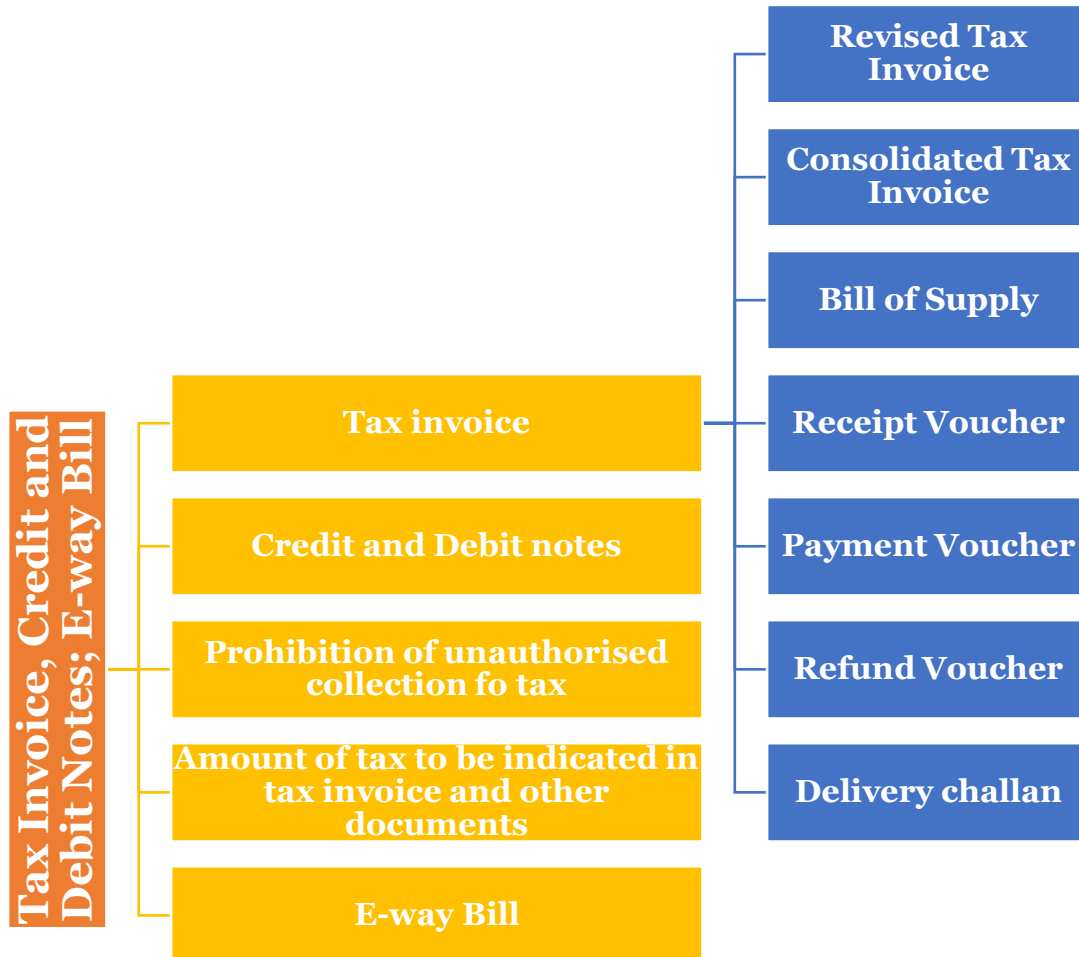




# TAX INVOICE, CREDIT AND DEBIT NOTES

## 1. CHAPTER OVERVIEW





## 2. INTRODUCTION

Under the GST regime, an “invoice” or “tax invoice” means the tax invoice referred to in section 31 of the CGST Act, 2017. An invoice is a commercial instrument issued by a supplier of goods/services to a recipient.

Apart from tax invoice, the GST law requires issuance of following documents on different occasions which have been dealt in details under this chapter:

- Revised tax Invoice
- Bill of supply
- Debit note
- Credit note
- Payment voucher
- Receipt voucher
- Refund voucher
- Delivery challan
- E-Way Bill

Issuance of Tax Invoice and other related documents such as debit note, credit note etc. on timely basis is very crucial aspect for ensuring the tax compliance under GST Law.

Section 31 to 34 of CGST Act deal with the provisions relating to tax invoices, debit note and credit notes. By virtue of section 20 of IGST Act, these provisions have also been made applicable for IGST Law.



## 3. TAX INVOICE ISSUED BY A SUPPLIER OF TAXABLE GOODS/TAXABLE SERVICES [SEC 31]

A tax invoice shall be issued by a registered person supplying taxable goods or taxable services or both.

There is **no format** prescribed for the Tax Invoice. Only certain fields have been prescribed as **mandatory fields**. Further, **invoices may be issued manually or electronically**. Issuance of electronic invoices is not mandatory.

### 3.1. Time limit for issuance of Tax invoice in case of Supply of Taxable Goods

In case of supply of taxable goods, tax invoice shall be issued,

- **Where supply involves movement of goods** - Before or at the time of removal of goods; or
- **In any other case** - Before or at the time of delivery or making available goods to the recipient.

#### Examples

a) Riya Manufacturers, Delhi supplies goods to Pratik Electronics, Haryana. The goods were removed from its factory in Delhi on 23rd September. Riya Manufacturers needs to issue a tax invoice on or before 23rd September.

b) If goods are delivered on 10th July 2022, Invoice should be issued maximum upto 10th July 2022. If the goods are to be delivered at some other point and goods are removed from the place of business on 10th August 2022 and delivered at destination on 28th August 2022, invoice should be issue maximum upto 10th August 2022.

### 3.2. Time limit for issuance of Tax invoice in case of CONTINUOUS Supply of Taxable Goods

Where successive statements of accounts/ successive payments are involved, the invoice shall be issued

- before/at the time each such statement is issued or
- each such payment is received.

