

CHAPTER 8

Tax Invoice Credit and Debit Notes; E-way Bill

QUESTION BANK

Q1.	<p>Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:</p> <ul style="list-style-type: none"> (i) Value of supply charged in invoice no. 1 was Rs. 2,50,000 against the actual taxable value of Rs. 2,30,000. (ii) Tax charged in invoice no. 4 was Rs. 32,000 against the actual tax liability of Rs. 68,000 due to wrong HSN code being chosen while issuing invoice. (iii) Value charged in invoice no. 8 was Rs. 3,20,000 as against the actual value of Rs. 4,20,000 due to wrong quantity considered while billing. <p>Kartik & Co. asks you to answer the following</p> <ul style="list-style-type: none"> (1) Who shall issue a debit/credit note under CGST Act? (2) Whether debit note or credit note has to be issued in each of the above circumstances? (3) What is the maximum time-limit available for declaring the credit note in the GST Return? <p style="text-align: right;">(MTP Oct 2021) , 6 Marks</p>
Ans	<ul style="list-style-type: none"> (1) The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e. Kartik & Co. (2) Yes, debit/credit note need to be issued in each of the circumstances as under: <ul style="list-style-type: none"> (i) A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value. (ii) A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable. (iii) A debit note is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value. (3) The details of the credit note cannot be declared later than the return for the month of September following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.
Q2.	<p>Narayan Singh, a registered supplier, has received advance payment with respect to services to be supplied to Shelly. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Narayan Singh regarding the same.</p> <p style="text-align: right;">(MTP March 2021) , 4 Marks</p>
Ans	<p>Narayan Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Shelly. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.</p> <p>Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently 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. Therefore, in case subsequently</p>

	no services are supplied by Narayan Singh, and no tax invoice is issued in pursuance thereof, Narayan Singh may issue a refund voucher against such payment to Shelly.
Q3.	List out the situations in which a Credit note/Debit note may be issued under the CGST Act, 2017. (MTP Nov 2020) , 5 Marks
Ans	Credit note is required to be issued by the Supplier:- (i) If taxable value charged in the tax invoice is found to exceed the taxable value in respect of supply of goods and/or services, or (ii) If tax charged in the tax invoice is found to exceed the tax payable in respect of supply of goods and/or services, or (iii) if goods supplied are returned by the recipient, or (iv) if goods and/or services supplied are found to be Deficient. Debit note is required to be issued by the Supplier:- (i) If taxable value charged in the tax invoice is found to be less than the taxable value in respect of supply of goods and/or services or (ii) If tax charged in the tax invoice is found to be less than the tax payable in respect of supply of goods and/or services.
Q4.	The aggregate turnover of Sangri Services Ltd., Delhi, exceeded Rs. 20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6th September. You are required to advice Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices. (MTP Nov 19) , 6 Marks
Ans	As per section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Sangri Services Ltd.'s turnover exceeded Rs. 20 lakh on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August. As per section 31 read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration. Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October
Q5.	Mr. Mayank provides Continuous Supply of Services (CSS) to M/s. Omega Limited. He furnishes the following further information: (i) Date of commencement of Providing CSS 01-10-20XX (ii) Date of completion of Providing CSS 31-01-20XY (iii) Date of receipt of payment by Mr. Mayank 30-03-20XY Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances: (i) If no due date for payment is agreed upon by both under the contract of CSS.

	<p>(ii) If payment is linked to the completion of service.</p> <p>(iii) If M/s. Omega Limited has to make payment on 25-03-20XY as per the contract between them</p> <p style="text-align: right;">(MTP May 19) , 3 Marks</p>
Ans	<p>(i) 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. Thus, in the given case, the invoice should be issued on or before 30.03.20XY (date of receipt of payment by Mr. Mayank).</p> <p>(ii) If payment is linked to the completion of an event, the invoice should be issued on or before the date of completion of that event. Since in the given case payment is linked to the completion of service, invoice should be issued on or before 31.01.20XY (date of completion of service).</p> <p>(iii) Where the due date of payment is ascertainable from the contract, the invoice should be issued on or before the due date of payment. If M/s. Omega Limited has to make payment on 25.03.20XY as per the contract between them, the invoice should be issued on or before 25.03.20XY.</p>
Q6.	<p>Draupad Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise him regarding same.</p> <p style="text-align: right;">(MTP May 19) , 3 Marks</p>
Ans	<p>A registered person paying tax under the provisions of section 10 [composition levy] shall issue, instead of a tax invoice, a bill of supply containing such particulars and in such manner as may be prescribed.</p> <p>Therefore, in the given case, Draupad Fabrics cannot issue tax invoice. Instead, it shall issue a Bill of Supply.</p>
Q7.	<p>The aggregate turnover of Priyank Services Ltd. exceeded Rs.20 lakh on 12th August. He applied for registration on 3rd September and was granted the registration certificate on 6 th September. You are required to advise Priyank Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.</p> <p style="text-align: right;">(MTP May 19-2) , 6 Marks</p>
Ans	<p>As per section 25 read with CGST Rules, 2017, where an applicant submits application for registration within 30 days from the date he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Priyank Services Ltd.'s turnover exceeded Rs. 20 lakh on 12th August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12th August.</p> <p>As per section 31 read with CGST Rules, 2017, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from the effective date of registration till the date of issuance of certificate of registration.</p> <p>Therefore, in the given case, Priyank Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12th</p>

