

GOVERNMENT OF ODISHA

FINANCE DEPARTMENT

Memo. No. FIN-CT1-TAX-0037-2023- 25404/F, Dated 07.09.2023

To,

All Departments of Government

All Heads of Department

Sub: Clarification regarding applicability of e-invoice with respect to supplies made by a registered person to Government Departments or establishment/Government agencies/local authorities/PSUs registered solely for the purpose of TDS.

Madam/Sir,

Government Departments and Government entities/agencies procure goods and services. Instructions were issued vide Finance Department Memo. No. FIN-CT1-TAX-0006-2021-4699/F dated 09.02.2021 to procure goods or services or both by Government from registered GST taxpayers only. Further, as per Section 51 of the OGST Act, 2017, the Government Departments /Entities/Agencies were required to deduct tax at Source and were required to get themselves compulsorily registered as Tax Deductors under Section 24 (vi) of the OGST Act.

2. Electronic invoicing (e-invoicing) system has been introduced under the GST Act with effect from 1st October, 2020 for taxpayers with turnover of more than Rs. 500 crore in any preceding FY from 2017-18 onwards for B2B transactions (Transactions between registered persons) and for export invoices. The e-Invoice System is for GST registered persons for uploading all the B2B invoices to the Invoice Registration Portal (IRP). The IRP generates and returns a unique Invoice Reference Number (IRN), digitally signed e-invoice and QR code to the user.

3. The aforesaid facility was extended in phased manner for taxpayers with turnover of more than Rs. 100 crore with effect from 01.01.2021, for taxpayers with turnover of more than Rs. 50 crore with effect from 01.04.2021, for taxpayers with turnover of more than Rs. 20 crore with effect from 01.04.2022, for taxpayers with turnover of more than Rs. 10 crore from with effect from 01.10.2022.

4. It has been made mandatory vide Finance Department notification No. 14601 dated 15.05.2023 bearing SRO No. 245/2023 that the tax-payers whose aggregate turnover is exceeding Rs. 5 crore in any preceding FY from 2017-18 onwards, are required to issue e-invoices in respect of supply of goods or services or both to a registered person.

5. It has been observed that some registered taxpayers whose aggregate turnover in any financial year from 2017-18 has exceeded the above threshold are not generating e-



invoices from the notified dates in respect of supply of goods or services or both to Government Departments or Establishment/Government Agencies/Local Authorities/PSUs registered solely for the purpose of deduction of tax under Section 51 of the OGST Act,2017 under the misassumption that these taxable supplies are in the nature of B2C i.e. from registered persons to unregistered persons.

6. The Central Board of Indirect Taxes and Customs, Department of Revenue, Ministry of Finance, Government of India have already issued a clarification vide their circular No. 198/10/2023-GST dated 17.07.2023.

7. In order to clarify the issue and to ensure uniformity in the implementation of the provisions of GST law across the State, it is hereby clarified that Government Departments or Establishment/Government agencies/local authorities/PSUs registered solely as Tax Deductors at Source under Section 51 of the CGST/OGST Act,2017 are to be treated as registered persons under the GST law and accordingly, supplies from a registered person to a Government entity falls under the category of B2B supplies. Therefore, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing is required to issue e-invoices for the supplies made to such Government Departments or Establishments/Government agencies/local authorities/PSUs, etc. under rule 48(4) of the OGST Rules.

8. Difficulty, if any, in implementation of this circular may please be brought to the notice of Finance Department.

Yours faithfully,



Special Secretary to Government

FAQs on E-invoice under GST

Q: What is 'e-invoicing'?

Ans: As per Rule 48(4) of CGST Rules, notified class of registered persons have to prepare invoice by uploading specified particulars of invoice (in **FORM GST INV-01**) on Invoice Registration Portal (IRP) and obtain an Invoice Reference Number (IRN). After following above 'e-invoicing' process, the invoice copy containing *inter alia*, the IRN (with QR Code) shall be issued by the notified supplier to buyer, commonly referred to as 'e-invoice'. Because of the standard e-invoice schema (INV-01), 'e-invoicing' facilitates exchange of the invoice document (structured invoice data) between a supplier and a buyer in an integrated electronic format.

Please note that 'e-invoice' in 'e-invoicing' doesn't mean generation of invoice from GST Portal or from any other Government portal.

Q: How is 'e-invoicing' different from present system?

Ans: It is not very different from the present system. Registered persons will continue to create their GST invoices on their own Accounting/ Billing/ ERP Systems. These invoices will now be reported to 'Invoice Registration Portal (IRP)' by way of uploading. After uploading the required details, IRP returns the e-invoice with a unique 'Invoice Reference Number (IRN)' after digitally signing the e-invoice and adding a QR Code. Then, the invoice can be issued to the receiver (along with QR Code). A GST invoice will be valid only with a valid IRN, wherever applicable.

Q: For which businesses, e-invoicing is mandatory?

Ans: E-invoicing is mandatory for Registered Persons whose aggregate turnover (based on a single PAN) is more than 5 Crore, in any of preceding financial years from 2017-18 onwards.

Q: Is an invoice/ Credit Note/ Debit Note (required to be reported to IRP by notified person), valid without IRN?