### 3.3. Time limit for issuance of Tax invoice in case of Supply of Taxable Service

In case of supply of taxable services, tax invoice may be issued

- before or after the provision of services, but within a period of 30 days\* from the date of supply of service.

*\*45 days in case of an insurer or banking company or financial institution, including a NBFC.*



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An insurer or a banking company or a financial institution, including NBFC, or a telecom operator, or any other class of supplier of services as may be notified by the Government,

- making taxable supplies of services between distinct persons as specified in section 25
- may issue invoice before or at such time supplier records the same in his books of accounts or before the expiry of the quarter during which the supply was made.

### Example

Kashi Security Services Ltd. provides security services to Ranka Jewellers for their Jewellery Exhibition to be organized on 5th October. Kashi Security Services Ltd. needs to issue a tax invoice within 30 days of supply of security services, i.e. on or before 4th November.

### 3.4. Time limit for issuance of Tax invoice in case of CONTINUOUS Supply of Taxable Service

Where	Invoice shall be issued
Due date of payment is ascertainable from the contract	on or before the due date of payment
Due date of payment is not ascertainable from the contract	before or at the time when the supplier of service receives the payment
Payment is linked to the completion of an event	on or before the date of completion of that event

### Example

Sam Cinemas entered into an annual maintenance contract with XYZ Services Ltd. for one year [April–March] for the Air conditioners fitted in their theaters. As per the contract, payment for said services had to be made on 7th April. However, Sam Cinemas made the payment on 15th April.

Since services provided by XYZ Services Ltd. to Sam Cinemas is a continuous supply of services and due date of payment is ascertainable from the contract, XYZ Services Ltd. had to issue a tax invoice on or before such due date, viz. 7th April.

### 3.5. Where supply of services ceases before its completion [Section 31(6)]

In a case where the supply of services ceases under a contract before the completion of the supply,

- 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.

**3.6. Goods sent on sale or return basis [Section 31(7)]**

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

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

## 4. PARTICULARS OF A TAX INVOICE

### [SEC 31(1) AND (2) R/W RULE 46]

There is no format prescribed for an invoice, but Rules make it mandatory for an invoice to have the following fields:

a)	Name, address and GSTIN of the supplier;	
b)	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets/numerals/special characters, hyphen or dash and slash and any combination thereof, unique for a FY;	
c)	Date of its issue;	
d)	If recipient is registered - Name, address and GSTIN or UIN of recipient	
e)	If recipient is unregistered and value of supply is	Particulars of invoice
	INR 50,000 or more	Name and address of the recipient and the address of delivery, along with the name of State and its code.
	less than INR 50,000	Unregistered recipient may still request the aforesaid details to be recorded in the tax invoice
f)	HSN code for goods or services;	
g)	Description of goods or services;	
h)	Quantity in case of goods and unit or Unique Quantity Code thereof;	
i)	Total value of supply of goods or services or both;	
j)	Taxable value of supply of goods or services or both taking into account discount or abatement, if any;	
k)	Rate of tax (central tax, State tax, integrated tax, Union territory tax or cess);	
l)	Amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess);	
m)	Place of supply along with the name of State, in case of a supply in the course of inter-State trade or commerce;	
n)	Address of delivery where the same is different from the place of supply;	
o)	Whether the tax is payable on reverse charge basis; and	



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p)	Signature or digital signature of the supplier or his authorized representative (not required in case of issuance of an electronic invoice in accordance with the provisions of the Information Technology (IT) Act, 2000).
q)	Quick Response code, having embedded Invoice Reference Number (IRN) in it, in case e-invoice has been issued

### **HARMONIZED SYSTEM OF NOMENCLATURE ['HSN']**

**Number of HSN digits required on Tax Invoice and Class of Registered Person Not Required to mention HSN [N/n 79/2020]**

S.No.	Aggregate Turnover (AT) in the preceding FY	Number of digits of HSN code
1.	AT upto 5 crores	For B2B supply - 4 For B2C supply - 4 (optional)*
2.	AT > 5 crores	For B2B supply and B2C supply - 6

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

**Note:** Above provisions are also applicable to Bill of Supply.

### **Manner of issuing the invoice [Sections 31(1) & (2) read with rule 48]**

In case of taxable Supply of Goods	In case of taxable Supply of Service
Invoice shall be prepared in <b>Triplicate</b>	Invoice shall be prepared in <b>Duplicate</b>
Original Copy - For Recipient	Original Copy - For Recipient
Duplicate Copy - For Transporter	Duplicate Copy - For Supplier
Triplicate Copy - For Supplier	

**Note:** The serial number of invoices issued during a tax period shall be furnished electronically [through the Common Portal - [www.gst.gov.in](http://www.gst.gov.in)], in FORM GSTR-1 [Details of outward Supplies of goods or services].

In view of the aforesaid discussion, following points merit consideration:

- All GST taxpayers are free to design their own Tax Invoice Format.
- The law requires only certain fields as mandatory fields in the Tax Invoice as listed above.



## 5. E-INVOICE

All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards greater than **10 20 crore** (hereinafter referred to as 'notified persons') will be required to issue e-invoices.

E-invoicing is not voluntary; only notified persons are enabled to report invoices on Invoice Registration Portal ('IRP').

Where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/duplicate.

