

Invoicing under GST Regime – A Snapshot

'Invoicing' in itself is a critical modality of GST regime as it not only determines the 'Time of Supply' but a proper invoice is also a pre-requisite for availing Input Tax Credits ('ITC'). The invoices of supplier and recipient need to be matched in order to finalise the credit availed provisionally under the GST Scheme.

Kinds of Invoices

There are two types of invoices issued under the current tax regime, namely, **Tax Invoice** and **Retail Invoice**. Tax Invoice is issued to registered dealers and can be used to claim tax credit. Retail or Commercial Invoice is issued to an unregistered dealer or retail customer, and no tax credit can be claimed on this invoice.

Similarly, under the GST regime, two types of invoices shall be issued - **Tax invoice** and **Bill of Supply**. When a registered taxable person supplies taxable goods or services, a Tax Invoice shall be issued. Bill of Supply is to be issued by a registered supplier in case of supply of exempted goods and/or services or if the supplier is paying tax under 'composition scheme'. The Bill of Supply need not be issued when the value of goods or services supplied is less than Rs 100, unless the receiver insists for the bill.

Time Limit for Issue of Invoices

Further in case of issue of tax invoices, a time limit has been prescribed in the Revised Model GST Law. In case of Supply of goods, the tax invoice must be issued before or at the time of:

- Removal of goods, where supply involves movement of goods; or
- Delivery of goods to the recipient, where supply does not require movement of goods.

In case of Supply of services, the tax invoice shall be issued before or after the provision of service but within a period prescribed in this behalf.

Uploading of Invoices

Uploading of invoices on the GST Portal has also been made mandatory for availing Input Tax Credits (ITC). For B2B supplies, all invoices, whether Intra-state or Interstate supplies, shall have to be uploaded as ITC will be taken by recipients, for which invoice matching is required. For B2C supplies, uploading may not be required as the buyer will not be taking ITC. Nevertheless, the former can prove to be a cumbersome exercise for most businesses and will require a robust and effective IT framework.

Invoicing and Place of Supply Rules

Under the Invoice Rules, certain details have been prescribed which need to be incorporated in any invoice. The most critical detail is the nature of tax charge – whether IGST or CGST/ SGST. This in turn necessitates a familiarity with the 'Location of Supplier' and 'Place of Supply' rules, Since GST is new tax, there are bound to be issues while invoicing, therefore, all related provisions and rules needs to be examined carefully before raising invoices. Taxpayers are advised to gain understanding of these critical concepts beforehand so that invoicing and credit realization proceeds smoothly without impediments.

Amicus Tax Team

The information contained in this newsletter is solely intended to provide general guidance on matters of interest. Nothing herein constitutes professional or legal advice, nor does any information herein constitute a comprehensive or complete statement of the issues discussed. It is recommended that you seek a professional advice to confirm your understanding on the issues dealt above.

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