

# **Handbook on Invoicing under GST**



**GST & Indirect Taxes Committee**  
**The Institute of Chartered Accountants of India**  
*(Set up by an Act of Parliament)*  
**New Delhi**

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## Foreword to the Second Edition

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The GST & Indirect Taxes Committee of ICAI has always been proactive in providing the needed support to the members and honing their skills by organising courses, conferences and programmes, live webcasts, e-learning etc. on GST. Further, it has been regularly bringing out useful technical publications on various aspects of GST.

I am happy to note that the Committee has revised its publication namely, ***“Handbook on Invoicing under GST”*** to incorporate the recent amendments made in the provisions relating to invoicing prescribed under GST law. The Handbook discusses a variety of aspects relating to invoicing like, type of documents specified under law in relation to invoicing, which document is to be issued and in which situation, prescribed contents of the documents, importance of documents to substantiate ITC claims, and importance of documents in case of movement of goods etc.

I appreciate the efforts of CA. Rajendra Kumar P, Chairman, CA. Umesh Sharma, Vice-Chairman and other members of the GST and Indirect Taxes Committee and all those who have contributed in revising this useful publication for the benefit of all.

I am confident that the members would find this publication very useful in their professional assignments.

**CA. (Dr.) Debashis Mitra**  
President, ICAI

Date: 30-11-2022

Place: New Delhi



## Preface to the Second Edition

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Goods and Services Tax (GST) is a document-based regime. Every transaction should be supported by at least one of the documents specified in GST law like invoice, debit note, credit note, bill of supply etc. Further, the concept of e-invoicing was introduced for the registered person having turnover more than Rs. 500 crores from October, 2020, which has been, over a period of time, reduced to Rs. 10 crores to widen the scope of e-invoicing.

Considering the significance of the provisions related to invoicing, the GST & Indirect Taxes Committee published a **“Handbook on Invoicing under GST”** in the year May, 2020 along with various other handbooks on different aspects of GST law. These Handbooks are one among the many initiatives of the Committee undertaken towards its objective of GST knowledge dissemination. The provisions related to the chosen topic are collated, explained and analysed in such handbooks for easy comprehension of all the interested stakeholders.

GST law is extremely dynamic and is prone to frequent changes is not a matter of surprise and is known to all and sundry. Accordingly, in view of the amendments made in the provisions related to invoicing in the last two years, the GST & Indirect Taxes Committee has revised this “Handbook on Invoicing under GST”. The law stated in this Handbook is updated till 30<sup>th</sup> November, 2022.

We are thankful to CA. (Dr.) Debashis Mitra, President, ICAI and CA. Aniket Sunil Talati, Vice-President, ICAI for their continuous encouragement and support for the various endeavours of the GST & Indirect Taxes Committee. We acknowledge with our deepest gratitude the efforts of CA. Shankara Narayanan V in revising the Handbook. We would also like to thank the members of our Committee who have always been part of all our endeavours. Last but not the least, we commend the efforts made by the Secretariat in providing the requisite technical and administrative assistance in the revision exercise.

Though all efforts have been taken to provide the correct and legitimate position in this Handbook, there can be different views/opinions on the various issues addressed to in this Handbook. We request the readers to

bring to our notice any inadvertent error or mistake that may have crept in during the revision of this Handbook. We will be glad to receive your valuable feedback.

We are positive that readers will use this book to their advantage in fulfilling their professional duties appropriately. We request you to visit our website <https://idtc.icai.org> and make use of other available technical/educational resources on GST to increase your knowledge base in GST.

**CA. Rajendra Kumar P**

Chairman

GST & Indirect Taxes Committee

**CA. Umesh Sharma**

Vice-Chairman

GST & Indirect Taxes Committee

Date : 30-11-2022

Place : New Delhi

# Foreword to the First Edition

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The introduction of Goods & Service Tax (GST) in India is one of the biggest indirect tax reforms since Independence. The reform that took more than a decade of mutual co-operation, continuous discussion and intense debate between Central and State Governments about implementation methodology, was finally implemented with effect from 1<sup>st</sup> July 2017, subsuming almost all indirect taxes at the Central and State levels. As the journey of GST Implementation progressed in India, the authorities have been quick to address the various challenges faced by the Industry and public concerns by issuing a series of notifications, clarifications, press releases and FAQs, to resolve a wide range of concerns.

The GST along with its challenges has brought in various benefits also like creation of National market by bringing down fiscal barriers amongst the States and has mitigated the cascading effect of taxes by allowing seamless credit of Input Tax across goods & services. The Institute of Chartered Accountants of India (ICAI) through its GST & Indirect Taxes Committee has been playing a vital role in implementation of GST in India by providing suggestions to the Government at each stage of development of GST. Further, the Institute has been playing proactive role and is a catalyst in dissemination of knowledge and awareness through technical publications, newsletters, E-learning and organizing various programmes, Certificate courses, webcasts etc. for all stakeholders.

I am happy to note that the GST & Indirect Taxes Committee of ICAI has now taken an initiative to issue a series of Handbooks covering various procedural aspects of GST and in that series is bringing out **Handbook on Invoicing under GST** with an objective to provide a basic understanding of the topic. The handbook explains the concepts / procedures relating to Invoicing in an easy to understand lucid language and it aimed at updating the knowledge base of members in a simple and concise manner.

I congratulate CA. Rajendra Kumar P, Chairman, CA. Sushil Kumar Goyal, Vice Chairman and other members of GST & Indirect Taxes Committee for coming out with this Handbook and for taking active steps in providing regular guidance to the members and other stakeholders at large.

I am sure that the members will find this publication very useful in discharging the statutory functions and responsibilities in an efficient and effective manner.

**CA. Atul Kumar Gupta**  
President, ICAI

Date: 28.05.2020

Place: New Delhi

# Preface to the First Edition

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Goods and Services Tax (GST) was introduced in India from 1<sup>st</sup> July, 2017. It is one of the major tax reforms since independence in the area of indirect taxation. It was introduced with the objective to mitigate the cascading effect of taxes by allowing seamless credit across goods and services, facilitate free flow of goods and services across India and boosting tax revenue from better compliance and widening the tax base. A remarkable feature of GST implementation is that all the States in India came together with the Centre to form a unique federal body called GST Council, which is entrusted with the objective of recommending policies and procedural matter in the formation and implementation of GST legislation. The spirit of co-operative federalism took deep roots there by ensuring that large federal countries like India implement the GST Law.

In order to facilitate in understanding various compliance under GST, GST & Indirect Taxes Committee of ICAI has taken an initiative to prepare Handbook on procedural aspects like registration, refund, return, Invoice etc. One of the result of such initiative is **Handbook on Invoicing under GST**. An attempt has been made to cover all aspects related to Invoicing at one place and is intended to give general guidance to all stakeholders and also help them in resolving issue that they may face during the course of their compliance aspect in GST. This Handbook on Invoicing under GST is comprehensive containing analysis of the entire provisions under the law including notifications, circulars or orders upto 31<sup>st</sup> March, 2020 issued by the Government from time to time along with few FAQ's, MCQ's, Flowcharts, Diagrams and Illustrations etc. to make the reading and understanding easier.

We stand by the Government in our role as "Partner in GST Knowledge Dissemination" and have always been supporting Government with our intellectual resources, expertise and efforts to make GST error-free.

We sincerely thank CA. Atul Kumar Gupta, President and CA. Nihar Niranjana Jambusaria, Vice-President, ICAI for their encouragement to the initiatives of the GST & Indirect Taxes Committee. We express our gratitude for the

untiring effort of CA. Ashu Dalmia who has shared his intellectual expertise and CA. Madurai Balasubramaniam and CA. G Saravanakumar for reviewing this publication. We place on record the services and unstinted support provided by the Secretariat of the Committee.

We trust this Handbook will be of practical use to all the members of the Institute and other stakeholders. We also welcome suggestions at [gst@icai.in](mailto:gst@icai.in) and request to visit our website <https://idtc.icai.org/> and provide valuable inputs in our journey to make GST truly a good and simple tax.

**CA. Rajendra Kumar P**  
Chairman  
GST & Indirect Taxes Committee

**CA. Sushil Kumar Goyal**  
Vice- Chairman  
GST & Indirect Taxes Committee

Date: 28.05.2020

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# Contents

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## PART-I

1. Introduction .....	1
2. Tax Invoice .....	7
3. Bill of Supply .....	35
4. Invoice Cum Bill of Supply.....	36
5. Revised Tax Invoice.....	37
6. Amendment in Transaction – Debit Note and Credit Note .....	39
7. Advance For Supply – Receipt Voucher.....	45
8. Refund of Advance – Refund Voucher .....	47
9. Delivery Challan in Special Situations.....	49
10. Payment Voucher .....	51

## PART-II

1. E-Invoice-Introduction .....	53
2. E-Invoice-Concept .....	54
3. E-Invoice - Process.....	55
4. E-Invoice- IRP and QR Code.....	57
5. E-Invoice - Implementation.....	58
6. E-Invoice – Legal Framework.....	58
7. E-Invoice – QR Code for B2C Invoice.....	60



# **Handbook on Invoicing under GST**

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## **PART-I**

### **1. Introduction**

1.1 GST is a document based regime. Every transaction should be supported by at least one of the documents specified in GST law. The term 'invoice' is synonymously referred as tax invoice in GST law and is also defined as such. In case any supply is done without creating the requisite document, it may lead to penalty and prosecution under sections 122 and 132 respectively of the Central Goods and Services Tax Act, 2017 (hereinafter referred to as "CGST Act"). The term 'Invoice' is a broader term and includes other documents viz. debit note, credit note, revised invoice, receipt voucher, payment voucher, bill of supply and delivery challan apart from tax invoice.

The tax invoice is the basic document for the movement of goods, evidence of supply of taxable goods or services or both and also for claiming of Input Tax Credit on receipt of relevant goods or services or claiming of refunds of tax so paid or ITC availed and utilised. Registered persons are required to issue invoice containing the information as prescribed in CGST Act and Central Goods and Services Tax Rules, 2017 (hereinafter referred to as "CGST Rules").

- Tax invoice is the document issued by a registered person to effect taxable supply of goods or services or both;
- In case there is some amendment in supply transaction then either debit note or credit note is raised;
- Revised tax invoice is permitted to be used only for limited time period in case of new registration;
- In case of exempted supply and supply by composition dealer, bill of supply is issued;
- In case there is a transaction otherwise than by supply, then in such specified situations delivery challan is issued;
- In case any advance is received for future supply, then receipt voucher is issued;

## Handbook on Invoicing under GST

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- in case of refund of advance so received, refund voucher is issued;
- When a registered person receives supplies which are covered under reverse charge mechanism under sub-section (3) or (4) to section 9 from an unregistered person, then such recipient shall raise a 'Self Invoice';
- When a registered person makes a payment to suppliers whose supplies are covered under reverse charge mechanism under sub-section (3) or (4) to section 9, then payment voucher is issued.

An e-way bill is required for movement of goods in specific situations and it should be accompanied with any one of the following documents:

- Tax Invoice
- Bill of Supply
- Delivery Challan, in case of reasons otherwise than for supply
- Bill of Entry in case of Imports

Aforesaid documentation requirement can be tabulated as under:

S. No.	Transaction	Document
1.	Taxable supply other than composition dealer and Input Service Distributor (ISD)	Tax Invoice
2.	Tax distribution by ISD	ISD Invoice
3.	Exempted Supply	Bill of Supply
4.	Supplier of goods opted for Composition	Bill of Supply
5.	Registered persons opting for composition scheme under section 10(2A) / concessional rate of tax under Notification No.2/2019 - Central Tax (Rate)	Bill of Supply
6.	Supply of both Taxable and exempted goods and services to an unregistered person in a single Invoice	Invoice-cum-Bill of Supply

## Handbook on Invoicing under GST

S. No.	Transaction	Document
7.	Amendment in Transaction	Debit Note/Credit Note
8.	Advance received for Supply	Receipt voucher
9.	Refund of Advance where Tax invoice is not issued	Refund Voucher
10.	Payment by registered person to suppliers whose supplies are covered under reverse charge mechanism under sub-section (3) or (4) to section 9	Payment Voucher
11.	Specific Transactions like job-work, stock transfer, movement of goods for exhibition etc.,	Delivery Challan
12.	Inward Supplies attracting reverse charge mechanism under sub-section (3) or (4) to Section 9, from an unregistered person	Self-Invoice

Reformation of tax invoice in the form of e-invoice has also been brought in picture and only the registered person having aggregate turnover of more than ₹ 10 crores will be required to issue e-invoice for supply of goods or services or both with effect from 1<sup>st</sup> October 2022.