<b>Meaning</b>	<p>E - Invoicing is not generation of invoice on a Government portal. Taxpayers will continue to create their GST invoices on their own Accounting/ Billing / ERP Systems as per e-invoice schema.</p> <p>These invoices will then be reported to 'Invoice Registration Portal (IRP)'. This way taxpayer registers his supply transaction on IRP. On uploading, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' (explained in detail subsequent paras) after digitally signing the e-invoice and adding a QR Code (Quick Response Code). Then, the supplier shares the e-invoice with the receiver (along with QR Code). A GST e-invoice will be valid only with a valid IRN.</p>
<b>Applicability</b>	<p>All registered businesses with an aggregate turnover (based on PAN) in any preceding financial year from 2017-18 onwards <b>greater than 10 20 crores</b> (hereinafter referred to as 'notified persons') will be required to issue e-invoices in case of</p> <ol style="list-style-type: none"> <li>B2B supplies (supply of goods or services or both to a registered person) or</li> <li>for exports.</li> </ol> <p>If the invoice is issued by a notified person in respect of supplies made by him tax on which is payable under reverse charge under section 9(3), e-invoicing is applicable.</p> <p>Thus, presently, e-invoicing is also not applicable to B2C invoices and import of goods (Bills of Entry).</p> <p><b>Example</b></p> <p>A taxpayer (say a firm of advocates) having aggregate turnover in a FY of more than INR 10 crore is supplying services to a company (who will be discharging tax liability as recipient under reverse charge mechanism), such invoices have to be reported by said tax payer (since it is a notified person) to IRP.</p>



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	On the other hand, where specified category of supplies is received by notified person from unregistered persons [attracting reverse charge under section 9(4)] or through import of services, e-invoicing doesn't arise/ not applicable.
<b>Which Documents are covered under e- invoice?</b>	<p>Invoices, credit notes and debit notes, when issued by notified persons (to registered persons (B2B) or for the purpose of exports) are covered under e-invoice.</p> <p>Though different documents are covered, for ease of reference and understanding, the system is referred as 'e-invoicing'.</p>
<b>Exemption from e-commerce invoicing</b>	<p>Following entities are exempt from the mandatory requirement of e-invoicing:</p> <ul style="list-style-type: none"> <li>a) Special Economic Zone units</li> <li>b) Insurer or banking company or financial institution including NBFC</li> <li>c) GTA supplying services in relation to transportation of goods by road in a goods carriage</li> <li>d) Supplier of passenger transportation service</li> <li>e) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens</li> <li>f) a Government Department and a local authority</li> </ul> <p>Thus, above mentioned entities are not required to issue e-invoices even if their turnover exceeds INR 10 crore in the preceding financial year from 2017-18 onwards.</p> <p><b>Note :</b> It is important to note there only SEZ units and not SEZ developers are exempt from issuing e- invoices. Thus, SEZ developers whose turnover exceeds 10 crores in any preceding financial year from 2017-18 onwards are mandatorily required to issue e- invoices.</p> <p>Further, in case of supplies made by notified persons to SEZ units, e- invoices needs to be issued.</p> <p><b>Example</b></p> <p>AAC Private Limited has an SEZ unit and a regular DTA unit (both having same PAN). The aggregate total turnover of Maharaja Private Limited is more than 10 crores (considering both the GSTINs). However, the turnover of DTA unit is below 10 crores for FY 2022-23.</p> <p>In this scenario, SEZ unit is exempt from e- invoicing. However, e-invoicing will be applicable to DTA Unit because the aggregate turnover of the legal entity in this case is &gt; 10 crores. The eligibility is based on aggregate annual turnover on the common PAN.</p>
<b>Cancellation/ amendment</b>	Where needed, the seller can cancel IRN for an e-invoice already reported by reporting it on IRP within specified time. Amendment of e-invoice already



<b>of reported invoice</b>	uploaded on IRP will be done only on GST portal (while filing GSTR-1). Amendment of invoices is not possible through the IRP.
<b>Advantages of e-invoicing</b>	<p>a) Auto-reporting of invoices into GST Return and auto-generation of e-way bill (wherever required.)</p> <p>b) Substantial reduction in transcription errors as same data will get reported to tax department as well as to the buyer to prepare his inward supplies (purchase) register.</p> <p>c) It will facilitate standardization and interoperability leading to reduction of disputes among transacting parties, improve payment cycles, reduction of processing costs and there by greatly improving overall business efficiency.</p> <p>d) 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>e) E- invoicing will eliminate the fake invoices.</p>

### Important terms

#### a) E invoice schema

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

### Example

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

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



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

### **b) Invoice Registration Portal (IRP)**

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

- [www.einvoice1.gst.gov.in](http://www.einvoice1.gst.gov.in)
- [www.einvoice2.gst.gov.in](http://www.einvoice2.gst.gov.in)
- [www.einvoice3.gst.gov.in](http://www.einvoice3.gst.gov.in)
- [www.einvoice4.gst.gov.in](http://www.einvoice4.gst.gov.in)
- [www.einvoice5.gst.gov.in](http://www.einvoice5.gst.gov.in)
- [www.einvoice6.gst.gov.in](http://www.einvoice6.gst.gov.in)
- [www.einvoice7.gst.gov.in](http://www.einvoice7.gst.gov.in)
- [www.einvoice8.gst.gov.in](http://www.einvoice8.gst.gov.in)
- [www.einvoice9.gst.gov.in](http://www.einvoice9.gst.gov.in)
- [www.einvoice10.gst.gov.in](http://www.einvoice10.gst.gov.in)

### **c) Invoice Reference Number**

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

IRN is embedded in Quick Reference (QR) code which may be produced electronically for verification in lieu of physical copy of such tax invoice.

### **Guruji Ka Gyaan:**

- The e-invoicing system is also available for the E-Commerce Operators (ECO) to report the invoices to the Invoice Registration portal, generated by them on behalf of the suppliers.
- Bulk uploading of invoices to IRP is also possible.

### **d) Quick Response (QR) code**

Upon successful registration of invoice on IRP, it will return a signed e-invoice to the supplier with IRN and QR Code. IRN is embedded in the QR Code which shall be extracted and printed on



the invoice. The QR code enables quick view, validation and access of the invoices from the GST system from hand-held devices.