	August) till the date of issuance of certificate of registration (6th September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6th October
Q8.	<p>Discuss the correctness of the following statements:-</p> <p>(i) Once generated, an e-way bill cannot be cancelled.</p> <p>(ii) E-way bill generated in one State is valid in another State</p> <p style="text-align: right;">(RTP May 2020)</p>
Ans	<p>(i) The said statement is partially correct. Where an e-way bill has been generated, but goods are either not transported at all or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill.</p> <p>However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017.</p> <p>(ii) The said statement is correct. The e-way bill generated under Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.</p>
Q9.	<p>Bali Limited, a registered taxpayer, provides security services to registered persons from Mumbai office and Delhi office. The aggregate turnover of Mumbai office and Delhi office in the preceding financial year is Rs. 300 crore and Rs. 250 crore respectively. For the month of November in the current financial year, Bali Limited prepares duplicate invoices and does not issue e-invoice as it is of the view that it's aggregate turnover does not cross the threshold limit to make it liable for issuing e- invoices. Briefly explain whether the view taken by Bali Limited is correct in law? Also explain the advantages of e-invoicing, if any.</p> <p style="text-align: right;">(RTP MAY 2021)</p>
Ans	<p>The view taken by Bali Limited is not correct in law.</p> <p>All notified registered businesses (except specified class of persons) with an aggregate turnover (based on PAN) in the preceding financial year greater than Rs. 500 crore are required to issue e-invoices.</p> <p>The eligibility is based on aggregate annual turnover on the common PAN. Thus, the aggregate total turnover of Bali Limited is more than Rs. 500 crores (considering both the GSTINs) and is required to issue e-invoices.</p> <p>Further, where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate.</p> <p>E-invoice has many advantages for businesses, which have been given as under:-</p> <p>(i) Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required). Under e-invoicing, business has to report the B2B invoice data only once in the e-invoice form and the same is reported in multiple forms (GSTR- 1, e-way bill etc.). E-way bill can be auto-generated using e- invoice data. GSTR-1 can also be auto-populated with the e-invoice data. It will become part of the business process of the taxpayer.</p> <p>(ii) Accuracy/Reconciliation. Since same data is reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register, transcription errors are reduced. On receipt of information through GST System, buyer can do reconciliation with his Purchase Order.</p> <p>(iii) Early payment. E-invoicing facilitates standardisation and inter-operability leading to reduction of disputes among transacting parties and thus, improving payment cycles.</p> <p>(iv) Cost reduction. E-invoicing helps in reducing processing costs and thus, leads to improvement of overall business efficiency.</p> <p>(v) Reduction of tax evasion. Since a complete trail of B2B invoices is available with the Department, it will enable the system-level matching of input tax credit and output tax thereby reducing the tax evasion.</p> <p>(vi) Elimination of fake invoices. E-invoicing eliminates the fake invoices. Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently</p>

