

# GST NEWSLETTER

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**LEADING FINANCIAL  
ADVISORY AND BUSINESS  
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**GST Newsletter:  
Compiled And Edited By**

INCORP INDIRECT TAX DIVISION

COMPILED BY  
ARTICLE - SHIVANGI PANDEY  
CASE LAWS - CA URMI MEHTA

EDITED BY  
CA PRASANNA KS

# ARTICLE

## E- INVOICING

### Introduction

E-invoicing in GST refers to the electronic generation of invoices for business-to-business (B2B) transactions under the Goods and Services Tax (GST) system to simplify and streamline the invoicing process, reduce tax evasion, and enhance efficiency in tax administration. The system of E-invoicing was implemented in the 35th meet of the GST Council, the apex decision-making body for GST, from 1st October 2020 for taxpayers with an aggregate turnover exceeding Rs.500 crore.

The most vital aspect of an E-invoice is that it contains a unique Invoice Reference Number (IRN) which will be assigned to each e-invoice via Invoice Registration Portal (IRP), which is a central system managed by the GST Network (GSTN). The IRP helps in validating the invoice data, generating the IRN, and creating a digitally signed QR code.

The E-Invoicing machinery is established globally and mandated in countries such as South Korea, India, Germany, and others.

E-invoices generated under the e-invoicing system need to be reported in the GSTR-1 form while filing GST returns. The integration between the e-invoicing system and the GST portal allows for the auto-population of e-invoice data into the GSTR-1 return, simplifying the return filing process for businesses.



## Background

The government conducted the pilot phase from January 2020 to test the adoption of electronic invoicing. The primary purpose of the pilot phase was to identify and address any technical or operational challenges that might arise during the implementation of e-invoicing.

By involving a limited number of businesses in the pilot phase, the government could gather valuable feedback and insights from real-world scenarios, allowing them to fine-tune the e-invoicing system and make necessary adjustments.

Based on the success of the pilot phase, the government issued a notification in March 2020 mandating e-invoicing for businesses with an annual turnover exceeding Rs. 100 crores. Initially, the threshold was set at Rs. 100 crores, but it has since been revised multiple times to include businesses with lower turnovers.

The implementation dates were staggered, giving businesses time to prepare and adapt to the new system.

### ✔ Threshold Limits Over The Year

Notification	Prescribed Limited
Notification No. 61/2020 dated 20-07-2020	It was made mandatory for businesses with turnover <b>higher than Rs.500 crore</b> in a year to issue e-invoice w.e.f. 01-10-2020
Notification No. 88/2020 dated 10-11-2020	Mandatory for companies with a turnover <b>higher than Rs. 100 crores</b> w.e.f. 01-01-2021
Notification No. 05/2021 dated 08-03-2021	Mandatory for companies with a turnover <b>higher than Rs. 50 crores</b> w.e.f. 01-04-2021
Notification No. 01/2022 dated 24-02-2022	Mandatory for companies with a turnover <b>higher than Rs. 20 crores</b> w.e.f. 01-04-2022
Notification No. 17/2022 dated 01-08-2022	Mandatory for companies with a turnover <b>higher than Rs. 10 crores</b> w.e.f. 01-10-2022
Notification No. 10/2023 dated 10-05-2023	Mandatory for companies with a turnover <b>higher than Rs. 5 crores</b> w.e.f. 01-08-2023



Taxpayers whose aggregate turnover (based on PAN) in a financial year > Prescribed Limit – shall be liable to generate such e-invoices.

The taxpayers are required to consider their turnover from ANY preceding Financial Year (not necessarily the current Financial Year). If the turnover of the business has crossed the threshold limit of Rupees 5 crores during any previous Financial Year, the taxpayer is obligated to generate e-invoices for their business transactions.

Simultaneously, under the provisions of the CGST (Central Goods and Services Tax) Act, the taxpayers are required to consider their Aggregate Turnover, as defined in Section 2(6) of the Act. The Aggregate Turnover includes several components are taxable supply, Exempted supply as per section 2(47) of the Act and NIL rated supply.

When determining the Aggregate Turnover, it is calculated on a PAN (Permanent Account Number) basis. If a taxpayer has multiple GSTINs (Goods and Services Tax Identification Numbers) registered under a single PAN Number, the turnover of all the GSTINs is added together to arrive at the Aggregate Turnover.