The digitally signed QR code will have a unique IRN which can be verified on the central portal as well as by an offline app by the officer. This will be helpful for tax officers checking the invoice offline on the roadside where internet may not be available all the time.

The QR code consists of the following e-invoice parameters:

- i) GSTIN of supplier
- ii) GSTIN of recipient
- iii) Invoice number as given by supplier
- iv) Date of generation of invoice
- v) Invoice value (taxable value and gross tax)
- vi) Number of line items
- vii) HSN code of main item (the line item having highest taxable value)
- viii) Unique Invoice Reference Number (hash)
- ix) Date of generation of IRN

## 6. DYNAMIC QR CODE

All B2C invoices issued by a registered person whose

- aggregate turnover in any preceding FY from 2017-18 onwards exceeds INR 500 crores are
- mandatorily required to have a Dynamic QR code from December 1, 2020.

Resultantly, it has been notified that invoice issued by a registered person [except specified class of persons (discussed below)], whose aggregate turnover in a financial year exceeds INR 500 crores, in respect of B2C supplies (supply of goods or services or both to an unregistered person) shall have Dynamic QR code.

A Dynamic Quick Response (QR) code made available to buyer by such registered person through digital display (with payment cross-reference) shall be deemed to be having QR code. **The purpose of this provision is to enable and encourage digital payments where buyer can scan the dynamic QR code and make payment from mobile wallet directly.**

Today, many shops have static QR code at the payment counter which is scanned by the buyer, but the buyer has to enter the amount to be paid to the shop in the mobile payment App. The



dynamic QR code, on the other hand, will have the payment details and thus 'scan and pay' in one go is possible.

**This has no relevance or applicability to the e-invoicing in respect to B2B supplies by notified class of taxpayers.** Dynamic QR Code will be generated by the seller himself either on the Point of Sale (PoS) machine or the invoice issued.

In this regard, following issues have been further clarified vide Circular no. 146/02/2021 GST dated 23.02.2021:

**i) Non-applicability of requirement of Dynamic QR code:** Dynamic QR code is not applicable to an invoice issued to an unregistered person by following suppliers:

- a) Insurer or banking company or financial institution including NBFC
- b) Goods transport agency supplying services in relation to transportation of goods by road in a goods carriage
- c) Supplier of passenger transportation service
- d) Person supplying services by way of admission to exhibition of cinematograph films in multiplex screens
- e) Supplier of online information and database access or retrieval (OIDAR) services.

**ii) No Dynamic QR code in case of exports:**

As regards the supplies made for exports, though such supplies are made by a registered person to an unregistered person, however,

- since e-invoices are required to be issued in respect of supplies for exports treating them as B2B supplies,
- Dynamic QR code requirement will not be applicable to them.

**iii) Parameters/ details are required to be captured in the Dynamic QR Code:**

Dynamic QR Code, inter-alia, shall contain the following information: -

- Supplier GSTIN number
- Supplier UPI ID
- Payee's Bank A/c number and IFSC
- Invoice number & invoice date,



- Total Invoice value and
- GST amount along with breakup i.e. CGST, SGST, IGST, CESS, etc.

Further, Dynamic QR Code should be such that it can be scanned to make a digital payment.

**iv) Dynamic QR Code required to be provided on invoice issued to a person having a UIN**

Any person, who has obtained a Unique Identity Number (UIN), is not treated as a “registered person” as per the definition of ‘registered person’ provided under section 2(94).

Therefore, any invoice, issued to such person having a UIN, shall be considered as **invoice issued for a B2C supply** and shall be required to comply with the requirement of Dynamic QR Code.

**v) Compliance with the Dynamic QR Code requirements in certain cases:**

If the supplier has issued invoice having Dynamic QR Code for payment, the said invoice shall be deemed to have complied with Dynamic QR Code requirements.

**Case - I: If a supplier provides/ displays Dynamic QR Code, but the customer opts to make payment without using Dynamic QR Code, and supplier provides the cross reference of such payment made without use of Dynamic QR Code, on the invoice**

In cases where the supplier, has digitally displayed the Dynamic QR Code and the customer pays for the invoice: -

- a) using any mode like UPI, credit/ debit card or online banking or cash or combination of various modes of payment, with or using Dynamic QR Code, and the supplier provides a cross reference of the payment (transaction id along with date, time and amount of payment, mode of payment like UPI, Credit card, Debit card, online banking etc.) on the invoice; or
- b) in cash, without using Dynamic QR Code and the supplier provides a cross reference of the amount paid in cash, along with date of such payment on the invoice;

said invoice shall be deemed to have complied with the requirement of having Dynamic QR Code.



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**Case - II: If a supplier makes available to customers an electronic mode of payment, where though Dynamic QR Code is not displayed, but the details of merchant as well as transaction are displayed/ captured otherwise**

In such cases, if the cross reference of the payment made using such electronic modes of payment is made on the invoice, the invoice shall be deemed to comply with the requirement of Dynamic QR Code.

However, if payment is made after generation/ issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

**Case - III: In case of pre-paid invoices i.e. where payment has been made before issuance of the invoice**

If cross reference of the payment received either through electronic mode or through cash or combination thereof is made on the invoice, then the invoice would be deemed to have complied with the requirement of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.

**Case - IV: In case where the e-commerce operator (ECO)/online application has complied with the Dynamic QR Code requirements, whether the suppliers using such e-commerce portal or application will still be required to comply with the requirement of Dynamic QR Code?**

Dynamic QR code requirements apply to each supplier/registered person separately, if such person is liable to issue invoices with Dynamic QR Code for B2C supplies.

In case, the supplier is making supply through the e- commerce portal or application, and the said supplier gives cross references of the payment received in respect of the said supply on the invoice, then such invoices would be deemed to have complied with the requirements of Dynamic QR Code.

In cases other than pre-paid supply i.e. where payment is made after generation / issuance of invoice, the supplier shall provide Dynamic QR Code on the invoice.