Tax invoice and other documents will become more relevant in audit and assessment proceedings to substantiate underlying transactions.

This Handbook has been written with following objectives: -

- To understand the type of documents specified in the law;
- To understand what document to be issued in which situation;
- To understand what is to be prescribed in the documents;
- To understand the importance of documents to substantiate the ITC claim;
- To understand the importance of documents in case of movement of Goods;

## Handbook on Invoicing under GST

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- To understand how the information related to documents to be reflected in returns;
- To understand the concept of e-invoicing.

Now we will try to understand the provisions related to tax invoice, e-invoice and other documents and interdependence of these documents with e-waybill in different situations.

1.2 Following is the brief description of the documents referred above:

- **Tax Invoice:** All registered persons other than the supplier of exempted goods or service or both and composition dealer shall issue tax invoice for making taxable supply of goods or services or both including zero rated supplies. Tax invoice should contain various particulars as specified in rule 46 and rule 54 of CGST Rules.
- **Bill of Supply:** A registered person supplying exempted goods or services or both or paying tax under composition scheme shall, instead of a tax invoice, issue a bill of supply. There is no specified format for Bill of supply. Bill of supply should contain various particulars as specified in rule 49 of CGST Rules.
- **Invoice cum Bill of Supply:** A registered person making supply of goods or services or both to an unregistered person which consist of both taxable and exempted supply, may issue only one document i.e. invoice cum bill of supply for both taxable and exempted supply as specified in rule 46A of CGST Rules.
- **Receipt Voucher:** A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher. The receipt voucher should contain various particulars as specified in rule 50 of CGST Rules.
- **Refund Voucher:** A registered person, on receipt of advance payment with respect to any supply of goods or services or both shall issue a receipt voucher, but subsequently if no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment. Refund voucher should contain the particulars as specified in rule 51 of CGST Rules.

- **Payment Voucher:** A registered person who is liable to pay tax under reverse charge shall issue a payment voucher at the time of making payment to the supplier. Payment voucher should contain the particulars as specified in rule 52 of CGST Rules.
- **Debit Note:** Every registered person shall issue debit note where the taxable value or tax charged in respect of supply is more than the taxable value or tax payable mentioned in the tax invoice. Debit note should contain the particulars as specified in rule 53 of CGST Rules.
- **Credit Note:** Every registered person may issue credit note to the recipient, where the taxable value or tax charged in the tax invoice is found to exceed the taxable value or tax payable in respect of any supply, or where the goods are returned or where goods or services or both are found to be deficient. The credit note should contain the particulars as specified in rule 53 of CGST Rules.
- **Self Invoice:** Section 31(3)(f) of CGST Act states that every registered person shall in respect of inward supplies which are covered under reverse charge mechanism under sub-section (3) or (4) to section 9 from an unregistered person, then such recipient shall raise a 'Self Invoice'. The self invoice should contain the particulars as specified in rule 46 of CGST Rules.
- **Delivery Challan:** In case there is movement of goods for the following reasons, and no tax invoice/debit note/credit note/bill of supply is being issued then delivery challan can be issued for such situations:
  - ◆ 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;
  - ◆ transportation of goods in a semi-knocked down or completely knocked down condition or in batches or lots; or
  - ◆ such other supplies as may be notified by the Board.Delivery challan should contain the particulars as specified in rule 55 of CGST Rules.

## Handbook on Invoicing under GST

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1.3 Following Table gives a summary of legal provisions related to various documents:

<b>Sections &amp; Rules</b>	<b>Details</b>
Sec. – 31	Tax invoice
Sec. – 31A	Facility of digital payment to recipient
Sec. – 32	Prohibition of unauthorized collection of tax
Sec. – 33	Amount of tax to be indicated in tax invoice and other documents
Sec. – 34	Credit and debit notes
Rule – 46	Tax invoice
Rule – 46A	Invoice-cum-bill of supply
Rule – 47	Time limit for issuing tax invoice
Rule – 48	Manner of issuing invoice
Rule – 49	Bill of supply
Rule – 50	Receipt Voucher
Rule – 51	Refund Voucher
Rule – 52	Payment Voucher
Rule – 53	Revised Tax Invoice
Rule – 53(1A)	Credit or Debit Notes
Rule – 54	Tax Invoice In Special Cases
Rule – 55	Transportation of goods without issue of invoice - Delivery Challan
Rule – 55A	Tax invoice or bill of supply to accompany transport of goods

Now we shall discuss in detail the various provisions related to the aforesaid documents.

## 2. Tax Invoice

One of the basic canons of indirect tax law is time of supply. Time of the supply is the point when the taxable event triggers the liability to pay tax on the taxable person. Issue of tax invoice is one of the factors to determine the time of supply. There are separate provisions for issue of tax invoice for goods as well as for services. Though GST law is applicable both for goods and services, there are fundamental differences in timing, content, and manner of raising tax invoice for goods as well as for services. Fundamentally following steps must be undertaken before raising of tax invoice so that there is no conceptual error and consequential penal actions can be avoided for such errors:

1. Determine whether the transaction undertaken is supply;
2. Whether such supply is taxable or exempted;
3. Whether such supply consists of single supply or more than one supply;
4. If it is more than one supply then whether it is composite or mixed supply;
5. Whether it is supply of goods or services.

Now we shall discuss various aspects with respect to issue of tax invoice for goods and services under following headings:

- 2.1 Time limit to issue tax invoice for both goods and services and its impact on time of supply.
- 2.2 Manner of issuing tax invoice for both goods and services.
- 2.3 Tax invoice and ITC.
- 2.4 Content required on tax invoice covering few specific transactions viz. Exports, SEZ supply, ISD invoice, Banks, GTA and Passenger Transport Services and exhibition of Cinematographic Film services.
- 2.5 Signature requirements on tax invoice.
- 2.6 Tax Invoice and its disclosures in GST returns.
- 2.7 HSN Code requirement on tax invoice.
- 2.8 Tax Invoice and bill of supply for supply less than ₹ 200/-.

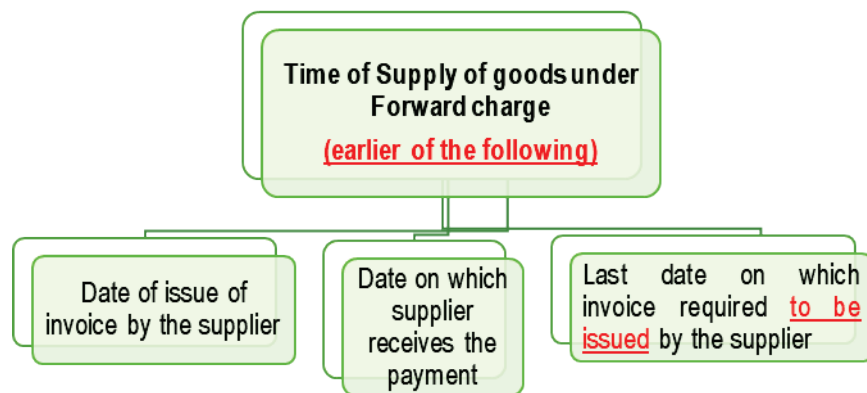
## Handbook on Invoicing under GST

2.9 Offence and Penalty relating to non-compliance of provisions relating to tax invoice.

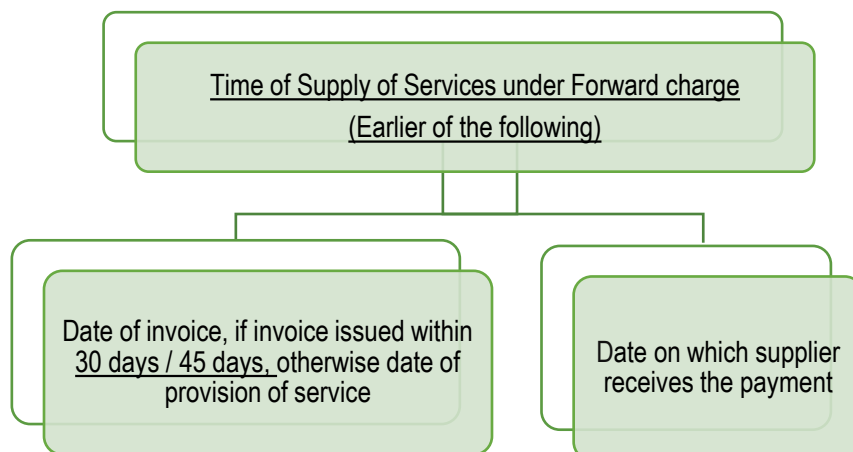
2.10 Retention of tax invoice and other related documents.

### 2.1 Time Limit to Issue Invoice

As discussed, time of supply is dependent on tax invoice. Provisions related to time of supply have been shown in charts below for better understanding of the provisions and issues related to tax invoice:



However it may be noted that, there is no liability for a registered person, to pay tax against receipt of advance payment for supply of goods with effect from 15<sup>th</sup> Nov 2017 vide *Notification No. 66/2017-CT dated 15.11.2017*, as it is not considered as time of supply as per Sec 12 of CGST Act.



***When Date cannot be determined as above then “Date of Entry in books of account of the recipient of services.”***

Tax Invoice is one of the important parameter to determine the time of supply. Section 31 of the CGST Act read with Rule 47 of CGST Rules, deals with the timing for issue of invoice for goods and services. There are different rules for issue of invoice for goods and services. Further there can be different scenarios for supply of goods or services.

### **2.1.1 Tax Invoice-Time to Issue for Goods**

Time to issue invoice for supply of taxable goods will be as follows:

**(A) General Rule: [Sec 31(1)]**

- Before or at the time of removal of goods where supply involves movement of goods; or
- Before or at the time of delivery of goods or making available to the recipient where supply does not involve movement of goods.

‘Removal’ here means the movement of goods arises only at the time of supply and not otherwise.

As per Section 2(96) of the CGST Act, ‘removal of goods’ means, when goods are:

- dispatched by supplier or any person acting in his behalf; or
- collected by recipient or any person acting in his behalf.

Export of goods involves movement of goods and thus tax invoice should be raised before or at the time of removal of goods.

The phrase “delivery” is not defined in GST Law, but as per Sale of Goods Act, 1930, ‘delivery’ means a voluntary transfer of possession from one person to another. Mere possession of goods does not amount to delivery of goods. Thus delivery may be in the form of physical or symbolic or constructive.

**Example 1:** Mr. A of Kolkata is a dealer of Mobile phones, supplied 10,000 mobiles to Mr. C of Delhi on 15<sup>th</sup> February. Mr. C gave order for mobile phones on 01<sup>st</sup> February and on that day Mr. A agreed to deliver mobiles by 17<sup>th</sup> February. What will be the date as per GST provisions for issuance of invoice?

## **Handbook on Invoicing under GST**

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**Answer:** As per the general rule mentioned above, invoice must be issued on or before or at the time of removal of goods in case of movement. Hence, invoice must be issued on 15<sup>th</sup> February the date when the mobile phones were dispatched for delivery.

### **(B) Continuous Supply of Goods: [Sec 31(4)]**

In case of continuous supply of goods, where successive statements of accounts or successive payments are involved, the invoice shall be issued earliest of the following time:

- when each statement is issued;
- when each such payment is received.

As per section 2(32) of the CGST Act, 'continuous supply of goods' means supply of goods which is provided or agreed to be provided:

- continuously or on recurrent basis;
- under a contract;
- it may or may not be by means of a wire, cable, pipeline or other conduit;
- the supplier sends invoice to the recipient on regular or a periodic basis as notified.

#### *Examples for Continuous supply of goods*

XYZ Construction Company regularly receives river sand and bricks from its suppliers. Successive statements of accounts are issued by the suppliers fortnightly. Invoice is to be raised before or at the time of issuance of statement of accounts by the suppliers.

Other examples are supply of river sand, bricks and other materials for construction work, regular supply of water cans to business premises, continuous supply of printing and stationary to business places etc., where in successive statement of accounts are issued on weekly or fortnightly basis.

### **(C) Goods Sent on Approval for Sale or Return [Sec 31(7)]**

In case goods are sent on approval basis for sale or return, the tax invoice shall be issued at the earliest of the following:

- Time when it becomes known that supply has taken place; or
- Six months from the date of removal.

Rule 55(1)(c) of CGST Rules provides that the supplier shall issue a delivery challan for the initial transportation of goods where such transaction is for reasons other than by way of supply. Also, Rule 55(4) of CGST rules permits the supplier of goods to issue invoice after delivery of goods in case he is not able to raise the invoice at the time of supply.

