

E-invoicing under GST may be deferred

ET BUREAU | UPDATED: MAR 09, 2020, 09.02 AM IST

NEW DELHI:

The Government is considering deferring the implementation of e-invoicing under **Goods and Services Tax (GST)** by three months to July 1, two officials aware of the Development said, adding that the Goods and Services Tax Council may consider such a Proposal at its meeting on Saturday.

“It (deferment) is being considered... The Council has to take up the matter at the meeting... they may announce it after the meeting and consultation with states,” one of the officials said, asking not to be named.

Trials to upload e-invoices on the GST Network (GSTN) introduced in January have seen lukewarm response, and barely 1% of registered businesses under the GST regime used it, the other official said.

“We need feedback... if only a few companies upload e-invoices now, we will not know the Shortcomings of the system. When it becomes mandatory from April 1, a deluge will inundate the system, and then people will say that the government’s systems are not Working,” the official added, requesting anonymity.

According to people who were present at the meeting, Sitharaman criticised both for repeatedly failing to resolve technical issues and for the difficulties faced by taxpayers while filing returns and GST forms.

“Instead of being apologetic, they were trying to justify their mistakes on the grounds that only 0.1% of the returns filed actually faced Problems,” one of the people said.

Voluntary uploading of e-invoices on the GSTN portal kicked off from January 1 for businesses having a turnover of over Rs.500 crore.

For businesses with annual turnover of over Rs.100 crore it was made effective from February 1. From April 1, companies having an aggregate revenue of Rs.100 crore or more have been mandated to upload e-invoices on the portal. Tax experts said that the deferment would be helpful for the industry, since various companies use different software to issue and upload invoices, which have to then be reconciled with the Government’s core system.

For the Government, an additional three months can help create capacities for the mass digitization exercise.

“Deferring e-invoicing for a few months is necessary, as neither the industry nor the government seems to be ready for this huge change as of now. From industry's perspective, transitioning into a new system entails careful analysis of impact on all transactions,

Making Corporate India Comply

changes in IT systems and engaging with vendors and customers,” Pratik Jain, national indirect taxes leader at PwC, said.

The deferment of e-invoicing would give the industry much needed time, as recent changes in the schema and alterations in mandatory fields needs time to be implemented, said Harpreet Singh, partner at KPMG.

The schema for the invoice is not yet final and the new returns are also being simultaneously introduced, making the trade anxious about the impact on their already sluggish businesses, said Bipin Sapra, partner at EY.

“The B2C requirement of the dynamic QR code also needs to be relooked as the current compliances do not require separate invoice wise reporting for B2C transactions,” he added.