## 7. REVISED TAX INVOICE [SECTION 31(3)(a) READ WITH RULE 53]

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. Such invoices shall be issued against the invoices already issued during said period.

Revised Tax Invoices shall be issued within **1 month from the date of issuance of certificate of registration**.

### Logic:

A person who becomes liable for registration has to apply for registration within 30 days of becoming liable for registration. 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 the issuance of a revised invoice, so that ITC can be availed by the recipient on such supplies.

### Example

Pari Private Ltd. commenced business of supply of goods on 1st April in Delhi. Its turnover exceeded INR 20,00,000 on 3rd September. Thus, it became liable to registration on 3rd September. It applied for registration on 29th September and granted registration certificate on 5th October.

Since it applied for registration within 30 days of becoming liable to registration, it was granted registration with effect from 3rd September.

Pari Private Ltd. may issue Revised Tax Invoices in respect of taxable supplies effected between 3rd September and 5th October within 1 month from the date of grant of registration certificate.



## PARTICULARS OF REVISED TAX INVOICE

a)	Name, address and GSTIN of the supplier;
b)	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets/numerals/special characters, hyphen or dash and slash and any combination thereof, unique for a FY;
c)	Date of its issue;
d)	<b>If recipient is registered</b> - Name, address and GSTIN or UIN of recipient
e)	<b>If recipient is unregistered</b> - Name and address of the recipient and the address of delivery, along with the name of State and its code.
f)	<b>Serial number and date of the corresponding tax invoice or, as the case may be, bill of supply;</b>
g)	Signature or digital signature of the supplier or his authorized representative.

### **Availability of option to issue consolidated revised Tax invoice:**

- **Where supply has been made to a registered recipient**, revised tax invoices should be issued separately for each supply. Issue of consolidated revised tax invoice is not allowed in such situations because the registered recipient may claim input tax credit of the tax charged by the supplier.
- **Where supply has been made to unregistered recipients**, the supplier may issue a consolidated revised tax invoice in respect of all taxable supplies made by him to unregistered recipients. However, in case of inter-state supplies, a consolidated revised tax invoice cannot be issued in respect of an unregistered recipient if the value of supply exceeds INR 2,50,000.

## **8. CONSOLIDATED TAX INVOICE**

**[SEC 31(3)(b) R/W FOURTH PROVISIO TO RULE 46]**

A registered person may not issue a Tax Invoice if all 3 following conditions are satisfied:

- Value of the goods/services/both supplied < INR 200,
- the recipient is unregistered; and
- the recipient does not require such invoice.

In such cases, registered person shall issue a Consolidated Tax Invoice for such supplies at the close of each day in respect of all such supplies.

Thus, small taxpayers, like small retailers, doing a large number of small transactions for upto a value of INR 200 per transaction to unregistered customers need not issue invoice for every such transaction. They can issue one consolidated invoice at the end of each day for all transactions done during the day.



**Note:** If the customer demands invoice, the registered person shall issue it irrespective of value.

**Note:** Above provisions are also applicable to Bill of Supply.

**Exception:**

This option is disallowed to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens.

Such registered supplier shall be **required to issue an electronic ticket. The said electronic ticket is deemed to be a tax invoice.**

## 9. BILL OF SUPPLY

### [SECTION 31 (3)(C) READ WITH RULE 49]

- a) A registered person opting for the composition levy or
  - b) a registered person supplying exempted goods and/or services
- do not collect tax from the recipient on outward supplies made by him.

Accordingly, such suppliers cannot issue tax invoice but can issue only Bill of Supply.

Further, since no tax is collected from the recipient by the above two categories of supplier, Bill of Supply issued by such persons does not contain the details pertaining to rate of tax and amount of tax. Further, value to be mentioned in the Bill of Supply is also not taxable value.

**Note:** Any tax invoice or any other similar document issued under any other Act for the time being in force in respect of any non-taxable supply shall be treated as bill of supply for the purposes of the Act.

**Example**

Patil & Sons is a manufacturer of goods who has opted for composition levy under section 10. It will issue a Bill of Supply to the buyers of goods and not the tax invoice as it does not collect any tax from the buyers.



**Note: Single invoice-cum-bill of supply for taxable as well as exempted supplies made to an unregistered person [Notification No. 45/2017 CT dated 13.10.2017]**

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.

## 10. KINDS OF VOUCHER

### 10.1. Receipt Voucher [Section 31(3)(d) read with rule 50]

A registered person shall, on receipt of advance payment with respect to any supply of goods or services or both, issue a Receipt Voucher evidencing receipt of such payment.

**Where at the time of receipt of advance, rate of tax/ nature of supply is not determinable**

Where at the time of Advance	
Rate of tax is not determinable	Tax shall be paid at the rate of 18%
Nature of Supply is not determinable	Same shall be treated as Inter-State Supply

### 10.2. Refund Voucher [Section 31(3)(e) read with rule 51]

If a registered person issues a Receipt Voucher on receipt of advance payment with respect to any supply of goods or services or both, but

- subsequently no supply is made and
- no tax invoice is issued in pursuance thereof,
- the said registered person may issue, a Refund Voucher against such payment.



### 10.3. Invoice and Payment Voucher [Section 31(3)(f) read with second proviso to Rule 46 and 52]

Recipient of goods and/or services who is liable to pay tax under section 9(3)/9(4) of the CGST Act shall issue a Payment Voucher at the time of making payment to the supplier.

**Invoice to be issued by recipient if he is liable to pay tax under section 9(3)/(4) and receives supplies from an unregistered person**

A registered person who is liable to pay tax under reverse charge [under section 9(3)/9(4) of the CGST Act] shall issue an Invoice in respect of goods or services or both received by him from the supplier who is not registered on the date of receipt of goods or services or both.