As per *Circular No. 10/10/2017 dated 18-10-2017*, goods which are sent on approval basis can be moved on delivery challan along with e-way bill wherever applicable and the invoice can be issued at the time of delivery of goods. Hence, the person delivering the goods can carry invoice book with him to issue invoice as and when the supply is fructified.

**(D) Tax Invoice by Recipient of supply of goods-Reverse Charge [Sec 31(3)(f)]**

As per Section 2(98) of the CGST Act “reverse charge” means when the liability to pay tax is on recipient of goods or services or both, instead of the supplier, it is covered under:

- Sec.9(3) or Sec.9(4) of CGST Act;
- Sec.5(3) or Sec.5(4) of IGST Act.

The supplier, of such goods on which the recipient is liable to pay tax under RCM, may be, either registered or unregistered under GST. In case of registered supplier, the tax invoice is to be issued by the supplier even though his supplies are covered by reverse charge mechanism under section 9(3). While issuing invoice, as per Rule 46(p) of CGST Rules, he has to specifically mention the fact that the said supply is covered by reverse charge mechanism. However tax invoice needs to be issued by the recipient in case the supplier is not registered in GST whether supplies are covered by section 9(3) or 9(4) and the time limit for raising such tax invoice by the recipient shall be on the date of receipt of goods. Such tax invoices raised by the recipient are popularly called as “Self-generated Tax Invoice” or “Self Invoice”.

In terms of the Second Proviso to rule 46, the above invoice may be issued on a consolidated basis at the end of the month covering all supplies received under section 9(4).

***Document for the purpose of taking ITC in case of RCM supplies***

When supply is received from unregistered person subject to RCM then the recipient would take ITC based on invoice (self-tax invoice) issued under section 31(3)(f) read with rule 36(1)(b). However if the supply is received

## **Handbook on Invoicing under GST**

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from registered person subject to RCM then the recipient would take ITC based on invoice issued by the supplier under section 31 and rule 36(1)(a).

M/s. ABC Ltd. has availed service of transportation of goods from a GTA who has GST RC. In this case GTA would issue tax invoice and M/s. ABC Ltd shall not issue invoice (self-tax invoice) unlike mentioned in previous example. ITC shall be taken based on invoice issued by GTA as per Rule 36(1)(a).

In case recipient issues tax invoice for RCM, time of supply is not directly linked with date of tax invoice but it is linked with date of receipt of goods or date of payment entered in the books of account by the recipient.

In case tax is paid under reverse charge, the time of supply of goods shall be earlier of the following dates:

- Date of receipt of goods; or
- Date of payment as entered in the books of recipient or date of debit in bank account of the recipient; or
- 31st day from the date of issue of invoice or any other document by supplier.

However, when time of supply of goods cannot be determined as above the date of entry in books of accounts of the recipient of supply shall become the time of supply.

### **(E) Issue of Delivery Challan**

#### ***In case of movement of Goods for Job Work: [Rule 55(1)(b)]***

In case of job work, as provided in Section 143 of the CGST Act, if a registered person sends any inputs or capital goods, without payment of tax, to a job worker for job work and from there subsequently send to another job worker, they have to comply with the following conditions:

- Such registered person has to bring back inputs within a period of one year or capital goods within a period of three years after completion of job work to any of his place of business.

In case the principal wants to send the processed inputs within one year from the date of dispatch or capital goods within 3 years from the date of dispatch from the premises of job worker to customer directly, then he has to ensure that the job worker is a registered person. In case he is unregistered, the principal can supply the goods within India on payment of taxes or for export

with or without payment of taxes from the premises of job worker only after including job worker's premises as his (principal's) place of business.

In case of movement of goods between the principal and the job worker and vice versa since such movement is otherwise than by supply, the parties involved shall move goods by way of delivery challan as provided in Rule 55(1) of CGST Rules.

As per *Circular 38/12/2018 dated 26-03-2018*, the principal shall issue a tax invoice on expiry of three years / one year and should declare such supplies in the return filed for the month in which the time when the period of three years / one year gets expired. But interest has to be paid from the date on which such inputs or capital goods were initially sent for Job work.

### **(F) Tax Invoice by Artist - [Rule 55 (1)(c)]**

In the course of supply of art work by an Artist who being a registered person as a general trade practice will either supply such art work on approval basis or through a gallery by exhibiting the same in such gallery. At the initial movement of such art work being goods, tax invoice cannot be issued but instead delivery challan as provided in Rule 55(1)(c) may be issued. Detailed guidelines were provided in *Circular No. 22/2017 dated 21-12-2017* which areas under:

- 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-waybill wherever applicable and the invoice may be issued at the time of actual supply of art work.
- In case of supply by artists through galleries, there is no consideration flowing from the gallery to the artist when the art works are sent to the gallery for exhibition and therefore, the same is not a supply, and hence such art works will be moved on a delivery challan as provided above. It is only when the buyer selects a particular artwork displayed at the gallery, that the actual supply takes place and applicable GST would be payable at the time of such supply, hence tax invoice will be issued only at that time.

### **2.1.2 Issue of Tax Invoice for Services -Time limit**

#### **(A) General Rule:**

A taxable person supplying services can issue an invoice before or after the provision of services within the time prescribed in Sec 31 of CGST Act read with Rule 47 of CGST Rules. As per rule 47 the prescribed time limit for issuing the invoices is 30 days from the date of supply of services, except in the case of services supplied by an insurer or a banking company or a financial institution including a non-banking financial company or a telecom operator.

The Government may by Notifications specify certain categories of services in respect of which any other documents which is issued for supply of services shall be deemed to be the tax invoice or categories of services for which tax invoice need not be issued even in case of supply of services. Instances of such services are discussed in detail in the later part of this Handbook.

#### **(B) Issuance of Tax invoice in case of continuous supply of services**

“Continuous supply of services” means –

- Supply of services which is provided or agreed to be provided continuously or on recurrent basis;
- under a Contract;
- for a period exceeding 3 months;
- with periodic payment obligations as mentioned in the contract; and
- includes other supply of services as notified.

In case of continuous supply of services, issuance of tax invoice is dependent upon the nature of contract and other terms and conditions in contract viz., due date of payment, actual date of payment and completion of such event which is the billing mile stone. Thus tax invoice in case of such continuous supply of services shall be issued -

- (a) where the due date of payment *is ascertainable* from the contract, the invoice shall be issued on or before the due date of payment;
- (b) where the due date of payment is *not ascertainable* from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment;

- (c) where the payment is *linked to the completion of an event*, the invoice shall be issued on or before the date of completion of that event which is considered as billing milestone.

*Example: 1-* Some instances of continuous supply of service would be construction services, interior decoration services, security services, supply of manpower services, rental services etc.

*Example: 2-* ACE Ltd enters into a contract with Mr. Rajnish for construction service for a period of one year to complete the project. It was agreed that in each month Mr. Rajnish will pay ₹ 100,000/- on 15<sup>th</sup> of every month. What will be the date for issuance of Tax invoice in this case by Mr. Rajnish?

*Answer:* As per the provision mentioned above in case of continuous supply of service when the due date of payment is ascertainable from the contract, invoice must be issued on or before the due date of payment. Hence, Mr. Rajnish shall issue invoice on or before 15<sup>th</sup> of every month for ₹ 1,00,000/-

*Example 3:* A Ltd enters into a contract with Mr. B on 01-04-2019 for construction service for a period of one year to complete the project without any predetermined date for payment of service. Mr. B receives lump sum amount of ₹ 100,000/- on 10-09-2019. What will be the date for issuance of invoice in this case by Mr. B?

*Answer:* As per the provision mentioned above in case of continuous supply of service if the due date for payment is not ascertainable from the contract then the invoice shall be issued before or at the time when the supplier of service receives payment i.e. 10-09-2019.

***(C) Tax Invoice by Recipient of supply of services-Reverse Charge:***

As per Section 2(98) of the CGST Act “reverse charge” means when the liability to pay tax is on the recipient of goods or services or both instead of the supplier, it is covered under:

- Sec.9(3) or Sec.9(4) of CGST Act;
- Sec.5(3) or Sec.5(4) of IGST Act.

The supplier, of such services on which the recipient is liable to pay tax under RCM, may be, either registered or unregistered in GST. In case of registered supplier, invoice is issued by the supplier even though his supplies are covered by reverse charge mechanism under section 9(3). While issuing invoice, as per Rule 46(p) of CGST Rules, he has to specifically mention the fact that the said supply is covered by reverse charge mechanism.

## Handbook on Invoicing under GST

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However in case of unregistered Supplier, the tax invoice needs to be generated by the recipient which is popularly called as “self-generated tax invoice”. Time limit for generating such invoice by the recipient shall be the date of receipt of services.

In terms of the Second Proviso to rule 46, the above invoice may be issued on a consolidated basis at the end of the month covering all supplies received under section 9(4).

In case the recipient issues self-generated tax invoice for RCM, the time of supply is not directly linked with date of tax invoice issued by the supplier, but it is linked with other dates mentioned below. Thus, in case tax is paid under Reverse charge, time of supply of services will be earlier of the following dates:

- Date on which payment entered in books of accounts of recipient of service; or
- Date on which payment is debited in bank accounts of recipient of service; or
- Date following 60 days (61st day) from the date of issue of invoice by supplier.

However, when the date cannot be determined as above, then the residual option would be the date of entry in books of account of the recipient of service shall become the time of supply.

If the supplier of service happens to be an ‘associated enterprise’ in terms of section 92A of the Income Tax Act, the time of supply will be earliest of the following:

- Date of entry in the books of accounts of the recipient; or
- Date of payment.

### ***(D) Tax Invoice for incomplete services due to Cessation: [Sec 31(6)]***

In a case where the supply of services ceases under a contract before the completion of the supply of such service, the invoice shall be issued at the time when the supply ceases and such invoice shall be issued to the extent of the supply made before such cessation. Due tax on such services shall also be remitted.

***(E) Tax Invoice for Banking and Insurance Company: [Proviso to Rule 47]***

In case the supplier of services is an insurer or a banking company or a financial institution, including a non-banking financial company, the time limit for issue of tax invoice for such services shall be 45 days from the date of supply of such service.

In case the above insurance company or a banking company or a financial institution or a non-banking financial company or a telecom operator or any other notified class of supplier of services are engaged in supply of taxable services in the capacity of distinct persons as provided in Sec 25 of CGST Act, then the time limit for issue of such services shall be the date on which such services are entered in the books of accounts of the supplier or before the quarter in which such supply was made.

For example, M/s. Bharath Sanchar Nigam Limited, Telangana has raised an invoice against M/s. Bharat Sanchar Nigam Limited, Tamil Nadu for SMS services provided to the customers in Tamil Nadu.

**2.1.3 Facility of digital payment to recipient: [Sec 31A]**

With effect from 1<sup>st</sup> January 2020, the Government on the recommendation of the Council is empowered to prescribe a class of registered person who shall provide prescribed modes of electronic payment to the recipient of supply of goods or services or both made by him and gives option to such recipient to make payment accordingly as may be prescribed in rules.

**2.1.4 Prohibition of unauthorized collection of tax: [Sec 32]**

Only a registered person shall collect tax in respect of supply of goods or services or both in accordance with the provisions of the GST Law. Even such registered person is restricted to collect tax as provided in the GST Law.

This provision is quite exhaustive because even a supplier who collects tax in excess due to a classification mistake seems to be attracted in this provision as the law is silent as to what is construed to be unauthorised collection of tax.

## **2.2 Manner of Issuance of Tax Invoice**

### **2.2.1 Manner of Issuance for Goods [Rule 48]**

#### **Goods**

The invoice shall be prepared in triplicate, in case of supply of goods, in the following manner:

- (a) the original copy being marked as ORIGINAL FOR RECIPIENT;
- (b) the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- (c) the triplicate copy being marked as TRIPLICATE FOR SUPPLIER.

The Serial number of invoices issued during every tax period shall be updated in Table 13 of Form GSTR -1.

In terms of rule 48(4) notified classes of persons while preparing the invoice shall include such particulars contained in Form GST INV – 01 after obtaining an Invoice Reference Number from the common portal specified for this purpose. In case invoice is prepared without including such prescribed particulars then such invoice shall not be treated as an invoice. However this E-Invoicing Scheme has come into effect from 1<sup>st</sup> October 2020 and as of 1<sup>st</sup> October 2022 covers all taxpayers with turnover exceeding ₹ 10 crores.

Where the goods are being transported in a semi knocked down or completely knocked down condition or in batches or lots, then-

- the supplier shall issue the complete invoice before dispatch of the first consignment;
- the supplier shall issue a delivery challan for each of the subsequent consignments, giving reference of the invoice;
- each consignment shall be accompanied by copies of the corresponding delivery challan along with a duly certified copy of the invoice; and
- the original copy of the invoice shall be sent along with the last consignment.