Ans: As per Rule 48(4), notified persons have to prepare invoice by uploading specified particulars in FORM GST INV-01 on Invoice Registration Portal and after obtaining Invoice Reference Number (IRN). As per Rule 48(5), any invoice issued by a notified person in any manner other than the manner specified in Rule 48(4), the same shall not be treated as an invoice. So, the document issued by notified person becomes legally valid only with an IRN.

Q: Which documents are presently covered under e-invoicing?

- Invoices
- Credit Notes
- Debit Notes

Q: Which supplies are presently covered under e-invoice?

Ans: Supplies to registered persons (B2B) including supplies to Government solely registered as TDS Authority (B2G, which are to be reported as B2B), Supplies to SEZs (with/ without payment), Exports (with/ without payment), Deemed Exports, by notified class of taxpayers are currently covered under e-invoice.

Q: Is e-invoicing applicable for NIL-rated or wholly-exempt supplies?

Ans: No. In those cases, the supplier is required to issue a bill of supply and not a tax invoice.

Q: Whether e-invoicing is applicable for supplies by notified persons to Government Departments or establishment?

Ans: Generation of e-invoices by Registered Persons, whose aggregate turnover (based on a single PAN) is more than 5 Crore in any preceding FY from 2017-18 onwards, is mandatory for supply, of goods or services or both, to another registered person.

Government Departments or establishments or Entities/ Government agencies/ local authorities/ PSUs, which are required to deduct tax at source as per provisions of section 51 of the CGST/SGST Act, are liable for compulsory registration in accordance with section 24(vi) of the CGST/SGST Act and thus are to be treated as registered persons under the GST law as per provisions of clause (94) of section 2 of CGST/ OGST Act. Accordingly, the registered person, whose turnover exceeds the prescribed threshold for generation of e-invoicing (at present more than Rs. 5 Crores in any of the preceding financial year), is required to issue e-invoices for the supplies made to such Government Departments or establishments or Entities/ Government agencies/ local authorities/ PSUs, etc. under rule 48(4) of CGST/OGST Rules read with Circular No. 198/10/2023-GST dated 17th July 2023 of CBIC and Circular No. CCT-PEI-POL-0155-2021-11873/CT&GST dated 25-07-2023 issued by the Commissionerate of CT & GST, Odisha.

Q: How to know a particular supplier is supposed to issue an e -invoice (i.e. invoice along with IRN/ QR Code)?

Ans. A taxpayer fulfilling the conditions for generation of e-Invoices, i.e. exceeding the aggregated Annual Turnover of Rs. 5 crore in any of the previous financial years (excluding the current financial year) is required to generate e-Invoice as per the provisions under GST Acts and Rules. In such cases, the taxpayers are enabled for registering with the IRP for generation of IRN. The status of enablement of taxpayers for registering with IRP is provided in the e-Invoice Portal at – <https://einvoice.gst.gov.in/einvoice/check-enablement>.

However, as to whether the Taxpayer is generating e-Invoice or not, can be seen in the list of GSTINs generating IRNs in the e-Invoice portal at

<https://einvoice.gst.gov.in/einvoice/dashboard->Services->GSTINs generating IRNs>

Q: What is an Invoice Registration Portal (IRP)?

Ans. An Invoice Registration Portal (IRP) is the website for uploading/ reporting of invoices by the notified persons. Currently there are six active IRPs which are available at "<https://einvoice.gst.gov.in/>".

Q: Whether any tool is provided to report invoices to IRP?

Ans: Yes. For entities not having their own ERP/ Software solutions, they can use the free offline utility (**'bulk generation tool'**) downloadable from the e-invoice portal. Through this, invoice data can be easily reported to IRP and IRN/ signed e-invoice can be downloaded.

Q: As many businesses will be reporting invoices, will there be any delay in generation of IRN by IRP? Can the portal handle that much load ?

Ans. IRP is only a pass-through validation portal. Certain key fields will be validated on IRP. So, IRN will be generated in sub-200 millisecond duration. The server capacity is robust enough to handle simultaneous uploads. Further, multiple IRPs will be made available to distribute the load of invoice registration. The IRPs are dedicated portals other than the regular GST common portal (used for filing registration applications, filing returns, making payments etc.)

Q: Are there any penal provisions for not issuing invoice in accordance with GST Law/rules?

Ans. The penal provisions are provided in Section 122 of CGST/SGST Act read with CGST Rules.

Q: How to verify an invoice duly reported to IRP?

Ans. One can verify the authenticity or correctness of e-invoice by uploading Signed QR Code (string) into e-invoice system: "*einvoice1.gst.gov.in* > Search > **Verify Signed Invoice**". Alternatively, with "Verify QR Code" mobile app which may be downloaded from "*https://einvoice1.gst.gov.in* > Help > Tools > **Verify QR Code App**".

Q: Can an IRN/ invoice reported to IRP be cancelled?

Ans: Yes. The cancellation request can be triggered through 'Cancel API' within 24 hours from the time of reporting invoice to IRP. However, if the connected e-way bill is active or verified by officer during transit, cancellation of IRN will not be permitted. In case of cancellation of IRN, GSTR-1 be updated with such 'cancelled' status.

Q. Is e-Invoicing applicable to B2C transactions ?

Ans. No. It is only mandatory in case of B2B and B2G transactions.
