GST E-Invoicing: Process, Benefits & New Rules from April 1, 2025

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What's in Today's Article?

GST e-Invoicing Latest News

- The GST Council of India introduced e-invoicing (electronic invoicing) in a phased manner to standardize business-to-business (B2B) invoice reporting to the GST portal.
- There were no predefined formats. Hence, a uniform structure was developed in consultation with trade bodies and the Institute of Chartered Accountants of India.

- Over time, several modifications have been made to the e-invoicing regulations to enhance compliance and efficiency.

GST E-Invoicing: Overview & Process

- GST e-invoicing is a system where B2B and export invoices are reported to the Union Government's e-invoice portal for validation.
- Each invoice receives a unique Invoice Reference Number (IRN).
- However, invoices are not generated by the government but are created by taxpayers in their own systems and then reported.
- The system enables seamless electronic data exchange through API integration.

Approval & Rollout

- Approved in the **37th GST Council meeting** on **September 20, 2019**.
- Rolled out in a **phased manner** starting **October 2020** for businesses with an Annual Aggregate Turnover (AATO) above ₹500 crore.
- Extended in **January 2021** to businesses with **AATO between ₹100 crore and ₹500 crore**.

Documents Required for IRN Generation

- GST Invoices
- Credit Notes
- Debit Notes (for B2B supplies and exports)

Exempted Businesses

- Special Economic Zone (SEZ) units
- Insurance and banking sectors, including NBFCs
- Multiplex cinema admissions
- Goods transport agencies (road transport)
- Passenger transport services

E-Invoicing Process

- Taxpayers generate invoices using their own accounting/billing/ERP systems.
- The invoices are reported to the **Invoice Registration Portal (IRP)**.
- The IRP validates the invoice and assigns a **Unique Invoice Reference Number (IRN)** along with a **QR code**.
- A GST invoice is legally valid only if it contains a valid IRN.

Advantages of GST E-Invoicing

- **Automation & Efficiency**

    - Invoice details are auto-populated into GST return forms and e-way bills, reducing time and manual effort.
    - Minimizes disputes and processing costs by ensuring digital storage of all forms.
    - Improves payment cycles, enhancing overall business efficiency.
- **Standardization & Interoperability**
    - Uses a digitally verifiable e-invoice format based on international standards (UBL/PEPPOL).
    - Ensures machine readability and uniform interpretation across different platforms.
    - Allows taxpayers to seamlessly switch between different portals.
- **Fraud Prevention & Compliance**
    - Reduces fraudulent transactions by providing real-time access to data for tax authorities.
    - Helps in curbing tax evasion and malpractice, leading to greater transparency.

New GST E-Invoicing Rules from April 1, 2025

- **Mandatory 30-Day Deadline for E-Invoice Reporting**
  - Businesses with an Annual Aggregate Turnover (AATO) of ₹10 crore and above must report e-invoices to the Invoice Registration Portal (IRP) within 30 days of issuance.
  - Earlier, this rule applied only to businesses with AATO above ₹100 crore.
  - With the lower turnover threshold, many more businesses must now comply with this rule.
- **Stricter Compliance & Penalties**
  - Currently, businesses delay invoice uploads, causing discrepancies in Input Tax Credit (ITC) claims.
  - From April 1, IRPs will block invoice uploads beyond 30 days, rejecting late submissions.
  - Non-compliance may lead to penalties and financial consequences.
- **Compulsory Two-Factor Authentication (2FA)**
  - From April 1, all taxpayers, regardless of turnover, must use Two-Factor Authentication (2FA) for e-invoice and e-way bill generation.

GST e-Invoicing FAQs

Q1. What is GST e-invoicing?

Ans. GST e-invoicing is an electronic system for reporting B2B and export invoices to the government's Invoice Registration Portal (IRP).

Q2. How does GST e-invoicing work?

Ans. Businesses generate invoices, upload them to IRP, get a unique Invoice Reference Number (IRN), and use it for compliance.

Q3. What are the benefits of GST e-invoicing?

Ans. It automates compliance, prevents tax fraud, reduces errors, and integrates invoices with GST returns and e-way bills.

Q4. What changes in GST e-invoicing from April 1, 2025?

Ans. Businesses with ₹10 crore+ turnover must report invoices within 30 days, and Two-Factor Authentication (2FA) is mandatory.

Q5. Who is exempt from GST e-invoicing?

Ans. SEZ units, banks, NBFCs, passenger transport services, and goods transport agencies are exempt.

Source: TH | CNBC TV18