Further, the person-in charge of the conveyance transporting the goods shall carry a copy of the tax invoice or the bill of supply issued in accordance with the provisions of rules 46, 46A or 49 where such person is not required to carry an e-way bill

## 2.2.2 Manner of Issuance for Services

### Services

The invoice shall be prepared in duplicate, in case of supply of services, in the following manner: —

- (a) the original copy being marked as ORIGINAL FOR RECIPIENT; and
- (b) the duplicate copy being marked as DUPLICATE FOR SUPPLIER.

## 2.2.3 Manner of Issuance of E-Invoice

In case of e-invoice there is no requirement of issuing multiple copies of invoices as invoice is being issued digitally. E-Invoice related issues and provisions have been discussed in Part II of the book.

## 2.3 Tax Invoice and ITC

Input tax credit (ITC) is an important and inherent aspect in GST. System of ITC embedded in GST is very much essential to remove cascading effects of taxes in the distribution channel. Though the benefit ITC in GST is a Constitutional objective and not a concession, still it is considered only as an entitlement on mandatory fulfillment of certain pre and post conditions as specified in Sec 16 of CGST Act. As such one of the basic conditions to avail ITC as per Sec 16(2) (a) of CGST Act read with Rule 36(1) of CGST Rules is possession of tax invoice or other documents as detailed below:

- Tax invoice issued by the supplier of goods or services or both as per section 31;
- Self-generated tax invoice prepared by the recipient of goods or services or both as per Sec 31(3)(f) where the tax liability is discharged by him under reverse charge as per Sec 9(3) and Sec 9(4) along with the proof payment of such tax;
- Debit note issued by a supplier of goods or services or both as per section 34;
- A bill of entry or any similar document prescribed under the Customs Act, 1962 or rules made thereunder for the assessment of integrated tax on imports;
- An input service distributor invoice or input service distributor credit note or any document issued by an input service distributor as per Rule 54(1).

It is not only enough to have one of the aforesaid documents, but these documents should contain all particulars as specified in Rule 46 or 53 or 54

## Handbook on Invoicing under GST

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depending upon the document on the basis of which ITC is claimed. All requirements in the aforesaid rules have been explained in ensuing paragraphs. Thus, it is important to ensure that the tax invoice and other documents contain all particulars specified in law. In the absence of any particular, the recipient of supply may suffer due to denial of ITC and consequential interest and penalty as specified in Sec 50, Sec 122 and Sec 132 of CGST Act. It must also be noted that demand against such denial can be raised within 3 or 5 years under Sec 73 or Sec 74 from the due date of filing of annual return.

However, w.e.f. 4th September 2018 vide Notification No.39/2018-CT dated 04.09.2018, one relaxation has been given under rule 36. Even where the particulars as mandated in Rule 46 are not available, ITC may be availed based on the information contained in following fields in the tax invoice:

- details of the amount of tax charged;
- description of goods or services;
- total value of supply of goods or services or both;
- GSTIN of the supplier and recipient; and
- place of supply in case of inter-State supply;

Despite such relaxation, it is advisable to have all contents as required in Rule 46, 53 or 54 to avoid litigation which may result in cash loss.

Section 17(5)(i) of the CGST Act restricts the registered person to avail input tax credit in case tax has been paid under Section 74 or Section 129 or Section 130. In consonance with this provision, rule 53(3) of CGST rules provides that any invoice or debit note issued in pursuance of any tax payable in accordance with the provisions of section 74 or section 129 or section 130 shall prominently contain the words – INPUT TAX CREDIT NOT ADMISSIBLE.

Thus for the purpose of the entitlement of ITC the registered person shall possess various documents in the form of tax invoice, debit note, bill of entry, etc. as those documents are *prima facie* evidence for availment of such ITC.

### 2.4 Content Required on Tax Invoice

**Content required on tax invoice covering few specific transactions viz. Exports, SEZ supply, ISD invoice, Banks, GTA, Passenger Transport Services and services by way of admission to exhibition of cinematograph films to multiplex or other screen**

GST laws do not prescribe the format of tax invoice. Rather CGST/SGST rules prescribe for the content of invoice. Exports, SEZ supply, ISD invoice, Banks, GTA, passenger transport services and services by way of admission to exhibition of cinematograph films to multiplex or other screen are some of the specific transactions requiring mention in the tax invoice. Following is the summary of relevant CSGT rules pertaining to Content of tax invoice:

<b>Rule No.</b>	<b>Rule</b>
46	Tax invoice
54	Tax invoice in special cases

### 2.4.1 Rule 46 – Contents of Tax Invoice

Name, address and GSTIN of the supplier

Invoice Number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of issue of Invoice

Name, address and GSTIN, if registered, of the receiver

Invoice Number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Name and address of receiver and address of delivery, along with the name of the State and its code if such recipient is un-registered & value of the taxable supply is fifty thousand rupees or more. In case value is less than Rs.50,000/- then furnish the above details based on the request of the recipient

Harmonised System of Nomenclature code for goods or services;

## Handbook on Invoicing under GST

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Description of goods or services;

Quantity in case of goods and unit or Unique Quantity Code thereof;

Total value of supply of goods or services or both;

Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess)

Taxable Value of supply of goods or services or both, Discount or abatement, if any;

Amount of tax charged in respect of taxable goods or services;

Place of supply along with the name of the State, in case of Inter-State transaction

Address of delivery where the same is different from the place of supply

Whether the tax is payable on reverse charge basis

Signature or digital signature of the supplier or his authorised representative

Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case invoice has been issued in the manner prescribed under sub-rule (4) of rule 4

a declaration as below, that invoice is not required to be issued in the manner specified under sub-rule (4) of rule 48, in all cases where an invoice is issued, other than in the manner so specified under the said sub-rule (4) of rule 48, by the taxpayer having aggregate turnover in any preceding financial year from 2017-18 onwards more than the aggregate turnover as notified under the said sub-rule (4) of rule 48- "I/We hereby declare that though our aggregate turnover in any preceding financial year from 2017-18 onwards is more than the aggregate turnover notified under sub-rule (4) of rule 48 , we are not required to prepare an invoice in terms of the provisions of the said sub-rule."

If tax is payable as per section 74 or section 129 or section 130, the words to be mentioned is INPUT TAX CREDIT NOT ADMISSIBLE ..

In case of voluminous B2C supplies like big malls, super markets, textile shops, it may not be practically possible to issue tax invoice with all the contents as specified in Rule 46. Hence, it is provided in Rule 46(f) that wherever the recipient has not specifically requested, tax invoice may be issued without mentioning the name, address of the recipient and place of delivery along with name of the State and its code provided value of the taxable supply is less than fifty thousand rupees.

Rule 54(2) states that following types of suppliers are entitled to issue a consolidated tax invoice for the supply of services made during a month at the end of the month, with or without a serial number and with or without address of the recipient of taxable service. The option is given to these suppliers to exclude serial number and address of the recipient only and other fields as required in Rule 46 are mandatory.

- Insurance company;
- Banking company,
- Financial institution including a non-banking financial company.

**2.4.2 When tax invoice is issued by an exporter or supplier to SEZ unit then invoice should have the additional information**

An endorsement "SUPPLY MEANT FOR EXPORT / SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS ON PAYMENT OF INTEGRATED TAX" or "SUPPLY MEANT FOR EXPORT / SUPPLY TO SEZ UNIT OR SEZ DEVELOPER FOR AUTHORISED OPERATIONS UNDER BOND OR LETTER OF UNDERTAKING WITHOUT PAYMENT OF INTEGRATED TAX", as the case may be.

Name and address of the recipient, address for delivery and name of the country of destination

Number and date of application for removal of goods for export.

The above are the additional contents whereas other contents are the same as applicable for tax invoice as per Rule 46

In case of domestic supply option of not mentioning the name and address of the recipient and address of delivery for supplies less than fifty thousand rupees is given to supplier. However, in case of an exporter and supply to SEZ unit or developer for authorized operations, this option is not available. Irrespective of value of supply, the exporter has to mention these details.

**2.4.3 When tax invoice is issued by an Input Service Distributor (ISD) then invoice should have the following information – [Rule 54(1)]**

Name, address and GSTIN of the ISD

Invoice Number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of issue of Invoice

Name, address and GSTIN of the recipient to whom the credit is distributed

Amount of credit distributed

Signature or digital signature of the supplier or his authorised representative

**2.4.4 When an Input Service Distributor (ISD) is an office of a banking company or a financial institution, including a NBFC then following information is not essential**

Invoice serial no.

Except the above non-essential contents, other contents are the same applicable as per Rule 54 (1).

### **2.4.5 Transfer of Common credit to ISD Registration [Rule 54(1A)]**

There may be chances that the vendor raises the invoice for common services on normal GSTIN instead of ISD GSTIN. This error leads to incorrect flow of expense into the GSTR 6A and mismatch with credit distributed in GSTR 6. Rule 54(1A) vide *CGST Notification No. 03/2018 dated 23-01-2018* has been introduced to transfer any common credit by a unit of the company to its ISD registration, provided both are registered in the same State. It is important to note that this transfer can be done only when ISD is registered in the same State where common credit has been received in normal registration.

Following are the required particulars on invoice/debit note/credit for transfer of common input tax credit:

Name, address and GSTIN of the registered person having the same PAN and same State code as ISD

ISD Invoice Number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of issue of invoice

GSTIN of the supplier of common service, along with original invoice no. whose credit is sought to be transferred to the ISD

Name, address and GSTIN of the ISD

Taxable value (value of common services), rate and amount of the credit to be transferred

Signature or digital signature of the registered person or his authorised representative

**2.4.6 Contents of tax invoice issued by a Banking company / NBFC / Financial Institution – Rule 54(2)]**

Invoice serial no - Optional

Address of the recipient - Optional

The above information are optional whereas other contents are the same as applicable for tax invoice as per Rule 46

The supplier of taxable service being banking company or a financial institution including a non-banking financial company shall issue a consolidated tax invoice at the end of the month whether physically or electronically with respect to the supply of services made during the month.

**2.4.7 Contents of tax invoice issued by a Goods Transport Agency [Rule 54(3)]**

Gross weight of the consignment

Name of the consignor & the consignee

Registered no. of goods carriage used for transportation of goods

Details of goods transported

Details of place of origin & destination;

GSTIN of person liable for paying tax i.e. either consignor or consignee or GTA himself

The above are the additional contents whereas other contents are the same as applicable for tax invoice as per Rule 46

#### **2.4.8 Contents of tax invoice issued by a supplier of Passenger transport service [Rule 54(4)]**

Invoice serial no. - Optional

Address of the recipient - Optional

The above information are optional whereas other contents are the same as applicable for tax invoice as per Rule 46

#### **2.4.9 Contents of tax invoice issued by a supplier of services by way of admission to exhibition of cinematograph film in multiplex Screens or other screen [Rule 54(4A)]**

Details of the recipient - Optional

The above are the additional contents whereas other contents are the same as applicable for tax invoice as per Rule 46

The supplier of such services has to issue only the electronic ticket and such electronic ticket shall be deemed to be the tax invoice.

### **2.5 Signature on Tax Invoice and Other Documents**

Initially there were two methods of authenticating the invoice i.e. (i) actual signature on the invoice and (ii) signing the document with the digital signature either by supplier or his authorised representative. However with effect from 31<sup>st</sup> December 2018 electronic invoice issued in accordance with provisions of The Information Technology Act, 2000 has also been allowed. Instead of traditional or actual signature or digital signature, a tax payer may use electronic signature in the tax invoice in terms of section 3A of the Information Technology (Amendment) Act, 2008. As per the said Act, an electronic signature means authentication of any electronic record by a subscriber by means of the electronic technique specified in the Second Schedule and includes a Digital signature.

As per section 3A (2) of the Information Technology Act, an electronic signature shall be considered reliable if it fulfils following requirements:

## Handbook on Invoicing under GST

- the signature creation data or the authentication data are, within the context in which they are used, linked to the signatory or , as the case may be, the authenticator and of no other person;
- the signature creation data or the authentication data were, at the time of signing, under the control of the signatory or, as the case may be, the authenticator and of no other person;
- any alteration to the electronic signature made after affixing such signature is detectable;
- any alteration to the information made after its authentication by electronic signature is detectable;
- such other conditions which may be prescribed.

