual tax liability of Rs. 58,000 due to wrong HSN code being chosen while issuing invoice
- 3) Value charged in an Invoice was Rs. 3,20,000 as against the actual value of Rs. 4,20,000 due to wrong quantity considered while billing.

Karthik & Co. asks you to answer the following:

- a) Who shall issue a Debit/Credit Note under CGST Act, 2017?
- b) Whether Debit Note or credit Note has to be issued in each of the above circumstances and, if so, quantify the amount for which it is to be issued.
- c) What is the maximum time-limit available for declaring the credit note in the GST return?

(N19 (O) - 5M) (ANS.: I) KARTHIK & CO; II) CREDIT NOTE IS REQUIRED TO ISSUE, DEBIT NOTE IS REQUIRED TO ISSUE, DEBIT NOTE IS REQUIRED TO ISSUE) (SOLVE PROBLEM NO. 5 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

PROBLEM NO.6: Kidzee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Kidzee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25th September by issuing a tax invoice amounting to ₹ 1,00,000. However, the said toys were returned by Nancy General Store on 30th September. Discuss which document Kidzee Toys Ltd. is required to issue in such a case?

(ANS: KIDZEE LTD. IS REQUIRED TO ISSUE A CREDIT NOTE TO NANCY GENERAL STORE FOR THE GOOD RETURNED.) (SOLVE PROBLEM NO. 6 OF ASSIGNMENT PROBLEMS AS REWORK)

Note: _____

SECTION 3: PRINTED SOLUTIONS FOR CLASSROOM PROBLEMS

PROBLEM NO.1

Continuous supply of service means, *inter alia* (i.e. among other things), supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations.

Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM Caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.

In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment.

Therefore, in the given case, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, October 1, and January 1.

PROBLEM NO.2

- 1) As per section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/ banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 03.02.20XX. However, the invoice has been issued on 10.02.20XX.

In such a case, the time of supply as per section 13 of the CGST Act, 2017 would be 04.01.20XX i.e. earliest of the following:

- a) Date of provision of service (04.01.20XX)
 - b) Date of receipt of payment (11.02.20XX)
- 2) Section 31 of the CGST Act, 2017 read with the CGST Rules, 2017, inter alia, provides that tax invoice shall contain the following particulars-
- a) Total value of supply of goods or services or both;
 - b) Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);
 - c) Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law. In the present case, the tax amount has not been shown separately in the invoice.

PROBLEM NO.3

A supplier whose aggregate turnover in a financial year exceeds Rs.20 lakh in a State/UT [Rs.10 lakh in special category states except Jammu & Kashmir and Uttarakhand] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., the date of crossing the threshold limit of Rs.20 lakh/ Rs.10 lakh) vide section 22 of CGST Act, 2017.

Where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may issue revised tax invoices in respect of taxable supplies effected during this period within 1 month from the date of issuance of registration certificate.

In the given case, Luv & Kush Pvt. Ltd is located in Jammu & Kashmir, a special category state. Though the turnover limit for special category states is Rs.10 lakh, Jammu & Kashmir has opted for turnover limit of Rs.20 lakh for the purpose of registration. Thus, since Luv & Kush Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 05.09.2019.

Thus, Luv & Kush Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (05.09.2019) and the date of issuance of registration certificate (06.10.2019), within 1 month from 06.10.2019.

Further, Luv & Kush Pvt. Ltd may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period. However, in case of inter-State supplies made to unregistered dealers, a consolidated revised tax invoice cannot be issued if the value of a supply exceeds Rs.2,50,000.