## Time Limit For E-invoice Generation

Considering the delay by taxpayer in generating IRN, the Government has imposed a time limit on reporting old invoices on the e-invoice Invoice Registration Portal (IRP) for taxpayers whose Aggregate Annual Turnover (AATO) is equal to or greater than 100 crores exclusively. As per the advisory issued by the department on 13/04/2023, old invoices must be reported within a 7-days of issue.

However, taking into consideration various factors and feedback received from Taxpayers, the GSTN has decided a deferment of implementation of time limit and has extended the deadline by 3 months, with the aim that such deferment shall provide businesses with additional time to ensure compliance with the new regulations.

### ✔ Documents Covered Under E-invoice

- Debit Note
- Credit Note
- Tax Invoices





## ✔ **Supplies Covered Under E-invoice**

- Supplies to registered persons (B2B)
- Supplies to SEZs (with/without payment)
- Exports (with/without payment)
- Deemed Exports, by notified class of taxpayers
- Supply to Government and PSUs
- Supplies under reverse charge covered by Section 9(3) of the CGST Act

## ✔ **Documents Not Covered Under E-invoice**


As notified in CBIC Notification No.13/2020 – Central Tax,


- Delivery challans
- Bill of supply
- Financial or commercial credit note or debit note
- Bill of entry, and
- ISD invoices

## ✔ **Entities Not Covered Under E-invoice**

- Government Department and Local Authorities
- SEZ Units
- Insurers
- Banking Companies or Financial Institutions, including Non-Banking Financial Companies
- Goods Transport Agency (GTA) supplying services w.r.t., transportation of goods by road in a goods carriage
- Suppliers of passenger transportation service
- Suppliers of services by way of admission to exhibition of cinematograph films in multiplex screens
- Persons registered in terms of Rule 14 of CGST Rules (OIDAR)

## ✔ **Supplies Covered Under E-invoice**

- Nil-rated or non-taxable or exempt B2G sale of goods or services
  - High sea sales and bonded warehouse sales
  - Any Business-to-Consumers (B2C) sales
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- Nil-rated or non-taxable or exempt B2B sale of goods or services,
  - Imports,
  - Free Trade & Warehousing Zones (FTWZ), and Supplies under reverse charge covered by Section 9(4) of the CGST Act.

## FAQ

### ✔ **Is E-invoice Applicable For Nil Rated Or Wholly Exempt Supplies?**

No. In such transactions, Bill of Supply is issued and not a Tax Invoice. Here, the wholly exempt supplies refer to the business that are only involved with exempted supplies exclusively.

### ✔ **Is E-invoice Applicable For Invoices Between Two GSTIN Under Same Pan?**

Yes. In accordance with Section 25(4) of the CGST Act, since both the registrations are considered as distinct persons, therefore, E-invoice is mandated for such transactions.

### ✔ **Can A Reported Invoice For Which IRN Has Been Generated Already, Be Amended?**

No. If there is any wrong entry or error, amendment is not possible on such generated IRP. However, modifications can be carried out on GST Portal while filing GSTR-1.

In a case where GSTR-1 has been filed already, the amendment shall be carried out in accordance with the mechanism provided under GST, provided that the proper Officer shall be made intimated about such amendments.

### ✔ **Can An E-invoice Be Cancelled?**

Yes. Within 24 hours from the time of reporting to IRP, e-invoice can be cancelled vide “cancel ASI”. Upon cancellation of IRN, GSTR-1 shall be updated with such ‘cancelled’ status.

However, if an e-way bill connected to such e-invoice is active, cancellation will not be effective.

### ✔ **Can A Cancelled E-invoice Be Reused?**

No. Once cancelled, the concerned invoice number cannot be used again to generate another e-invoice as it shall be rejected if uploaded to IRP.



## ✔ Can I Upload An E-Invoice For A Future Date In The IRP?

No, the e-invoice cannot be generated for a future date. However, e-invoices can be uploaded to the IRP for a near future date, such as 24-48 hours.