Thus, a recipient liable to pay tax by virtue of section 9(3) has to issue invoice only when supplies have been received from an unregistered supplier.

### 11. SUPPLIER PERMITTED TO ISSUE OF ANY DOCUMENT OTHER THAN TAX INVOICE [SECTION 31(2) AND PROVISOR TO SECTION 31(1) R/W RULES 54 AND 55]

Government may, on the recommendations of the Council, by notification and subject to such conditions as may be mentioned therein, specify the categories of services in respect of which

- any other document issued in relation to the supply shall be deemed to be a tax invoice; or
- tax invoice may not be issued.

Following suppliers may issue a tax invoice, but they are also permitted to issue any other document in lieu of tax invoice, by whatever name called:

Supplier of taxable service	Document in lieu of the tax invoice	
	Optional information	Mandatory information
Insurer/Banking company/Financial institution/ NBFC	• Serial number	Other information as prescribed for a Tax Invoice, under Rule 46
	• Address of the recipient	Such document may be issued, physically/ electronically*
Goods Transport Agency (GTA) supplying services in relation to transportation		Gross weight of the consignment
		Name of the consignor and the consignee



## TAX INVOICE, CREDIT AND DEBIT NOTES



of goods by road in a goods carriage		Registration number of goods carriages in which the goods are transported
		Details of goods transported
		Details of place of origin and destination
		GSTIN of the person liable for paying tax whether as consignor, consignee or GTA
		Other information as prescribed for a tax invoice, under Rule 46
Supplier of passenger transportation service	<ul style="list-style-type: none"> <li>• Serial number</li> <li>• Address of the recipient of taxable service</li> </ul>	Other information as prescribed for a tax invoice, under Rule 46
		Tax invoice shall include ticket in any form, by whatever name called. However, signature or digital signature of the supplier or his authorized representative shall not be required in the case of issuance of ticket (passenger transport service) in accordance with the provisions of the Information Technology Act, 2000.
Supplier of services by way of admission to exhibition of cinematograph films in multiplex screens or otherwise	<ul style="list-style-type: none"> <li>• Details of the recipient of taxable service</li> </ul>	Other information as prescribed for a Tax Invoice, under Rule 46. Such document/ticket shall be issued electronically.

**\*Key Note:** Insurer/banking company/financial institution, including NBFC can issue a **consolidated tax invoice at month end** for the supply made during that month instead of issuing a tax invoice/any other document.

**Key Note:** It is important to note here that keeping in view the large number of transactions in banking, insurance and passenger transportation sector, taxpayers need not mention the address of the customer and the serial number in their invoices.



## 12. DELIVERY CHALLAN

Rule 55 specifies the cases where at the time of removal of goods, goods may be removed on delivery challan and invoice may be issued after delivery. These are provided in the following table:

Nature of Supply	Delivery Challan to be issued	Particulars of Delivery Challan
<b>1) Supply of liquid gas where the quantity at the time of removal from the place of business of the supplier is not known.</b>  <b>2) Transportation of goods for job Work</b>  <b>3) Transportation of goods for reasons other than by way of supply</b>  <b>4) Such other Supplies as may be notified by the Board</b>	➤ Serially numbered not exceeding 16 characters ➤ In one or multiple series ➤ At the time of removal of goods for transportation	Date and number of the delivery challan
		Name, address and GSTIN of the consigner, if registered
		Name, address and GSTIN or UIN of the consignee, if registered
		HSN code and description of goods,
		Quantity (provisional, where the exact quantity being supplied is not known)
		Taxable value
		Tax rate and tax amount - central tax, state tax, integrated tax, union territory tax or cess, where the transportation is for supply to the consignee
		Place of supply, in case of inter-state movement Signature

### A. Delivery challan in Triplicate

The delivery challan shall be prepared in TRIPLICATE, in case of supply of goods, in the following manner:

Original Copy - For Consignee

Duplicate Copy - For Transporter

Triplicate Copy - For Consignor



### **B. Declaration in E-way Bill**

Where goods are being transported on a delivery challan in lieu of invoice, it shall be declared in E-Way Bill.

### **C. Tax invoice to be issued after delivery of goods**

Where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

### **D. Clarification: Goods moved within the State or from the State of registration to another State for supply on approval basis and Art works sent by artists to galleries for exhibition**

**Issue:** Suppliers of jewellery etc. who are registered in one State may have to visit other States (other than their State of registration) and need to carry the goods (such as jewellery) along for approval. In such cases, if jewellery etc. is approved by the buyer, then the supplier issues a tax invoice only at the time of supply.

Since the suppliers are not able to ascertain their actual supplies beforehand and while ascertainment of tax liability in advance is a mandatory requirement for registration as a casual taxable person, the supplier is not able to register as a casual taxable person. Such goods are also carried within the same State for the purposes of supply.

#### **Clarification:**

As per Rule 55 of the CGST Rules, supplier shall issue a delivery challan for the initial transportation of goods where such transportation is for reasons other than by way of supply.

Further, where the goods being transported are for the purpose of supply to the recipient but the tax invoice could not be issued at the time of removal of goods for the purpose of supply, the supplier shall issue a tax invoice after delivery of goods.

A combined reading of the above provisions indicates that the

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



For this purpose, the person carrying the goods for such supply can carry the invoice book with him so that he can issue the invoice once the supply is fructified.

It is further clarified that all such supplies,

- where the supplier carries goods from one State to another and supplies them in a different State,
- will be inter-state supplies and
- attract integrated tax in terms of section 5 of the IGST Act.

It is also clarified that this clarification would be applicable to all goods supplied under similar situations. [Circular No. 10/10/2017 GST dated 18.10.2017].

Similarly, in case where artists supply art works in different States - other than the State in which they are registered as a taxable person and if the art work is selected by the buyer, then the supplier issues a tax invoice only at the time of supply.

