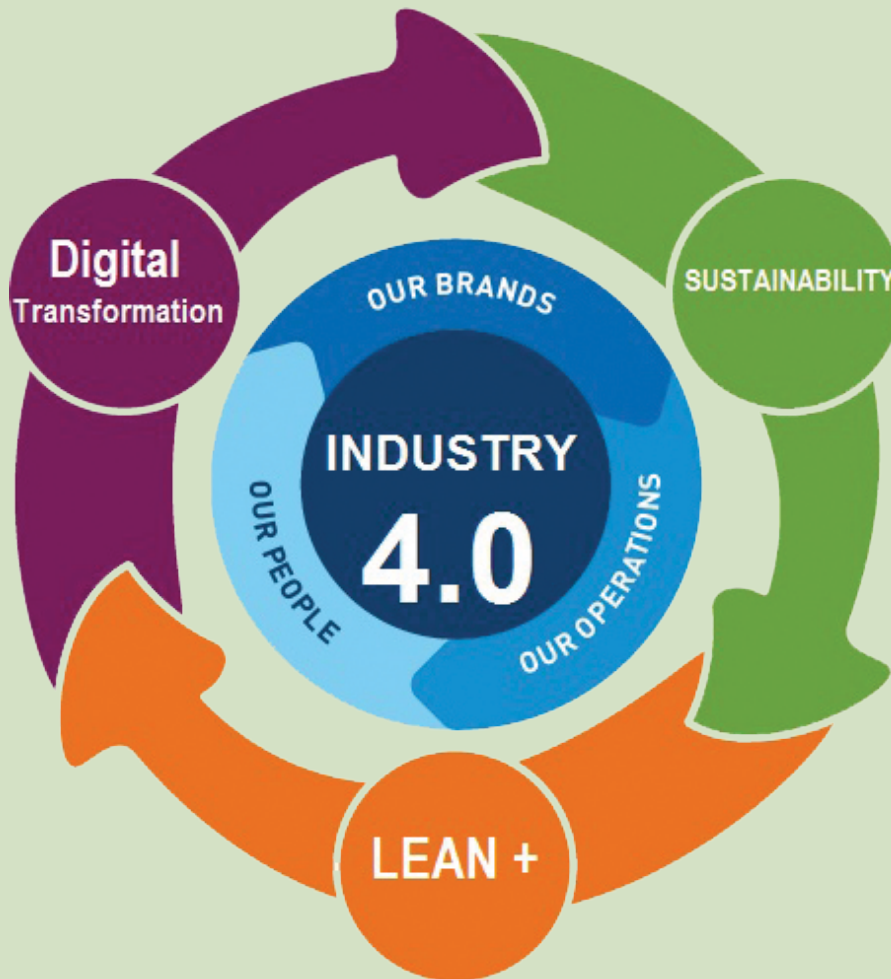


APPAREL INDUSTRY 4.0



OGTC SUSTAINABILITY

- Replacement of all FTL Tube lights of 36 W by LED Tube lights of 15 W. More than 1 lac tube lights replaced.
- Installing Solar Power Generation System. Till date installed 1125KW in association with ASUN Solar.
- Energy Efficient Servo Motors.
- Using pre heated water for boilers by effective management of Condensate.
- Water Conservation by using treated water for gardening and toilets.
- OGTC group is estimated to have reduced about 2000 tons of carbon equivalent.
- Women Empowerment
 - a. More than 50000 women workers employed in OGTC Member Companies
 - b. Full implementation Prevention of Sexual Harassment Act 2013

E-Invoicing under the Goods and Services Tax law

e-Invoicing is perhaps one of the most awaited reforms the Goods and Services Tax ('GST') law needs today. With the instances of falling tax collections, misuse/ frauds in the availing GST Input Tax Credits ('ITC') etc., plugging the revenue leakages and implementing enforcement measures against tax evasion is the need of the hour.

The GST Council in its 37th Meeting held on 20 September 2019 decided to implement a new scheme of e-invoicing along with the new format of GST returns. The GST Council in its 38th Meeting held on 10 October 2019 approved the e-invoicing template and mechanism. The system is expected to go live with effect from 1 April 2019.



