

GST e-invoicing to kick in from October with higher threshold: Official

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- The threshold for mandatory e-invoicing, a step to improve tax compliance, planned earlier was ₹100 crore.
- Garg said that details of the changes will be notified in a week.

NEW DELHI: An empowered panel of Goods and Services Tax (GST) Council has recommended excluding businesses with sales up to ₹500 crore from the compulsory e-invoicing of GST, to be rolled out from 1 October, said an official.

The threshold for mandatory e-invoicing a step to improve tax compliance planned earlier was ₹100 crore. The GST implementation committee, that takes decisions on behalf of the Council when urgent steps are needed, has recommended on Wednesday that the indirect tax authority could go ahead with the 1 October deadline for rolling out e-invoicing but with a higher sales threshold, said Yogendra Garg, principal commissioner, GST policy, at the Central Board of Indirect Taxes and Customs (CBIC).

"We will not do it for (businesses with) ₹100 crore sales but will start with ₹500 crore and as it stabilises, we will do it for (businesses with) 100 crore sales and more," said Garg. He was speaking at a virtual conference on 'three years of GST' which looked into whether further streamlining of the new indirect tax system is needed. Garg said that details of the changes will be notified in a week.

E-invoicing or submission of sales invoice in a portal designated by GSTN, the company that process tax returns, will automate a lot of data entry work, reduce errors and mismatches, capture sales related details in the system instantaneously and improve compliance. This may also improve tax officials' trust in the compliance of companies and reduce chances of audits or surveys. It would also help in auto-populating certain forms. The GST authorities planned e-invoicing only for business to business transactions. Raising the threshold will enable large corporations to go ahead with adopting this system, while giving more time to smaller ones.

Garg said the focus of the authorities in the fourth year of GST, which was rolled out in July 2017, will be on easing the compliance burden. "The vision for the fourth year is (to see that) compliance burden becomes lower and compliance cost becomes lower. You will hear a lot of announcements towards that," said Garg.

The new indirect tax system that subsumed several central and state taxes and dismantled state border check posts has simplified indirect taxation although its roll out witnessed a disruption. GST brought in simplicity by reducing the number of returns to be filed by businesses and made policy making more transparent, but from the point of view of businesses, it also led to litigation relating to input tax credits and anti-profiteering provisions, according to Pratik Jain, partner and leader of indirect tax at PwC India, who moderated the conference.

"The time has come we made a white paper on what kind of GST India wants in three or five years from now," said Jain, adding that it could lay the roadmap for changes like bringing in jet fuel within

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GST. According to Jain, the tax credits in direct and indirect stream of taxation could also be linked as is the case in certain countries.