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PROBLEM NO.4

Where **one or more** tax invoices have been issued for supply of any goods and/or services and

- a) the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- b) where the goods supplied are returned by the recipient, or
- c) where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/or services, may issue to the recipient **one or more** credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, M/s ABC Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

PROBLEM NO.5

- a) The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e. Karthik & Co.
- b) Yes, debit/credit note need to be issued in each of the circumstances as under:
 - i) A credit note is required to be issued as the taxable value in invoice exceeds the actual taxable value. The credit note should be issued for the excess value of supply charged in the invoice, i.e. Rs. 20,000.
 - ii) A debit note is required to be issued as the tax charged in the invoice is less than the actual tax payable. The debit note should be issued for the amount of tax which is charged less, i.e. Rs. 36,000.
 - iii) A debit note is required to be issued as the value of supply charged in the invoice is less than the actual value. The debit note should be issued for the amount of value which is charged less, i.e. Rs. 1,00,000.
- c) The details of the credit note cannot be declared later than the return for the month of September following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.

PROBLEM NO.6

Kidzee Ltd. is required to issue a credit note in such a case.

As per section 34, where one or more tax invoices have been issued for supply of any goods or services or both and the goods supplied are returned by the recipient the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. Therefore, Kidzee Ltd. is required to issue a credit note to Nancy General Store for the good returned.

SECTION 4: ASSIGNMENT PROBLEMS

PROBLEM NO.1: Sultan Industries Ltd., Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7th September. The spare parts were to be delivered on 30th September. Sultan Industries Ltd. removed the finished spare parts from its factory on 29th September. Determine the date by which invoice must be issued by Sultan Industries Ltd. under GST law.

(NEW SM) (ANS.: INVOICE MUST BE ISSUED ON OR BEFORE 29TH SEPTEMBER)

PROBLEM NO.2: The aggregate turnover of Sangri Services Ltd. exceeded Rs.20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advice Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.

(NEW SM, MTP N19 (N&O)) (ANS.: 12TH AUGUST)

PROBLEM NO.3: Chidanand Products Pvt. Ltd. started its business of supply of goods on 1st August, 2020. It's turnover exceeds Rs.20,00,000 on 5th September, 2020. It applied for registration on 28th September, 2020 & granted registration certificate on 6th October, 2020. Guide the company regarding invoices to be issued between 5th September, 2020 to 6th October, 2020 to registered dealers. Further it had also made supplies to unregistered dealers in that period. How it can raise invoices? (M18 (O) - 4M)

(ANS.: MAY ISSUE REVISED TAX INVOICE OR CAN ISSUE CONSOLIDATED TAX INVOICE IN CASE EXCEEDS RS.2,50,000)

PROBLEM NO.4: Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

S. No	Recipient of supply	Amount (Rs.)
1.	Raghav Traders - a registered retail dealer	190
2.	Dhruv Enterprises - an unregistered trader	358
3.	Gaurav - a Painter [unregistered]	500
4.	Oberoi Orphanage - an unregistered entity	188
5.	Aaradhya - a Student [unregistered]	158

None of the recipients require a tax invoice [Raghav Traders being a composition dealer].

Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day? (NEW SM) (ANS.: CAN ISSUE CONSOLIDATED INVOICE)

PROBLEM NO.5: Under what circumstances does the need of issuance of debit note and credit note arise under section 34 of CGST Act, 2017? (OR)

List out the situations in which a credit note / debit note may be issued under the CGST Act, 2017.

(M19 (M) - 5M, M18(O) - 5M & MTP N18(N&O, MTP NOV 20)

PROBLEM NO.6: Gyaan Publishing house, a wholesaler of selling of books registered in Chandigarh, is renowned in the local market for the variety of books and their reasonable prices. Gyaan Publishing house makes supply of 200 books of Drawing & Painting books to Happy General Store on 15th November by issuing a tax invoice amounting to ₹ 2,00,000. However, the said books were returned by Happy General Store on 30th November. Discuss which document Gyaan Publishing house is required to issue in such a case?

(ANS.: GYAAN PUBLISHING HOUSE IS REQUIRED TO ISSUE A CREDIT NOTE TO HAPPY GENERAL STORE FOR THE GOOD RETURNED.)