The following Table sets out the documents and how they need to be signed:

<b>S. No.</b>	<b>Document</b>	<b>Permitted Ways to sign</b>
1.	Tax Invoice	<ul style="list-style-type: none"> <li>• Signature / Digital Signature of supplier or his authorised representative, or</li> <li>• Signature or Digital Signature by supplier or his authorized representative is not required if electronic invoice issued in accordance with provisions of the Information Technology Act 2000. (This option is available w.e.f. 31<sup>st</sup> Dec 2018).</li> </ul>
2.	ISD Invoice	<ul style="list-style-type: none"> <li>• Signature / Digital Signature of by ISD or his authorised representative</li> </ul>
3.	Bill of Supply	<ul style="list-style-type: none"> <li>• Signature / Digital Signature of supplier or his authorised representative, or</li> <li>• Signature or Digital Signature by supplier or his authorized representative is not required if electronic bill of supply is issued in accordance with provisions of the Information Technology Act 2000. (This option is available w.e.f. 31<sup>st</sup> Dec 2018).</li> </ul>
4.	Invoice cum Bill of Supply	<ul style="list-style-type: none"> <li>• Not Specified. Rules applicable to tax invoice or bill of supply may be applied.</li> </ul>

## Handbook on Invoicing under GST

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5.	Debit Note/Credit Note	<ul style="list-style-type: none"><li>• Signature / Digital Signature of supplier or his authorised representative</li></ul>
6.	Receipt Voucher	<ul style="list-style-type: none"><li>• Signature / Digital Signature of supplier or his authorised representative</li></ul>
7.	Refund Voucher	<ul style="list-style-type: none"><li>• Signature / Digital Signature of supplier or his authorised representative</li></ul>
8.	Payment Voucher	<ul style="list-style-type: none"><li>• Signature / Digital Signature of supplier or his authorised representative</li></ul>
9.	Delivery Challan	<ul style="list-style-type: none"><li>• Signature of supplier or his authorised representative.</li></ul>

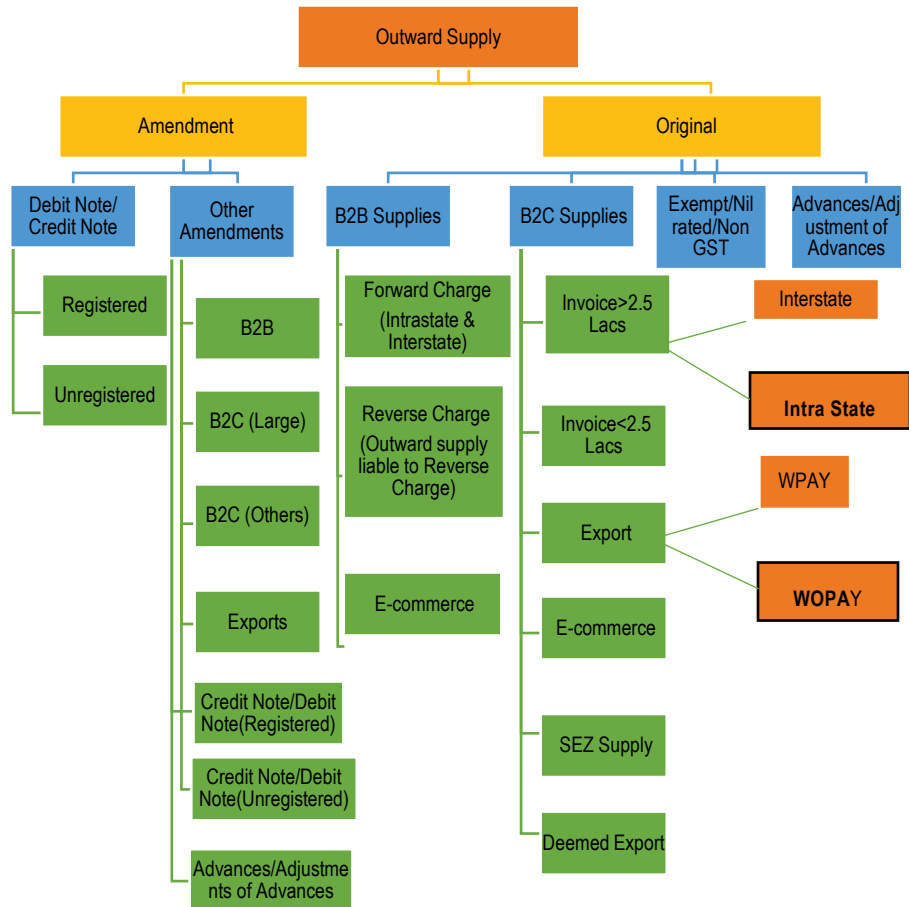
### 2.6 Tax Invoice and its Disclosure in GSTR 1

GSTR-1 is the Statement of Outward Supplies which is required to be filed by every registered taxpayer including casual taxable person except:

- An input service distributor (ISD);
- a non-resident taxable person, (NRTP);
- a person paying tax under the provisions of Section 10 i.e. Composition Scheme;
- a person paying tax under the provisions of Section 51 i.e. person deducting tax at source;
- a person paying tax under the provisions of Section 52 i.e. person collecting tax at source i.e. e-commerce operator (ECO), not being an agent;
- a supplier of online information and database access or retrieval services (OIDAR). The above excluded persons have to file special returns.

Details of outward supply can be categorized in the following manner:

### 2.6.1 Categorisation of Outward Supply in terms of GSTR-1



There is also a requirement to furnish invoice wise details of outward supply in GSTR-1 according to the categorisation mentioned in the above chart. Details of documents issued with respect to series of invoice number, credit note, debit note, refund voucher, etc. has to be furnished in Table 13 of GSTR 1. Hence, the accounting system needs to be configured in such a way that details can be extracted easily for filing the return.

### 2.7 HSN Code Requirement on Tax Invoice

As per CGST Notification No. 12/2017 dated 28.06.2017 amended by Notification no. 78/2020 CT dated 15<sup>th</sup> Oct 2020, HSN codes are required to be shown on tax invoice as follows:

## Handbook on Invoicing under GST

<b>Sl. No.</b>	<b>Annual Aggregate Turnover in the preceding Financial Year</b>	<b>Number of Digits of HSN Code</b>
1	Up to ₹ 5 Crores	4
2	More than ₹ 5 Crores	6

### 2.8 Tax Invoice and Bill of Supply If Value of Supply Less Than ₹ 200

#### 2.8.1 Tax Invoice- Value of Supply less than ₹ 200 [Sec 31(3)(b)]

A registered person may not issue tax invoice if the value of supply is less than ₹ 200 and subject to the following conditions:

- Recipient is not a registered person;
- Recipient does not require such invoice.

However, a consolidated tax invoice for such supplies shall be issued at the close of each day in respect of all such supplies.

However, this relief is not available in case of supply of services by way of admission to exhibition of cinematograph films in multiplex screens.

#### 2.8.2 Bill of Supply- Supply less than ₹ 200 [Sec 31(3)(c)]

A registered person may not issue bill of supply if the value of supply is less than ₹ 200 and subject to the following conditions:

- Recipient is not a registered person;
- Recipient does not require such invoice.

However, a consolidated tax invoice for such supplies shall be issued at the close of each day in respect of all such supplies.

### 2.9 Tax Invoice- Offences and Penalty

As per Sec.122 of CGST Act, following are the offences related to tax invoice:

1. Supplies any goods or services or both without any invoice. Example – Non-accounting of supply transactions.
2. Issues a false invoice for supply of any goods or services or both. Example – Product X is taxed at 18% and Product Y is taxed at 5%. A supplier issues invoice mentioning supply of product Y whereas he actually supplies product X.

3. Issues any invoice or bill without supply of goods or services or both in violation of the provisions of GST Act or Rules. Example – Fake bill transactions.
4. Issues any invoice or document using the registration number of another Registered person. Example – Mr. A actually supplies goods to Mr. B. However Mr. A invoices Mr. C though he has not purchased from Mr. A. Mr. B does not account this transaction and Mr. C takes input tax credit without receipt of goods. Here, all the three are subject to penalty and prosecution provisions of section 122 and 132 respectively.

The offending Taxable person is liable for penalty as under:

<b>Section</b>	<b>Offence</b>	<b>Penalty</b>
<b>Sec.122(1)</b>	Offences as specified above	Higher of the following : ➤ 100% of tax due or ➤ ₹ 10,000

Further as per Sec 122(3) any person who aids or abets any of the offences specified as above with respect to issue of invoice or fails to issue invoice in accordance with the provisions of the GST Act or Rules, then such person is liable to a penalty of up to ₹ 25,000/.

With effect from 27<sup>th</sup> March, 2020 sub-section (1A) has been inserted in section 122 by Finance Act 2020, according to which any person who retains the benefit of above transactions shall also be liable to a penalty equivalent to tax evaded.

**Punishment for certain Offences relating to Invoice: [Sec 132]**

Any person who commits or causes to commit and retain the benefits arising out of following offences shall be liable with a punishment which may extend to fine and prosecution:

- Supplies any goods or services or both without issue of any invoice in violation of the provisions of the GST Act / Rules with the intention to evade tax;
- Issues any invoice without supply of goods or services or both in violation of the provisions of the GST Act / Rules leading to wrong availment or utilization of Input Tax Credit or refund of tax;

## Handbook on Invoicing under GST

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- Avails fraudulently Input tax credit without any invoice or availed input tax credit based on the invoice issued in violation of the provisions of the GST Act / Rules.

Punishment for the above Offences in the nature of tax evaded or ITC wrongly availed or utilized or refund wrongly taken will be as under:

<b>Sl. No.</b>	<b>Amount of Offence</b>	<b>Imprisonment &amp; Fine</b>
1	More than ₹ 5 Crore	5 years with Fine
2	More than ₹ 2 Crore but upto ₹ 5 Crore	3 years with Fine
3	More than ₹ 1 Crore but upto ₹ 2 Crore	1 year with Fine

## 2.10 Tax Invoice- Retention of Records

### 2.10.1 Period of Retention of Accounts under GST

As per Sec.36 of CGST Act, books of account or other records shall be retained by every registered person for a period of 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records.

As per Rule 56, accounts and records maintained by the registered person shall include all the invoices, bills of supply, credit and debit notes, delivery challans, credit notes, debit notes, receipt vouchers, payment vouchers and refund vouchers and shall be preserved for a period of 72 months from the due date of furnishing of Annual Return for the year pertaining to such accounts and records. For instance, with respect to the Financial year 2020-21 we have to maintain the accounts and records of that financial year upto February 2028 as the due date for filing annual return has been extended up to February 2022.

Further, where such accounts and documents are maintained manually, the said accounts and documents shall be kept at every related place of business mentioned in the certificate of registration and shall be accessible at every related place of business where such accounts and documents are maintained digitally.

### 2.10.2 Period of Retention in case Books of Account Etc. pertains to an Appeal or Revision or any other Proceeding before any Appellate Authority

If a registered person is party to an appeal or revision or any other proceedings before any Appellate Authority or Revisional Authority or Appellate Tribunal or Court or is under investigation for an offence or penalty under Chapter XIX of the CGST / SGST Act, then it shall be obligatory on its part to retain the books of account and other records pertaining to subject matter of such appeal or revision or proceeding or investigation for a period later of the following:

- One year after final disposal of such appeal or revision or proceedings or investigation; or
- 72 months from the due date of filing of Annual Return for the year pertaining to such accounts and records.

## 3. Bill of Supply

Bill of supply is a document that is issued *in lieu* of tax invoice in the following instances:

- (a) Registered person supplying exempt goods or services or both;
- (b) Registered person who has opted to pay tax under composition scheme under section 10 of the CGST Act is required to issue bill of supply;
- (c) Registered person opting to pay tax under composition scheme under Notification No.2/2019 - Central Tax (Rate) dated 07.03.2019.

Provisions related to time of issue of bill of supply and its authentication by way of signature are same as of tax invoice and has already been explained in paras 2.1 & 2.5 above.

Since section 31(3)(c) uses the word 'registered person', any person who is not registered and supplies wholly exempted goods or services, is not required to issue bill of supply.

**Example:** Mr Ravi wants to convert his GST registration into the composition scheme in FY 2020-21. In the Financial Year 2019-20, he was under regular scheme. He opted for composition scheme for FY 2020-21. Is Mr. Ravi liable to issue tax invoice in FY 2020-21?

**Answer:** As per the provision mentioned above, Mr. Ravi has entered into a composition scheme in the FY 2020-21 and hence he is now liable to issue bill of supply instead of tax invoice.