## ✔ How To Verify The Authenticity And Correctness Of An E-invoice?

To verify the authenticity or the correctness of an e-invoice, one can upload the signed JSON file or Signed QR Code into the e-invoicing system and click on the 'Verify Signed Invoice' option.


## Some Of Practical Challenges

- Requires businesses to have the necessary technological infrastructure
- System downtime or connectivity issues can temporarily disrupt the generation, registration, or transmission
- Ensuring the security and privacy exchange of sensitive business and financial data is crucial
- Complications on reconciliation with GSTR-1, E-way Bills with E-invoice data
- Businesses must be proactive in keeping themselves informed about the latest notifications, guidelines, and compliance requirements
- Non-Bifurcation of B2B and B2C invoices

## Errors

Minor errors that may possibly occur in various systems of E-invoicing, such as:

- Duplicate Invoices
- Invalid Number starting with zero or forward slash (/)
- Negative Value in Invoices
- Future data in invoice
- Invalid GSTIN of the Party



Such minor errors can be avoided by automation and validation tools, vigilance during review and reconciliation, monitoring and improvement, establishment of standard procedures and formats for data and documentation.

While it may not be possible to completely eliminate errors, implementing these preventive measures can significantly reduce their occurrence and mitigate their impact on processes and systems.

## Conclusion

The crux of such an amendment is that the Government aims to receive data from many taxpayers under the ambit of E-invoice Provisions, to ensure consistency and uniformity in the information provided in the invoices across different businesses and to achieve transparency in the outward supply data and to track bogus invoices, passing on ITC fraudulently to the unscrupulous recipients and other similar dubious and complex transactions and further eliminate the operations that defraud the government exchequer.



## CASE LAWS

# Supply Of Printed Journals In DVD/CDs Are Not E-books - AAR Tamil Nadu

### Facts Of The Case

The Applicant, Venbakkam Commandur Janardhanan, Proprietor @ M/s. Law Weekly Journal is engaged in supply of printed law journals and DVDs of law journal reporting judgments of the Madras High Court and Supreme Court of India and is cited by the Lawyers and the judges in the form of Citations in courts across the state.

The applicant has sought advance ruling in respect of the following questions:

Whether the assessee/ dealer which publishes law journals in print and sells the same content that is in books in an electronic form in DVD's/ CDs with a software to search and read it in computers and handheld devices come under the category of E-Book, so that it can avail the benefit of notification dated 26-7-2018 in respect of E-book?

Whether the liability on the sale of DVD/pen drive which contains printed version of law citations be adjusted against the available ITC?

Whether the liability on sale of e-book of printed version of law citation can be adjusted against the available ITC?

Whether the balance of ITC after adjustment accrued on the purchase of paper and other material can be reversed while Filing GSTR 9?

### Provision Of The Law

Section 2(30) of CGST Act, states that "Composite Supply" means a supply made by a taxable person to a recipient consisting of two or more taxable supplies of goods or services or both, or any combination thereof, which are naturally bundled and supplied in conjunction with each other in the ordinary course of business, one of which is a principal supply.

As per Serial No.22 (Heading 9984 (Telecommunications, broadcasting, and information supply services) of Notification No. 11/2017-C.T.(Rate) dated 28-6-2017 as amended by Notification No. 13/2018-C.T.(Rate) dated 26-7-2018,

Supply consisting only of e-books. Explanation. - For the purposes of this notification, "e-books" means an electronic version of a printed book (falling under tariff item 4901 in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975)) supplied online which can be read on a computer or a handheld device.



The rate of tax is 2.5%.

As per the Explanation given in the above entry, 'e-books' are electronic version of a printed book falling under the tariff item 4901 and supplied online which can be read on a computer or a handheld device.

In the present case, the contents supplied in the form of DVD/CD is software which is used to access content containing the judgments of various fora, case laws Acts, etc. The DVD/CDs do not contain electronic versions of the journals but an executable software application and therefore do not fall under the explanation of 'e-book' given in the said entry.

## Ruling Of AAR


The learned Tamil Nadu AAR held that -

The supply of DVDs/CDs with 'The Law Weekly Desktop' software along with end user license and the supply of access to the on-line database on the applicant's website are not eligible to avail the benefit of entry at Sl. No. 22 of Notification No. 13/2018-C.T.(Rate) dated 26-7-2018 notification dated 26-7-2018.