	<p>faced by tax-authorities. The e-invoice system helps to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities have access to data in real-time.</p> <p>(vii) Paper Elimination. E-invoicing helps in paper elimination and thereby it is eco- friendly.</p>
Q10.	<p>Determine in which of the following independent cases, e-invoicing is applicable?</p> <p>(i) Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in the preceding financial year is Rs. 60 crore.</p> <p>(ii) Rich & Poor Bank, registered under GST has an aggregate turnover of Rs. 75 crore in the preceding financial year.</p> <p style="text-align: right;">(RTP NOV 2021)</p>
Ans	<p>All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than Rs. 50 crore are required to issue e- invoices in respect of B2B supplies (supply of goods and/or services to a registered person).</p> <p>Further, following entities are exempt from the mandatory requirement of e-invoicing:-</p> <ul style="list-style-type: none"> (a) Special Economic Zone units (b) Insurer or banking company or financial institution including NBFC (c) GTA supplying services in relation to transportation of goods by road in a goods carriage (d) Supplier of passenger transportation service (e) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens <p>Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds Rs. 50 crore in the preceding financial year from 2017-18 onwards.</p> <p>In view of the above mentioned provisions, the answer to the independent cases are as under:-</p> <ul style="list-style-type: none"> (i) The aggregate turnover of Harnam & Co. exceeds the threshold limit of aggregate turnover applicable for e-invoicing. Thus, Harnam & Co. is mandatorily required to issue e-invoices in respect of supplies made to registered persons. (ii) Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds Rs. 50 crore in the preceding financial year. Thus, e- invoicing is not applicable to Rich & Poor Bank.
Q11.	<p>Mr. Shah, a consignor is required to move goods from Ahmedabad (Gujarat) to Nadiad(Gujarat). He appoints Mehta Transporter for movement of goods.</p> <p>Mehta Transporter moves the goods from Ahmedabad (Gujarat) to Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat), Mehta Transporter now hands over the goods to Parikh Transporter.</p> <p>Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made there under.</p> <p style="text-align: right;">(Nov 19 Suggested) , 5 Marks</p>
Ans	<p>In the given scenario, only one e-way bill is required to be issued.</p> <p>Part A can be filled by either Mr. Shah or recipient of goods or Mehta Transporter on the appropriate authorisation.</p> <p>Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-waybill on the common portal in Part B.</p> <p>Thus, on reaching Kheda, Mr. Shah or the recipient of the goods, who has filled Part A of the e-way bill, or Mehta Transporter can, before the transfer and further movement of goods, update the details of conveyance in Part B of the e-way bill.</p>

	<p>Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment.</p> <p>Thus, on reaching Kheda, Mr. Shah or the recipient of the goods, or Mehta Transporter can assign the said e-way bill to Parikh Transporter who will thereafter update the details of conveyance in Part B.</p> <p>However, upon updation of the details of the conveyance by Parikh transporter in Part B, Mr. Shah or recipient, as the case may be, who has furnished the information in Part A shall not be allowed to assign the e-way bill number to another transporter</p>
Q12.	<p>Agni Ltd. a registered supplier wishes to transport cargo by road between two cities situated at a distance of 368 kilometres. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise.</p> <p style="text-align: right;">(JAN 2021 SUGGESTED) , 3 Marks</p>
Ans	<p>The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 368 km is as under: If it is over dimensional cargo: the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.</p> <p>Thus, validity period in given case:</p> <p>= 1 day + 18 days</p> <p>= 19 days</p> <p>(i) If it is a cargo other than over dimensional cargo: the validity period of the e- way bill is one day from relevant date upto 100 km and one additional day for every 100 km or part thereof thereafter.</p> <p>Thus, validity period in given case:</p> <p>= 1 day + 3 days</p> <p>= 4 days</p>
Q13.	<p>ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of CGST Act, 2017 read with fourth proviso to rule 46 of CGST Rules, 2017.</p> <p>During the month of October, 2019, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket. Advise ABC Cinemas for the procedure to be followed in the light of recent notification.</p> <p style="text-align: right;">(JAN 2021 SUGGESTED) , 4 Marks</p>
Ans	<p>The procedure to be followed by ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under:-</p> <p>The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, ABC Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.</p> <p>ABC Cinemas is required to issue an electronic ticket.</p>

	The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.
Q14.	"It is mandatory to furnish the details of conveyance in Part-B of E-way Bill." Comment on the validity of the above statement with reference to provisions of E-Way Bill under CGST Rules, 2017. <div style="text-align: right;">(Nov 2020 Suggested) , 3 Marks</div>
Ans	<p>The given statement is partially valid. An e-way bill is valid for movement of goods by road only when the information in Part-B – which includes details of conveyance - is furnished.</p> <p>However, the details of conveyance may not be furnished in Part-B of the e-way bill where the goods are transported for a distance of upto 50 km within the State/Union territory:</p> <p>(a) from the place of business of the consignor to the place of business of the transporter for further transportation or (b) from the place of business of the transporter finally to the place of business of the consignee.</p>
Q15.	"In Form GSTR-1, submission of invoice-wise details of outward supplies is mandatory for all kind of invoices issued during the tax period." Comment on the validity of the above statement with reference to GST laws. <div style="text-align: right;">(NOV 2020 Suggested), 3 Marks</div>
Ans	<p>The said statement is not valid. In respect of following outward supplies, consolidated details and not invoice-wise details are required to be uploaded in the GSTR-1:</p> <p>(a) Intra-State supplies made to unregistered persons for each rate of tax (b) Inter-State supplies made to unregistered persons with invoice value upto ` 2,50,000 for each rate of tax separately for each State.</p>