## Handbook on Invoicing under GST

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Rule 49 specifies the details for bill of supply. Following details should be available in bill of supply:

### 3.1 Contents of Bill of Supply– [Rule – 49]

Name, address and GSTIN of the supplier;

Bill of Supply No. - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of Bill of Supply

Name, address and GSTIN or UIN of the registered recipient

Harmonised System of Nomenclature code for goods or services;

Description of goods or services

Value of supply of goods or services or both taking into account discount or abatement, if any

Signature or digital signature of the supplier or his authorised representative

shall mention the words "composition taxable person, not eligible to collect tax on supplies" or "taxable person paying tax in terms of Not.02/2019 CT(R) dated 07-03-2019 not eligible to collect tax on supplies" as the case may be

All other rules as applicable to tax invoice as per Rule 46 shall apply to bill of supply also.

Further, if the bill of supply is issued electronically then signature or digital signature of the supplier or his authorised representative is not required.

### 4. Invoice cum Bill of Supply [Rule 46A]

Section 31 of the CGST ACT enumerates the situations when tax invoice or bill of supply can be issued. There is no condition envisaged in GST law where a supplier may issue both taxable and exempted goods to same recipient. This situation is quite common in grocery stores where same customer generally purchases both taxable and exempted items. In the

absence of any specific documents in such situation there was no alternative but to issue two documents, tax invoice for taxable items and bill of supply for exempted items.

However, the concept of invoice cum bill of supply was introduced w.e.f. 13<sup>th</sup> Oct 2017 by way of insertion of Rule 46A. As per rule 46A, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single “invoice-cum-bill of supply” may be issued for all such supplies.

There are no separate rules for invoice cum bill of supply providing for content, manner of issuance and authentication via signature. Rules as applicable to tax invoice and bill of supply need to be applied to invoice cum bill of supply too.

## **5. Revised Tax Invoice [Rule 53]**

In case any correction is required for already issued tax invoice then either debit note or credit note can be issued as explained in para head 6 below as no provision is available for revision of invoices in such situations. The concept of revised invoice is limited for new registrations only. A registered person may, within one month from the date of issuance of certificate of registration and in such manner as prescribed in the Invoice Rules, shall issue a revised invoice against the invoice already issued during the period beginning with the effective date of registration till the date of issuance of certificate of registration to him. This provision is necessary as a person who becomes liable for registration has to apply for registration within 30 days from the date on which he becomes so liable. When such an application is made within the time period and registration is granted, the effective date of registration is the date on which the person became liable for registration. Thus, there would be a time lag between the date of grant of certificate of registration and the effective date of registration. For supplies made by such person during this intervening period, the law enables issuance of a revised invoice, so that ITC can be availed by the recipient on such supplies.

A consolidated revised tax invoice may be issued in respect of all taxable supplies made to a recipient who is not registered for the period for which revised invoice is required to be issued.

In case of inter-State supplies, where the value of a supply does not exceed ₹ 2,50,000, a consolidated revised invoice may be issued separately in respect of all unregistered recipients located in a State.

## Handbook on Invoicing under GST

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**Example:** PQR Ltd of Mumbai is a company engaged in business of spare parts of machinery. They crossed the limit of ₹ 40 lakhs on 03-03-2020. They applied for registration on 15-03-2020 and got GST registration certificate from department on 22-03-2020. What kind of document can PQR Ltd issued from the period of 03-03-2020 to 22-03-2020?

**Answer:** PQR Ltd became liable for registration on 03-03-2020 and as per the law an applicant shall submit the application for registration within 30days from the date he become liable for registration. Hence, PQR Ltd become liable on 03-03-2020, has to issue revised tax invoice in respect of taxable supplies from 03-03-2020 till 22-03-2020, the date he got registration.

Rule 53 of CGST Rule provides for the contents of revised tax invoice contains the details required on revised invoice.

### 5.1 Contents of Revised Tax Invoice [Rule 53(1)]

The word - Revised Invoice, wherever applicabl should be , indicated prominently

Name, address and GSTIN of the supplier

Invoice Number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of issue of revised invoice

Name, address and GSTIN or UID, of the registered recipient

Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is un-registered

Serial number and date of the corresponding tax invoice or, as the case may be, bill of supply

Signature or digital signature of the supplier or his authorised representative.

## **6. Amendment in Transaction – Debit Note and Credit Note [Rule 53(1A)]**

A credit note or debit note serves the purpose of accounting adjustment to settle the correct amount of value and tax for any invoice already issued in the same or earlier period. Credit notes or debit notes could be issued only if tax invoices have been issued. The law does not talk about financial credit note or commercial credit note. However, in real business scenario and even few circulars have used the word financial credit note. When we say only credit note, it means a document specified in section 34 of the CGST Act having some financial and tax impact but financial credit note means some document for financial adjustment, without tax impact and not issued in terms of section 34 of the CGST Act. Financial debit note will not be of much relevance as limitations to take credit exists but as such no such limitations exist for payment of tax. One particular important aspect of debit and credit note is that section 34 of CGST Act permits only supplier to issue debit or credit note. Recipient of the supply cannot issue either debit note or credit note.

Now we shall discuss important aspects of debit note and credit notes in following para:

### **6.1 Debit Note**

As per Section 34(3), one or more debit note shall be issued by the registered person where a tax invoice or invoices has/have been issued for supply of goods or services or both in the following instances –

- The value declared in the invoice or invoices is less than the actual value of the goods or services provided; or
- the rate of GST or tax amount charged is at a lower rate than what is applicable for the goods or services supplied.

The details of debit note shall be declared in the return for the month during which debit note is issued and tax liability shall be adjusted accordingly. The debit note shall include a supplementary invoice.

Liability of taxpayer to pay additional tax arises in case of issuance of debit note. Debit note is one of the documents specified in rule 36(1) read with section 16(2)(a) on the basis of which input tax credit can be claimed.

Section 17(5) of the CGST Act restricts the entitlement to avail input tax credit in case tax has been paid under section 74 or Section 129 or Section

## Handbook on Invoicing under GST

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130. In consonance with this provision, rule 53(3) of CGST Rules provides that any invoice or debit note issued in pursuance of any tax payable in accordance with the provisions of section 74 or section 129 or section 130, shall, prominently contain the words – "INPUT TAX CREDIT NOT ADMISSIBLE".

No time limit has been set for issue of debit note as per Sec 34 because the Government will not restrict a registered person to pay incremental tax.

The CGST (Amendment) Act 2018 has amended section 34 to issue single debit note linked to more than one invoice. For instance, taxable value in Invoice nos. 233 and 234 have been shortly shown by ₹ 10000 and ₹ 5000 respectively. Single debit note can be raised for ₹ 15000, but invoice numbers 233 and 234 shall be mentioned in the debit note.

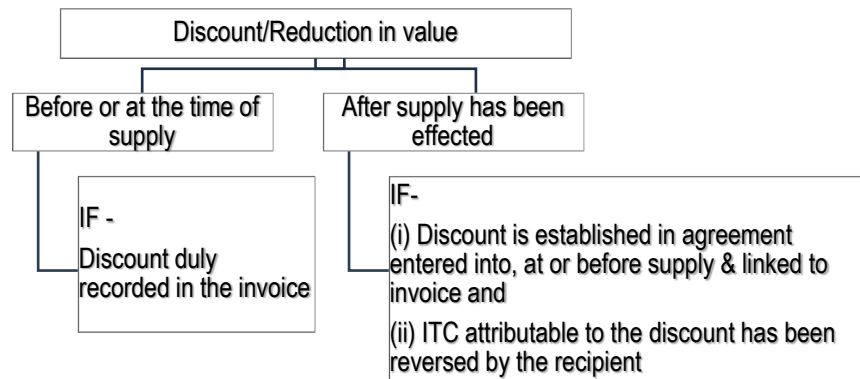
### 6.2 Credit Note

As per Section 34(1) credit note shall be issued by the registered person where a tax invoice or invoices has/have been issued for supply of goods or services or both, in the following instances

- the value declared in the invoice or invoices is more than the actual value of the goods or services provided; or
- the rate of GST or tax amount charged is at a higher rate than what is applicable the goods or services supplied; or
- the quantity received by the recipient is less than what is mentioned in the tax invoice; or
- the goods supplied are returned by the recipient;
- deficiency in supply of goods or services.

Then the registered person, who has supplied such goods or services or both, shall issue a credit note to the recipient.

It must be noted that reduction in value should be within the permitted parameters of section 15 of the CGST Act. Section 15(3) permits reduction in value in the form of discount only in following two scenarios:



Liability of the taxpayer to pay tax on outward supply reduces in case of issuance of credit note and corresponding ITC of the recipient of the supply also got reduced.

As per Section 34(2) any registered person who issues a credit note shall declare the details of such credit note in the return/statement furnished up to:

- 30<sup>th</sup> November following the end of the financial year in which such supply was made; or
- the date of furnishing of Annual Return.

whichever is earlier, and the tax liability shall be adjusted in prescribed manner.

The CGST (Amendment) Act 2018 has amended section 34 enabling the issue of a single credit note linked to more than one invoice. For instance, taxable value in Invoice no 233 and 234 have been excessively shown by ₹ 10000 and ₹ 5000 respectively. Single credit note can be raised for ₹ 15000 but invoice numbers 233 and 234 shall be mentioned in the debit note.

### 6.3 Financial Credit Note

In general trade practice, the suppliers will be granting incentives or price protection or post sale discount in the form of financial credit notes or commercial credit note. Such credit notes are issued as an accounting or financial adjustment not governed by the provisions of GST law. As discussed above there is time limit of issuing credit note under section 34, whereas for such financial credit there is no such time limit. In this regard, the trade raised a question, as to “can there be a bar to issue credit note

## Handbook on Invoicing under GST

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beyond the time specified in section 34 of CGST Act.” In response to the same the Board vide *Circular No. 72/46/2018-GST dated 26th October 2018* has clarified that in pharmaceutical sector as a common trade practice the wholesaler or retailer shall return the time expired drugs and for which credit note can be issued even the time limit mentioned in Sec 34 (2) has lapsed because the tax liability is not adjusted and such credit note need be disclosed in the common portal. Time limit for issue of credit note as per Sec 34(2) shall apply only when we are adjusting the tax corresponding to the value mentioned in credit note.

Further CGST *Circular No. 92/11/2019-GST dated 7<sup>th</sup> March 2019* enumerated various possibilities related to discounts, its impact on ITC and documentation of such transactions. In this circular first time the word ‘commercial’ or ‘financial credit note’ has been used. Relevant para has been reproduced below:

*“Representations have been received from the trade and industry that whether credit notes(s) under sub-section (1) of section 34 of the said Act can be issued in such cases even if the conditions laid down in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied. It is hereby clarified that financial / commercial credit note(s) can be issued by the supplier even if the conditions mentioned in clause (b) of sub-section (3) of section 15 of the said Act are not satisfied. In other words, credit note(s) can be issued as a commercial transaction between the two contracting parties. “*

Thus, when credit note under section 34 cannot be issued by a taxable person, he may issue a credit note reducing the value of original supply without tax attributable to the reduction claimed. Such credit notes are referred as ‘financial credit notes’.

## Handbook on Invoicing under GST

Following is the summary of aforesaid circulars:

<b>Circular No.</b>	<b>Date of issue</b>	<b>Particulars</b>	<b>Relevant Section</b>
72/46/2018-GST	26/10/2018	Circular to clarify the procedure in respect of return of time expired drugs or medicines	Sections 16, 34(1), 34(2) of CGST Act
92/11/2019	07/03/2019	Clarification for taxability and ITC for free samples and gifts, buy one get one free offer, staggered discount, & secondary discounts.	Section 7(1)(a), read with section 17 (5)(h) & Section 34(1) of CGST Act.

When credit note cannot be issued in terms of section 34 of the CGST Act, financial credit note can be issued to reflect financial impact of the transaction. Financial credit note would not be declared in the returns under the GST law. Following are the situations which may give rise to issue of financial credit note:

### Situations under which the financial credit notes are issued

1. **Discounts offered post supply:** The discount issued by the supplier after effecting supply of goods and / or services if not in terms of the provisions as specified under Section 15(3)(b) of the CGST Act, the supplier cannot claim the reduction in the output tax.
2. **Credit notes issued after expiry of the time limit specified under the GST law:** In terms of Section 34 of the CGST 2017, a supplier cannot declare credit note any time after either of the following 2 events:
  - Annual return has been filed for the FY in which the original tax invoice was issued; or
  - Return / statement furnished after 30<sup>th</sup> November of the FY immediately succeeding the FY in which the original tax invoice was issued. (i.e., for a tax invoice issued in April 2021 as well as a tax invoice issued in March 2022, the relevant credit note

## Handbook on Invoicing under GST

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cannot be declared in the return / statement filed after 30<sup>th</sup> November 2022)

Further circular *Circular No. 137/07/2020-GST dated 13<sup>th</sup> April 2020* has also clarified few aspects related to credit note and its impact on GST refund. Following is the relevant extract from said circular:

**Issue:** *An advance is received by a supplier for a Service contract which subsequently got cancelled. The supplier has issued the invoice before supply of service and paid the GST thereon. Whether he can claim refund of tax paid or is he required to adjust his tax liability in his returns?*

**Suggestion:** *In case GST is paid by the supplier on advances received for a future event which got cancelled subsequently and for which invoice is issued before supply of service, the supplier is required to issue a “credit note” in terms of section 34 of the CGST Act. He shall declare the details of such credit notes in the return for the month during which such credit note has been issued. The tax liability shall be adjusted in the return subject to conditions of section 34 of the CGST Act. There is no need to file a separate refund claim. However, in cases where there is no output liability against which a credit note can be adjusted, registered persons may proceed to file a claim under “Excess payment of tax, if any” through FORM GST RFD-01.*

Rule 53(1A) of the CGST Rules contains the details required on debit note and credit note. Till 31<sup>st</sup> Jan 2019 there was common rule for revised invoice, debit and credit note.