SECTION 5: ADDITIONAL QUESTIONS FOR SELF PRACTICE

PROBLEM NO.1: Shyam Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same. (NEW SM) (ANS.: SHYAM LTD. NEED TO ISSUE A BILL OF SUPPLY)

PROBLEM NO.2: Determine with reason whether the following statements are true or false:

- i) A registered person shall issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person.
- ii) A Non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month. (M18 (N) - 3M & MTP N18(N&O)) (ANS.: I) FALSE; II) TRUE)

PROBLEM NO.3: Examiner whether the following statement IS true or false giving brief reasons:

It is mandatory to issue a tax invoice in case a registered person has opted for composition levy scheme. (MTP M18 (N&O), MTP N18(O)) (ANS.: FALSE)

PROBLEM NO.4: Explain the meaning of consignment note in relation to Goods Transport Agency and state its contents as per provisions of the CGST Act, 2017. (M19 (O) - 4M)

PROBLEM NO.5: Mr. Shah, a consignor is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Mehta Transporter for movement of goods. Mehta Transporter moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat). Mehta Transporter now hands over the goods to Parikh Transporter.

Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made thereunder. (N19 (N) - 5M)

PROBLEM NO.6: Discuss the correctness of the following statements:

- i) Once generated, an e-way bill cannot be cancelled.
- ii) E-way bill generated in one State is valid in another State.

(RTP M20 (N&O)) (ANS.: PARTIALLY CORRECT; II) CORRECT)

PROBLEM NO.7: Mohan, a supplier of service had received Rs.2,50,000 in advance, from Rakesh. Mohan had deposited tax on such amount in December, 2019. He supplied services valuing to Rs.2,20,000 only in February, 2020 and refunded balance amount to Rakesh. Mohan wants to adjust tax on Rs.30,000 refunded by him. Advise him. (ANS.: REQUIRED TO ISSUE RECEIPT VOUCHER)

PROBLEM NO.8: Sitaram Textiles has to send cloth for dyeing to its job-worker. It wishes to know whether it needs to issue a tax invoice at the time of sending the goods to job-worker. Please advise him with reference to the provisions of the CGST Act. (NEW SM)(ISSUE A DELIVERY CHALLAN)

PROBLEM NO.9: Bhoj Raj, a registered person, has availed GTA services on which he is liable to pay tax under reverse charge. He wishes to know whether he is required to issue an invoice. Please advise him discussing the relevant provisions under CGST Act and rules thereunder. (NEW SM) (ISSUE AN INVOICE)

PROBLEM NO.10: Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same. (NEW SM) (ISSUE A REFUND VOUCHER)

PROBLEM NO.11: Trust and Fun Ltd., an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5th June. Payment for the event was made on 19th June. Determine the time of issue of invoice as per the provisions of CGST Act. (NEW SM) (ON OR BEFORE, 5TH JULY.)

PROBLEM NO.12: "It is mandatory to furnish the details of conveyance in Part-B of E- way Bill." Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017. (NOV 20)(REFER E-WAY BILL PROVISIONS)

SECTION 6: THINGS TO REMEMBER

VALIDITY PERIOD OF E-WAY BILL/CONSOLIDATED E-WAY BILL:

S.No.	Distance within country	Validity period from relevant date*
1)	Upto 100 km.	One day in cases other than Over Dimensional Cargo**
2)	For every 100 km. or part thereof thereafter	One additional day in cases other than Over Dimensional Cargo**
3)	Upto 20 km.	One day in case of Over Dimensional Cargo**
4)	For every 20 km. or part thereof thereafter	One additional day in case of Over Dimensional Cargo**

"Or multimodal shipment in which at least one leg involves transport by ship" has been added to validity period of E-way bill from relevant date.

*Relevant date means the date on which the E-Way Bill has been generated.

**Over dimensional cargo means a cargo carried as a single indivisible unit and which exceeds the dimensional limits prescribed under the Motor Vehicles Act, 1988.