It is clarified that the art work for supply on approval basis can be moved from the place of business of the registered person (artist) to another place within the same State or to a place outside the State on a delivery challan along with the e- way bill wherever applicable and the invoice may be issued at the time of actual supply of art work [Circular No. 22/22/2017 GST dated 21.12.2017].



### 13. GOODS TRANSPORTED IN SKD/CKD CONDITION OR IN BATCHES OR LOTS

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

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

### 14. AMOUNT OF TAX TO BE INDICATED IN TAX INVOICE AND OTHER DOCUMENTS [SEC 33]

Notwithstanding anything contained in this Act or any other law for the time being in force,

- where any supply is made for a consideration,
- every person who is liable to pay tax for such supply shall
- prominently indicate in all documents relating to assessment, tax invoice and other like documents,
- the amount of tax which shall form part of the price at which such supply is made.



## 15. CREDIT AND DEBIT NOTES

### 15.1. Issuance of Credit Note

A supplier is allowed to issue Credit Note to the receiver in the following situations:

- i) Where a tax invoice has been issued for supply of any goods / services and Taxable value in invoice is greater than Taxable value in respect of such supply; or Tax charged in invoice is greater than Tax payable in respect of such supply; or
- ii) Where the goods supplied are returned by the recipient; or
- iii) Where goods or services or both supplied are found to be deficient;

Once the credit note has been issued, the tax liability of the supplier will reduce.

The credit note is therefore a convenient and legal method by which the value of the goods or services in the original tax invoice can be amended or revised. The issuance of the credit note will easily allow the supplier to decrease his tax liability in his return under genuine circumstances without going through tedious process of refunds.

**Key Note:** It is important to note that credit note(s) are not permitted to be issued in case secondary discounts are allowed by the supplier since the tax liability of the supplier does not get reduced in such case.

However, supplier can issue financial/ commercial credit note(s) to reduce the value of supply payable by the recipient to the supplier [*Circular 92/11/2019 GST dated 07.03.2019*].

### 15.2. Issuance of Debit Note

Where a tax invoice has been issued for supply of any goods and/or services and

- i) Taxable value in invoice is less than Taxable value in respect of such supply; or
- ii) Tax charged in invoice is less than Tax payable in respect of such supply;

Registered Supplier may issue debit note to the recipient.



The issuance of a debit note/supplementary invoice creates additional tax liability. The treatment of a debit note/supplementary invoice is identical to the treatment of a tax invoice as far as returns and payment are concerned.

The debit note/supplementary invoice is a convenient and legal method by which the value of the goods and/or services in the original tax invoice can be enhanced. The issuance of the debit note allows the supplier to pay his enhanced tax liability in his returns without requiring him to undertake any other tedious process.

### 15.3. Details of Debit Note/Credit Note to be declared in Return

#### **Credit Note**

Any registered person who issues a credit note in relation to a supply of goods or services or both shall

- declare the details of such credit note
- in the return for the month during which such credit note has been issued but not later than:
  - i) **30th November** following the end of financial year to which such invoice or debit note pertains ~~due date of return u/s 39 for the month of September following the end of financial year to which such invoice or debit note pertains;~~ or
  - ii) the date of filing of the relevant annual return.

The tax liability shall be adjusted in such manner as may be prescribed. However, no reduction in output tax liability of the supplier shall be permitted, if the incidence of tax and interest on such supply has been passed on to any other person.

#### **Debit Note:**

Any registered person who issues a debit note in relation to a supply of goods or services or both shall

- declare the details of such debit note
- in the return for the month during which such debit note has been issued.

The tax liability shall be adjusted in such manner as may be prescribed.

**Key Note:** Debit Note shall include a supplementary invoice.

**Key Note:** Registered persons may issue **consolidated credit / debit notes in respect of multiple invoices** issued in a Financial Year without linking it to individual invoices.

**Contents of Credit Note and Debit Note [Rule 53(1A)]**

a)	Name, address and GSTIN of the supplier;
b)	Nature of the document;
c)	A consecutive serial number not exceeding 16 characters, in one or multiple series, containing alphabets/numerals/special characters, hyphen or dash and slash and any combination thereof, unique for a FY;
d)	Date of its issue;
e)	<b>If recipient is registered</b> - Name, address and GSTIN or UIN of recipient
f)	<b>If recipient is unregistered</b> - Name and address of the recipient and the address of delivery, along with the name of State and its code.
g)	<b>Serial number and date of the corresponding tax invoice(s) or, as the case may be, bill(s) of supply;</b>
h)	Value of taxable supply of goods or services, rate of tax and the amount of the tax credited or, as the case may be, debited to the recipient; and
i)	Signature or digital signature of the supplier or his authorized representative.

## 16. SUPPLIERS TO MANDATORILY GIVE OPTION OF SPECIFIED MODES OF ELECTRONIC PAYMENT TO THEIR RECIPIENTS [SEC 31A]

The Government may, on the recommendations of the Council,

- prescribe a class of registered persons supplying goods or service or both
- to give option to the recipient to make payment through prescribed modes of electronic payment
- in such manner and subject to such conditions and restrictions, as may be prescribed.

Thus, the prescribed class of suppliers of goods or services will have to provide options to recipients of goods or services supplied by them, of making e-payment.

It is not mandatory that the recipient must make payment to the supplier through electronic mode only.