## 6.4 Contents of Debit Note/Credit Note – Rule 53(1A)

Name, address and GSTIN of the supplier

Nature of the document

Debit Note / Credit Note No - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of issue of the document

Name, address and GSTIN or UID, if registered, of the recipient

Name and address of the recipient and the address of delivery, along with the name of State and its code, if such recipient is unregistered

Serial number and date of the corresponding tax invoice or invoices or bill or bills 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 and

Signature or digital signature of the supplier or his authorised representative.

In case of debit note, if tax is being payable as per section 74 or section 129 or section 130, the words to be mentioned in debit note are "INPUT TAX CREDIT NOT ADMISSIBLE"

## 7. Advance for Supply – Receipt Voucher [Sec 31(3)(d)]

A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a receipt voucher or any other document, containing such particulars prescribed in Rule 50 of CGST Rules, evidencing receipt of such payment.

In case the rate of tax or nature of supply is not determinable at the time of receiving advance payment for any supply of goods or services or both, then as per the Proviso to Rule 50, the tax shall be paid at the rate of 18% and,

## Handbook on Invoicing under GST

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the same shall be treated as Inter-State supply and IGST should be paid accordingly.

The receipt voucher shall contain the particulars as contained in Rule 50 which are as follows:

### 7.1 Contents of Receipt Voucher – [Rule 50]

Name, address and GSTIN of the supplier

Receipt voucher number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of its issue

Name, address and GSTIN, if registered, of the recipient

Description of goods or services

Amount of advance taken

Rate of tax (CGST, SGST/UTGST, IGST, CESS)

Amount of tax charged in respect of taxable goods or services (CGST, SGST/UTGST, IGST, CESS)

Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce

Whether the tax is payable on reverse charge basis

Signature or digital signature of the supplier or his authorised representative.

## 8. Refund of Advance – Refund Voucher [Sec 31(3)(e)]

Once an advance payment has been received and a receipt voucher has also been issued, there may arise situations whereby the supply is not subsequently made, and the amount of advance has to be refunded subject to a condition that no tax invoice was issued till date. In such a case a refund voucher needs to be issued for refund of such advance.

*Circular No. 137/07/2020-GST dated 13<sup>th</sup> April 2020* has also clarified few aspects related to refund voucher and its impact on GST refund. Following is the relevant extract from said circular:

**Issue:** *An advance is received by a supplier for a Service contract which got cancelled subsequently. The supplier has issued receipt voucher and paid the GST on such advance received. Whether he can claim refund of tax paid on advance or he is required to adjust his tax liability in his returns?*

**Suggestion:** *In case GST is paid by the supplier on advances received for an event which got cancelled subsequently and for which no invoice has been issued in terms of section 31 (2) of the CGST Act, he is required to issue a “refund voucher” in terms of section 31 (3) (e) of the CGST Act read with rule 51 of the CGST Rules.*

*The taxpayer can apply for refund of GST paid on such advances by filing FORM GST RFD-01 under the category “Refund of excess payment of tax.*

The refund voucher shall be as per Rule 51 of the CGST Rules and shall contain following particulars:

## 8.1. Contents of Refund Voucher– [Rule 51]

Name, address and GSTIN of the supplier

Refund voucher number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of its issue

Name, address and GSTIN or UID, if registered, of the recipient

Number and date of receipt voucher issued in accordance with the provisions of rule 50

Description of goods or services in respect of which refund is made

Amount of refund made

Rate of tax (CGST, SGST, IGST or CESS)

Amount of tax paid in respect of such goods or services (CGST, SGST, IGST or CESS)

Whether the tax is payable on reverse charge basis and

Signature or digital signature of the supplier or his authorised representative.

## 9. Delivery Challan in Special Situations [Rule 55(1)]

The following are the instances when delivery challan can be issued for transportation of goods without an invoice:

- 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 as per Sec 143;
- Transportation of goods for reasons other than by way of supply viz., Branch transfer within the State, goods remove for line sales, goods sent on approval basis, movement of goods in case of supply of services like works contract, pandalshamiana, etc. , goods given as free samples, gifts, goods moved by artists for display in an exhibition, etc;
- Other supplies as notified by the Board.

In case the goods are being transported on a delivery challan instead of invoice, the same shall be declared as specified in Rule 138.

Initially the supplier has transported the goods without invoice at the time of removal for the purpose of supply but such supplier has to issue a tax invoice on delivery of goods.

### **Issue of Delivery Challan in case of goods sent for Job Work**

Normally when the goods are removed from the place of business of a principal who is registered, for purpose of job work, GST has to be paid, but by virtue of Sec 143 of CGST Act, the principal can remove such goods for Job work without payment of tax subject to fulfillment of certain conditions mentioned therein.

Detailed procedure to be followed by a principal as well as the job worker has been laid down in *Circular No. 38/12/2018 dated 26<sup>th</sup> March 2018*.

### **Issue of Delivery Challan in case of movement of goods for Job Work**

Form GST ITC – 04 which has to be furnished by all principals who are registered, showing the details of inputs or capital goods dispatched or received from a job worker during a particular quarter. Such Form GST ITC – 04 shall serve as an intimation as envisaged in Sec 143 of CGST Act.

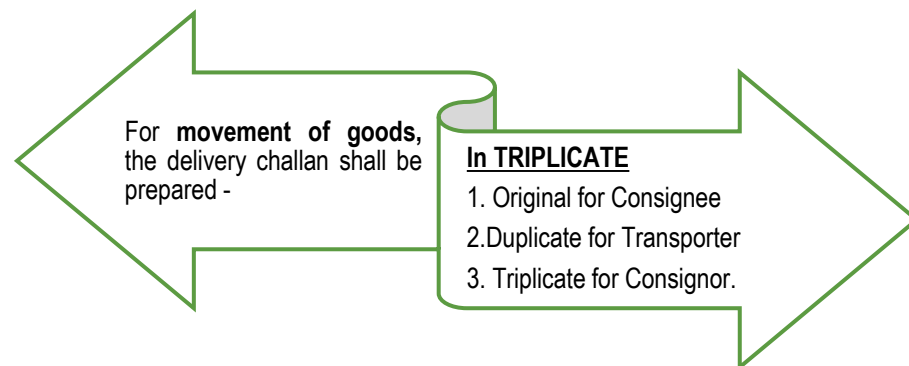
## Handbook on Invoicing under GST

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The following are the four major types of transactions which require issuance of delivery challan and furnishing of intimation Form GST ITC-04 on a quarterly basis:

- Inputs or capital goods dispatched by the principal to the job workers;
- Inputs or capital goods received back from job workers by the principal;
- Inputs or capital goods sent from one job worker to another job worker;
- Inputs or capital goods supplied from the premises of job workers.

### Issue of Delivery Challan in case of movement of Goods:



### 9.1 Contents of Delivery Challan – Rule 55(1)

The consignor may issue a **delivery Challan**, serially numbered not exceeding 16 characters, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:-

Date and number of the delivery challan

Name, address and GSTIN of the consigner, if registered

Name, address and GSTIN or UID of the consignee, if registered

Harmonised System of nomenclature code and description of goods

Quantity (provisional, where the exact quantity being supplied is not known)

Taxable value

Tax rate and tax amount – CGST, SGST, IGST or CESS, where the transportation is for supply to the consignee

Place of supply, in case of inter-state movement and

Signature.

## 10. Payment Voucher [Sec 31(3)(g)]

When a recipient, is a registered person, who is liable to pay tax under reverse charge mechanism as per Sec 9(3) or Sec 9(4) of CGST Act than such recipient is required to issue a payment voucher to the supplier at the time of making payment to such supplier for the supply of goods or services.

As per Rule 52 of CGST Rules, payment voucher should contain following information:

## 10.1 Contents of Payment Voucher – [Rule 52]

Name, address and GSTIN of the supplier, if registered;

Payment voucher number - Consecutively numbered not exceeding sixteen characters, in one or multiple series - Alphabets / Numbers / special characters allowed

Date of its issue

Name, address and GSTIN of the recipient

Description of goods or services

Amount paid

Rate of tax (CGST, SGST, IGST or CESS);

Amount of tax payable in respect of taxable goods or services (CGST, SGST, IGST or CESS)

Place of supply along with the name of State and its code, in case of a supply in the course of inter-State trade or commerce and

Signature or digital signature of the supplier or his authorised representative

## PART-II

### 1. E-Invoice-Introduction

The GST Council approved the standard of e-invoice in its 37th meeting held on 20th Sept 2019 and accordingly, on 13th Dec 2019 the Government issued *Notification No 68/2019 CT to 72/2019 CT*, laying down the legal roadmap for e-invoicing and QR code. Earlier, e-invoicing was going to be applicable on voluntary basis from January 2020 and was mandatory from April 2020 to some class of persons. Subsequently, the Government had come up with a new Notification No. 13/2020 and Notification No.14/2020 issued on 21-03-2020 stating that the dates for implementation of e-invoicing to be extended till 01.10.2020. The timeline of e-Invoicing coverage is traced below:

Notification Ref (CGST)	Effective Date	Turnover limit for coverage under E-Invoicing
13/2020 dt. 21 <sup>st</sup> March 2020 read with 61/2020 dt. 30 <sup>th</sup> July 2020	1 <sup>st</sup> October 2020	above ₹ 500 crores
14/2020 dt. 21 <sup>st</sup> March 2020 (For QR Code)	1 <sup>st</sup> October 2020	above ₹ 500 crores
71/2020 dt. 30 <sup>th</sup> September 2020 (For QR Code)	1 <sup>st</sup> December 2020	above ₹ 500 crores
88/2020 dt. 10 <sup>th</sup> November 2020	1 <sup>st</sup> January 2021	above ₹ 100 crores
05/2021 dt. 08 <sup>th</sup> March 2021	1 <sup>st</sup> April 2021	above ₹ 50 crores
01/2022 dt. 24 <sup>th</sup> February 2022	1 <sup>st</sup> April 2022	above ₹ 20 crores
17/2022 dt. 01 <sup>st</sup> August 2022	1 <sup>st</sup> October 2022	above ₹ 10 crores

The basic objectives for bringing e-invoice system from GST perspective is to provide better services to the taxpayer, reduction of tax evasion and bringing efficiency in tax administration.

There is a myth among the trade that generation of e-invoice in GST means the generation of invoice in GSTN portal, but it is not so. Even such

restriction will be a hardship in ease of doing business. The registered persons can generate invoice in their own accounting or billing software but what is being introduced to bring uniformity in trade is to upload such generated invoices in a common portal called Invoice Registration Portal (IRP) and will then generate an unique Invoice Reference Number (IRN) and quick response code. This system of e-invoicing will only be applicable to those whose aggregate turnover is above the prescribed limit.

## 2. E-Invoice-Concept

E- Invoicing will be applicable in following cases:

<i>Threshold Limit</i>	<i>Type of invoice to be issued as e-invoice</i>
10 cr < Aggregate Turnover < 500 cr	B2B and exports
<b>Aggregate Turnover &gt; 500 cr</b>	All i.e. B2B and exports + B2C*

\* Dynamic QR Code for B2C transactions

The GSTN's e-invoice will contain the following parts:

- **E-invoice scheme:** As per a paper published by the GSTN, India has adopted the SIMPoL (Standard Invoice Messaging Protocol) standard for flow of information during the e-invoice generation process. The scheme was separately adopted. It consists of the technical field name, description of each field, whether it is mandatory or not, and has a few sample values along with explanatory notes.
  - ◆ Some mandatory fields are invoice type, invoice no., date, bill to, GSTIN, State code, address, item, taxable value, advance adjusted, total invoice value, GST rate, tax amounts etc.
  - ◆ Some of the optional fields are supplier email, phone no., batch details, pre-tax details, payee name, mode of payment etc.
- **Masters:** Masters will specify the set of inputs for certain fields, that are pre-defined by GSTN itself. It includes fields like UQC, State Code, invoice type, supply type, etc.
- **E-invoice template:** The template is as per the GST Rules and enables the reader to correlate the terms used in other sheets. The mandatory fields are marked in green and optional fields are marked in yellow.