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Let us look at the key features of e-Invoicing, related impact on businesses and the transition mechanism.

What is e-Invoicing?

'e-invoicing' or 'Electronic invoicing' is the process of generating authenticated invoices from the GST portal in accordance with the prescribed processes. The facility is mandatory for specified categories of taxpayers for all B2B transactions and optional for B2C transactions.

Need for e-invoicing

Under the current provisions of GST law, there is a time gap between the date of transaction and the date of reporting in the GST portal. Where the suppliers have not reported compliance in the GST portal, there is a consequent mismatch of ITC for the buyers. Under the e-Invoicing system, all invoice information would be transferred on a real time basis and would facilitate data exchange with the GST and the e-way bill portals.

e-Invoicing mandatory for certain categories of taxpayers

As per the Notification No. 70/2019-CT dated 13 December 2019, e-Invoicing would be mandatory for all registered taxpayers whose aggregate turnover exceeds INR 100 crores. The turnover should be looked on an aggregate basis (PAN level) and not with respect to the GSTIN of the taxpayer.

Applicability period

e-Invoicing would be made available for use on a trial basis in two phases:

First phase - Taxpayers having turnover > INR 500 crores

Second phase - Taxpayers having turnover > INR 100 crores

This would help taxpayers familiarize with the process and streamline business operations accordingly prior to the launch date.

e-Invoicing process

e-Invoicing would be implemented through the Invoice Registration Portal (IRP), managed by the GST Network (GSTN). Invoice generation under the e-Invoicing process would substantially continue to remain the same, except that invoices need to be uploaded/ automatically transmitted onto the IRP for authentication purposes.

Various modes of transmission of invoices onto IRP have been provided by the GSTN in order to facilitate

ease of compliance – usage of tools from GST Suvidha Providers, APIs integrated onto GST portal, JSON files, offline utilities, SMS-based, Mobile-App etc.

Upon uploading the invoices on the IRP, a unique identification number called Invoice Reference Number (IRN) would be generated against every invoice by the IRP. The invoice having IRN would also have a QR code on it. This invoice could be subsequently shared with the buyers, transporter and a copy retained with the taxpayer.

The proposed e-Invoicing system comes with its own set of advantages and challenges.

Advantages of e-invoicing

a) Real-time data sharing: e-Invoicing is expected to facilitate real time data sharing between IRP, GST and e-way bill portals, thereby facilitating seamless compliance across all portals.

b) Ease of compliance under New GST Return filing system: Invoice data uploaded on IRP would automatically get reported in the Form GST ANX-1. This would facilitate ease of compliance for taxpayers.

c) Real-time ITC matching: e-Invoicing would facilitate real-time ITC matching pursuant to auto-populated data in Form GST ANX-2 on real-time basis.

d) Curb fake invoicing: e-invoicing would provide real-time data to the GST authorities to analyse taxpayer data w.r.t. invoices issued, cancelled or amended in the return forms to identify the genuineness of transactions and curb fake invoicing.

Challenges

a) Cancellation of e-Invoices: Once an e-invoice is generated, cancellation is not possible after 24 hours. Appropriate amendments can be carried out in the return forms. This could pose operational issues for the taxpayers.

b) Additional costs: Taxpayers may have to incur additional costs and for updating the current accounting systems, build necessary IT systems and safeguards in place.

Conclusion

e-Invoicing is expected to rationalise compliance mechanism and result in significant time saving due to real-time data transmission. The success of the system is significantly dependent on the seamless transfer and processing of data between IRP, GST and e-way bill portals, which ought to translate into eliminating duplication and lower compliance efforts by the taxpayers. Taxpayers would be able to unleash the benefits of the e-Invoicing only if it results in actual savings in costs, time and efforts.

e-Invoicing would generate huge data to for GST authorities for analysis. This is a step in the right direction to enforce compliance and prosecute non-compliant taxpayers.

CA. Kapil Mittal drives the Indirect Taxes wing of VJM & Associates LLP, with a special focus on the Goods and Services Tax (GST) offerings including GST advisory, GST compliances and GST refunds. CA. Kapil Mittal has contributed to several articles and blogs on various topics and is a regular speaker at Study Circles, Conferences and Trade meets.

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