### 17. E-WAY BILL

E-way bill will be generated when there is a movement of goods in a vehicle/ conveyance of value more than 50,000 (either each Invoice or in (aggregate of all Invoices in a vehicle/ Conveyance)

- a) In relation to a 'supply'
- b) For reasons other than a 'supply' ( say a return)
- c) Due to inward 'supply' from an unregistered person

**For this purpose, a supply may be either of the following**

- a) A supply made for a consideration (payment) in the course of business
- b) A supply made for a consideration (payment) which may not be in the course of business
- c) A supply without consideration (without payment)

**In simpler terms, the term 'supply' usually means a**

- a) Sale - sale of goods and payment made
- b) Transfer - branch transfers for instance
- c) Barter/Exchange - where the payment is by goods instead of in money

Therefore, E-Way Bills must be generated on the common portal for all these types of movements

#### GENERATION OF ANY WAYBILL

**1) Registered Person** - E-way bill must be generated when there is a movement of goods of more than 50,000 in value to or from a Registered Person. A Registered person or the transporter may choose to generate and carry e-way bill even if the value of goods is less than 50,000.

**2) Unregistered Persons** - Unregistered persons are also required to generate e-Way Bill. However, where a supply is made by an unregistered person to a registered person, the receiver will have to ensure all the compliances are met as if they were the supplier

**3) Transporter** - Transporters carrying goods by road, air, rail, etc. also need to generate e-Way Bill if the supplier has not generated an e-Way Bill



**For certain specified Goods, the eway bill needs to be generated mandatorily even if the Value of the consignment of Goods is less than 50,000**

- a) Inter-State movement of Goods by the Principal to the Job-worker by Principal/ registered Job-worker
- b) Inter-State Transport of Handicraft goods by a dealer exempted from GST registration

#### **WHEN TO GENERATE E-WAY BILL**

- 1) As per Rule 138(1) of CGST rules Every registered person who causes movement of goods of consignment value exceeding fifty thousand rupees –
  - a) In relation to a supply; or
  - b) For reasons other than supply; or
  - c) due to inward supply from an unregistered person,
- 2) E-commerce Operator or courier agency:- A registered person liable to generate e way bill can authorize the transporter, e-commerce operator or courier agency to furnish the details in Part A (Form GSTEWB-OI) of e-way bill.
- 3) Job Work:-As per proviso to the rule 138(1) where goods are being sent by a principal to the job worker located in another state, Principal or the Job worker (if registered) shall generate an e-way bill, irrespective of consignment value
- 4) Voluntary generation of e-way bill:-A registered supplier may voluntarily generate an e way bill even if consignment value is less than 50, 000
- 5) Handicraft Goods: - Where handicraft goods are transported from one State or Union territory to another State or Union territory by a person who has been exempted from the requirement of obtaining registration under clauses (i) and (ii) of section 24, the e way bill shall be generated by the said person irrespective of the value of the consignment.

**Explanation:** For the purpose of this rule, the expression handicraft goods has the meaning as assigned to it in the Government of India, ministry of finance (notification no. 56/2018- CT, dt 23/10/2018.



### 1) Documents or Details required to generate Waybill

- a) Invoice/Bill of Supply/Challan related to the consignment of goods
- b) Transport by road – Transporter ID or Vehicle number
- c) Transport by rail, air, or ship – Transporter ID, Transport document number, and date on the document. Document and devices to be carried by a person-in-charge of a conveyance.[Rule 138(A)]

### 2) The person in charge of a conveyance shall carry

The invoice or bill of supply or delivery challan, as the case may be; and a copy of the e-way bill in physical form or the e-way bill number in electronic form or mapped to a Radio Frequency Identification Device embedded on to the conveyance in such manner as may be notified by the Commissioner

**Provided that nothing contained in clause (b) of this sub-rule shall apply in case of movement of goods by rail or by air or vessel.**

### 3) In the following cases it is not necessary to generate e-Way Bill:

- a) The mode of transport is non-motor vehicle
- b) Goods transported from Customs port, airport, air cargo complex or land customs station to Inland Container Depot (ICD) or Container Freight Station (CFS) for clearance by Customs
- c) Goods transported under Customs supervision or under customs seal
- d) Goods transported under Customs Bond from ICD to Customs port or from one custom station to another
- e) Transit cargo transported to or from Nepal or Bhutan
- f) Movement of goods caused by defence formation under Ministry of defence as a consignor or consignee
- g) Empty Cargo containers are being transported
- h) Consignor transporting goods to or from between place of business and a weighbridge for weightment at a distance of 20 kms, accompanied by a Delivery challan



- i) Goods being transported by rail where the Consignor of goods is the Central Government, State Governments or a local authority
- j) Goods specified as exempt from E-Way bill requirements in the respective State/Union territory GST Rules
- k) Transport of certain specified goods- Includes the list of exempt supply of goods, Annexure to Rule 138(14), goods treated as no supply as per Schedule III, Certain schedule to Central tax Rate notifications.

### VALIDITY PERIOD OF E-WAY BILL OR A CONSOLIDATED E-WAY BILL REDUCED [RULE 138(10)]

Rule 138(10) elaborates the validity period of e-way bill/consolidated e-way bill. **With effect from 01.01.2021**, validity period of e-way bill/consolidated e-way bill has been reduced as follows:

Type of conveyance	Distance	Validity of EWB
Other than Over dimensional cargo	Less Than 200 Kms	1 Day
	For every additional 200 Kms or part thereof	additional 1 Day
For Over dimensional cargo	Less Than 20 Kms	1 Day
	For every additional 20Kms or part thereof	additional 1 Day

Validity of Eway bill can be extended also. The generator of such Eway bill has to either four hours before expiry or within four hours after its expiry can extend Eway bill validity

### Example

A registered person has to transport goods from its warehouse to its depot located at a distance of 500 km. In the given case, if e-way bill was generated before 01.01.2021, it would have been valid for 5 days. However, an e-way bill generated on or after 01.01.2021 would be valid for only 3 days. [Notification No. 94/2020 CT dated 22.12.2020]

### VERIFICATION OF DOCUMENTS AND COVEYANCES : [RULE 138B]

The Commissioner or an officer empowered by him in this behalf may authorize the proper officer to intercept any conveyance to verify the e-way bill in physical or electronic form for all inter-State and intra-State movement of goods.