1. Businesses are required to generate an electronic invoice on every sale on their respective ERPs. Creating an e-invoice is the prior responsibility of the taxpayer (dealer);
2. The standard invoice format is pre-fixed by authorities for every business so that proper details are extracted;
3. The e-invoice thus generated needs to be reported to the Invoice Registration Portal (IRP) of GST;
4. On the portal, the Invoice Reference Number (IRN) will be generated and the invoice will be signed digitally;
5. Then a QR code will be generated. The code contains all the vital information related to the invoices which will be re-directed to the taxpayer who filed the invoices;
6. The IRP will send a copy of the signed invoices to the provided email id of the recipient of the document as provided in the e-invoice.

Various documents to be reported to GST system:

In the concept paper on e-invoicing system issued by GSTN portal, the word 'Invoice' is used in the name of e-invoice, and the concept paper has also intended to include all other documents issued by a supplier to reported in IRP viz., debit note, credit note, bill of supply or any other document referred as required to be reported by the creator of the document. But the amendment brought in the Rule 48 of CGST Rules provides only for the manner of issue of tax invoice and not covering the manner of issue of debit note, credit note or bill of supply or all other documents mentioned in the law. Hopefully the law maker will make all such amendments in due course to cover all documents issued by a registered person in B2B transaction.

### **3. E-Invoice - Process**

Registered persons can create e-invoice through any of the following modes based on their preferences:

- Web based
- API based
- SMS based

## Handbook on Invoicing under GST

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- Mobile App based
- Offline tool based
- GSP based

### ***Stage-1 – Generation of JSON through invoice***

- Generation of the invoice by the seller in his own accounting or billing system (it can be any software utility/ERP that generates invoice);
- The invoice must confirm to the e-invoice (standards). Supplier should have a feature in his ERP that will create an output of invoice data in JSON format;
- Those who do not use any accounting or billing software or any IT tool to generate the invoice, will be provided an offline tool to key-in data of invoice and then submit the same;
- The supplier's software should be capable to generate a JSON of the final invoice that is ready to be uploaded to the IRP. The IRP will only recognise JSON file.

### ***Stage-2 – Uploading of JSON on Invoice Registration Portal (IRP)***

- Seller to upload the JSON of the e-invoice into the IRP;
- The JSON may be uploaded directly on the IRP or through GSPs or through third party provided Apps).

### ***Stage-3 – Data validation/approval by IRP***

- If IRN is not generated, then IRP will generate IRN, based on JSON uploaded;
- If IRN is generated, then IRP will validate the IRN, (Based on JSON uploaded) from Central Registry of GST System to ensure that the same invoice from the same supplier pertaining to same Financial Year is not being uploaded again;
- On receipt of confirmation from Central Registry, IRP will add its signature on the invoice data as well as a QR code to the JSON.

### ***Stage-4 – E- invoice generation and sharing***

- Sharing the signed e-invoice data along with IRN to seller;
- Sharing the signed e-invoice data along with IRN to the GST System as well as to E-Way bill system;

- The IRP will sign the e-invoice and the e-invoice signed by the IRP will be a valid e-invoice and will be used by GST/E-Way bill system.

**Stage-5 – Providing digitally signed E- invoice back to the Taxpayer**

- Returning the digitally signed JSON with IRN back to the seller along with a QR Code;
- The registered invoice will also be sent to the seller and buyer on their mail ids as provided in the invoice.

## 4. E-Invoice- IRP and QR Code

**IRP** – Invoice Registration Portal allows invoice registration on the GST system through API mode in addition to other modes.

- IRP helps to integrate its e-invoicing system to the taxpayer's business invoicing system;
- The portal even helps the taxpayer to get the credentials through which he can access APIs. Registration for API access is complete once the OTP sent on the verified mobile number and email id is entered;
- RP provides details related to integrating the business systems to their e-invoice systems through APIs;
- Code extracts and master data are provided to have proper knowledge of logic and concepts;
- With the help of the portal, developers can improve the performance of APIs by understanding and testing the API methods.

**QR Code**- The QR code will enable quick view, validation and access of the invoices from the GST system. It will be generated by IRP after uploading JSON of invoices. The QR code will consist of the following e-invoice parameters:

1. GSTIN of supplier
2. GSTIN of recipient
3. Invoice number as given by supplier
4. Date of generation of invoice
5. Invoice value (taxable value and gross tax)

6. Number of line items
7. HSN Code of main item (the line item having highest taxable value)
8. Unique Invoice Reference Number (hash)

## **5. E-Invoice - Implementation**

The 39th GST council meeting came up with a decision to implement GST e-invoicing of bills and applicability of QR codes from 1st October 2020 and from 1<sup>st</sup> October 2022 onwards E-Invoicing covers all taxpayers with aggregate turnover above ₹ 10 crores.

## **6. E-Invoice – Legal Framework**

<b>Notification No.</b>	<b>Details of Notification</b>
68/2019 CT dated 13th Dec 2019	<p>As per said notification, registered person to whom e-invoice is applicable:</p> <ul style="list-style-type: none"><li>• Should ensure that, his invoice contains details as mentioned in Form GST INV – 01;</li><li>• obtain Invoice Reference Number (IRN) after furnishing required information on common portal;</li><li>• Valid tax invoice means e – invoice only. Normal invoice prepared currently (In three copies – original/duplicate/triplicate) will not be considered as compliance of law.</li></ul>
69/2019 CT dated 13th Dec 2019	<p>For the purpose of preparation of e-invoice the following are the notified common portals recognized as Invoice Registration Portal:</p> <ul style="list-style-type: none"><li>➤ <a href="http://www.einvoice1.gst.gov.in">www.einvoice1.gst.gov.in</a>;</li><li>➤ <a href="http://www.einvoice2.gst.gov.in">www.einvoice2.gst.gov.in</a>;</li><li>➤ <a href="http://www.einvoice3.gst.gov.in">www.einvoice3.gst.gov.in</a>;</li><li>➤ <a href="http://www.einvoice4.gst.gov.in">www.einvoice4.gst.gov.in</a>;</li><li>➤ <a href="http://www.einvoice5.gst.gov.in">www.einvoice5.gst.gov.in</a>;</li><li>➤ <a href="http://www.einvoice6.gst.gov.in">www.einvoice6.gst.gov.in</a>;</li></ul>

## Handbook on Invoicing under GST

	<ul style="list-style-type: none"> <li>➤ <a href="http://www.einvoice7.gst.gov.in">www.einvoice7.gst.gov.in</a>;</li> <li>➤ <a href="http://www.einvoice8.gst.gov.in">www.einvoice8.gst.gov.in</a>;</li> <li>➤ <a href="http://www.einvoice9.gst.gov.in">www.einvoice9.gst.gov.in</a>;</li> <li>➤ <a href="http://www.einvoice10.gst.gov.in">www.einvoice10.gst.gov.in</a>.</li> </ul> <ul style="list-style-type: none"> <li>• Considering the load on website, the Government has provided 10 portals as mentioned above.</li> <li>• Also, as per said Notification, this will be applicable from 1st January 2020, meaning thereby, on voluntary basis, e-invoice portal will be available for trial.</li> <li>• To know more about IRN, refer Para 5 below.</li> </ul>
70/2019 CT dated 13th Dec 2019	<ul style="list-style-type: none"> <li>• E invoice is applicable to registered person, whose aggregate turnover in a financial year exceeds ₹ 100 Crore.</li> <li>• Said person should prepare e-invoice in respect of supply of goods or services or both to registered person (B2B), from 1st April 2020 mandatorily.</li> </ul> <p>Note: The applicability of e-invoicing was extended to 1st October 2020 via NN: 13/2020 CT dated 21st March 2020.</p>
13/2020 CT dated 21st Mar 2020	<p>Exempts following registered persons from e-invoicing which is expected to be implemented from 01.10.2020 when turnover exceeds ₹ 100 Crores:</p> <ul style="list-style-type: none"> <li>• an insurance company or a banking company or a financial institution, including a non-banking financial company;</li> <li>• goods transport agency supplying services in relation to transportation of goods by road in a goods carriage;</li> <li>• passenger transportation service;</li> <li>• services by way of admission to</li> </ul>

## Handbook on Invoicing under GST

	exhibition of cinematograph films in multiplex screens by issuing electronic ticket.
61/2020 CT dated 30 <sup>th</sup> July 2020	<ul style="list-style-type: none"> <li>Limit for e-invoice increased from ₹ 100 Crores to ₹ 500 Crores and special economic zone unit has been added in exclusion list.</li> </ul>
Note: E-invoicing applicable originally with effect from 01 <sup>st</sup> October 2020 in case where turnover exceeds ₹ 500 Crores. (NN: 70/2019 & 13/2020 read with 61/2020 - CT)	
88/2020 CT dated 10 <sup>th</sup> Nov 2020	<ul style="list-style-type: none"> <li>Reduces the turnover limit for being covered under e-invoicing compliance, from ₹ 500 crores to taxpayers having turnover exceeding ₹ 100 crores from 01<sup>st</sup> January 2021.</li> </ul>
05/2021 CT dated 08 <sup>th</sup> Mar 2021	<ul style="list-style-type: none"> <li>Reduces the turnover limit for being covered under e-invoicing compliance, from ₹ 100 crores to taxpayers having turnover exceeding ₹ 50 crores from 01<sup>st</sup> April 2021.</li> </ul>
01/2022 CT dated 24 <sup>th</sup> Feb 2022	<ul style="list-style-type: none"> <li>Reduces the turnover limit for being covered under e-invoicing compliance, from ₹ 50 crores to taxpayers having turnover exceeding ₹ 20 crores from 01<sup>st</sup> April 2022.</li> </ul>
17/2022 CT dated 01 <sup>st</sup> Aug 2022	<ul style="list-style-type: none"> <li>Reduces the turnover limit for being covered under e-invoicing compliance, from ₹ 20 crores to taxpayers having turnover exceeding ₹ 10 crores from 01<sup>st</sup> October 2022.</li> </ul>

## 7. E-Invoice – QR Code for B2C Invoice

CBIC has notified through Notification No.72/2019 CT dated 13th Dec 2019 that the B2C GST invoice issued by the registered person, whose aggregate turnover in a financial year is beyond ₹ 500 crores, to an unregistered person (URD), must have a Quick Response (QR) code implying that a separate QR

## Handbook on Invoicing under GST

code will be generated for each B2C invoice by the supplier himself and not by the IRP. Possibly it has been done to reduce the time needed to generate an e-invoice and prevent long waiting periods by the end customers.

71/2019 CT dated 13th Dec 2019 read with 31/2019 CT dated 28th June 2019	QR Code will be mandatory on tax invoice, from 1st April 2020, on supply to unregistered person (B2C). It is not applicable for supply to registered person.
72/2019 CT dated 13th Dec 2019	QR Code (Quick Response Code) is applicable to registered persons, whose aggregate turnover in a financial year exceeds ₹ 500 Crore, when such registered person issues Tax Invoice to an unregistered person [B2C].
14/2020 CT dated 21st Mar 2020	<p>Exempts following registered persons from mentioning Dynamic Quick Response (QR) Code, which is expected to be implemented from 01.10.2020:</p> <ul style="list-style-type: none"> <li>• an insurance company or a banking company or a financial institution, including a non-banking financial company;</li> <li>• goods transport agency supplying services in relation to transportation of goods by road in a goods carriage;</li> <li>• passenger transportation service;</li> <li>• services by way of admission to exhibition of cinematograph films in multiplex screens by issuing electronic ticket;</li> <li>• online information and database access or retrieval services.</li> </ul>
71/2020 CT dated 30th Sep 2020	The applicability of QR code was deferred from 01 <sup>st</sup> October 2020 to 01 <sup>st</sup> December 2020.

## Handbook on Invoicing under GST

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89/2020 CT dated 29 <sup>th</sup> November 2020	Penalty payable u/s 125 for the non-compliance between the period 01 <sup>st</sup> December 2020 to 31 <sup>st</sup> March 2021 was waived.
06/2021 CT dated 30 <sup>th</sup> March 2021	Waiver of penalty further extended till 30 <sup>th</sup> June 2021.

CBIC has also issued *Circular No. 156/12/2021-GST dated 21.06.2021* to clarify the various issues faced by the trade on QR code.

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