## Services Of Facilitation Of Supply Of Goods In International Market Provided By Overseas Commission Agent For Consideration For Manufacturer In India Is Covered Under Intermediary Service - AAR UTTARAKHAND

### Facts Of The Case

The Applicant M/s. Dry Blend Foods Pvt. Ltd is a manufacturer and carries on the business of supply of seasonings, spices, premixes, and similar food products to its customers located within and outside India. They approach foreign customers both on its own and through third party intermediaries or business facilitators whose job is to search customers located outside India. The applicant enters into a Memorandum of Understanding Cum Agreement with intermediary wherein the intermediary will provide the primary service of facilitating the export of goods by arranging purchase orders from various customers located in foreign territory and for such facilitation, the applicant pays consideration to the Intermediary.





The applicant has sought advance ruling in respect of the following questions:

- Whether Overseas Commission Agent is covered within the definition of the term 'Intermediary' as provided under section 2(13) of the IGST Act, 2017.
- Whether services received by applicant from the Overseas Commission Agent falls within the meaning of the term 'import of services' as provided under section 2(11) of the IGST Act, 2017.
- Whether the applicant is required to pay GST on RCM basis under section 5(3) of the IGST Act, 2017 on commission paid to the Overseas Commission Agent.

## Provision Of Law

Section 2(13) of the IGST Act, 2017 provides that "intermediary" means a broker, an agent or any other person, by whatever name called, who arranges or facilitates the supply of goods or services or both, or securities, between two or more persons, but does not include a person who supplies such goods or services or both or securities on his own account.


Section 2(11) of the IGST Act, 2017 provides that "import of services" means the supply of any service, where -

- The supplier of service is located outside India.
- The recipient of service is in India; and
- The place of supply of service is in India.

Section 5(3) of the IGST Act, 2017 provides that the Government may, on the recommendations of the Council, by notification, specify categories of supply of goods or services or both, the tax on which shall be paid on reverse charge basis by the recipient of such goods or services or both and all the provisions of this Act shall apply to such recipient as if he is the person liable for paying the tax in relation to the supply of such goods or services or both.

## Ruling Of AAR

The learned Uttarakhand AAR held that -

- Overseas Commission Agent is covered within the definition of the term 'intermediary' as provided under section 2(13) of the IGST Act, 2017.
  - Services received by applicant from the Overseas Commission Agent do not fall within the meaning of the term 'import of services' as provided under section 2(11) of the IGST Act, 2017.
  - The applicant is not required to pay GST on RCM basis under section 5(3) of the IGST Act, 2017 on commission paid to the Overseas Commission Agent.
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# DUE DATES OF GST FOR THE MONTH OF MAY 2023

## MAY

Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	GSTR-7, GSTR-8	* GSTR-1	12	* GSTR-1, GSTR-6 * IFF (Optional)
14	15	16	17	CMP-08	19	* GSTR-3B GSTR-5 GSTR-5A
	* GSTR-3B (G-1)		* GSTR-3B (G-2)			
21	22	23	24	25	26	27
GSTR-11						
28	29	30	31			

## 2023

- \* Monthly return for taxpayers with Annual Turnover more than 1.5 Crore or Taxpayer who has opted Monthly return option.
- \* Monthly return for taxpayers with Annual Turnover up to 1.5 Crore or Taxpayer who has opted Quarterly return option (October 2022- December 2022).
- \* Quarter returns for taxpayers with Annual Turnover less than Rs. 5 Crores and opted for quarterly return monthly payment option (QRMP).
- \* Monthly return for taxpayers with Annual Turnover of up to or more than INR 5cr in Previous FY Monthly Filing- December 2022
- \* Quarterly (October 2022- December 2022)




# CONTACT US

## Mumbai Address

B-1602, ONE BKC,  
Mumbai - 400051

## Bangalore Address

No.8, 3rd Floor,  
VK COMMERCE, 3rd Main  
Rajajinagar 6th Block,  
Opp. IT Park, Bangalore - 560010

 +91 7738066622

 [info@incorpadvisory.in](mailto:info@incorpadvisory.in)

 [www.incorpadvisory.in](http://www.incorpadvisory.in)

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