

# CHAPTER 9

## TAX INVOICE, CREDIT & DEBIT NOTES,

## E-WAY BILL

### 1. ICAI STUDY MATERIAL QUESTIONS

#### Concept Problem 1

Luv & Kush Pvt. Ltd. of Srinagar, Jammu & Kashmir engaged in supply of services provides you following details:

S. No.	Particulars	Date
1.	Commencement of the business of supplying services	01.08.20XX
2.	Turnover exceeds INR 10,00,000 on	15.08.20XX
3.	Turnover exceeds INR 20,00,000 on	05.09.20XX
4.	Application for registration made on	28.09.20XX
5.	Registration certificate granted on	06.10.20XX

The company seeks your advice as to how it should raise revised tax invoices for supplies made. Is there any specific provision for issuance of revised tax invoices to unregistered customers? Explain.

#### Solution

A supplier of service whose aggregate turnover in a financial year exceeds INR 20 lakh in a State/UT [INR 10 lakh in 4 special category states] is liable to apply for registration within 30 days from the date of becoming liable to registration (i.e., date of crossing the threshold limit of INR 20 lakh/ INR 10 lakh) u/s section 22 of CGST Act, 2017.

Where the application is submitted within said period, the effective date of registration is the date on which the person becomes liable to registration; otherwise it is the date of grant of registration.

Every registered person who has been granted registration with effect from a date earlier than the date of issuance of registration certificate to him, may issue revised tax invoices in respect of taxable supplies effected during this period within 1 month from the date of issuance of registration certificate.

In the given case, Luv & Kush Pvt. Ltd is located in Jammu & Kashmir, a special category state. Though the turnover limit for special category states is INR 10 lakhs, Jammu & Kashmir has opted for turnover limit of INR 20 lakh for the purpose of registration.

Thus, since Luv & Kush Pvt. Ltd. has made the application for registration within 30 days of becoming liable for registration, the effective date of registration becomes the date on which the company becomes liable to registration i.e. 05.09.20XX.

Luv & Kush Pvt. Ltd. may issue revised tax invoices against the invoices already issued during the period between effective date of registration (05.09.20XX) and the date of issuance of registration certificate (06.10.20XX), within 1 month from 06.10.20XX.

Further, Luv & Kush Pvt. Ltd may issue a consolidated revised tax invoice in respect of all taxable supplies made to unregistered dealers during such period. However, in case of inter-State supplies made to unregistered dealers, a consolidated revised tax invoice cannot be issued if the value of a supply exceeds INR 2,50,000.

#### Concept Problem 2

Jain & Sons is a trader dealing in stationery items. It is registered under GST and has undertaken following sales during the day:

S No.	Recipient of Supply	Amount
1	Raghav Traders - a registered retail dealer	190
2	Dhruv Enterprises – an unregistered trader	358
3	Gaurav – a Painter [unregistered]	500
4	Oberoi Orphanage – an unregistered entity	188
5	Aaradhya – a Student [unregistered]	158

None of the recipients require a tax invoice [Raghav Traders being a composition dealer].

Determine in respect of which of the above supplies, Jain & Sons may issue a Consolidated Tax Invoice instead of Tax Invoice at the end of the day?

### Solution

In the given illustration, Jain & Sons can issue a Consolidated Tax Invoice only with respect to supplies made to Oberoi Orphanage [worth ₹ 188] and Aaradhya [worth ₹ 158] as the value of goods supplied to these recipients is less than ₹ 200 as also these recipients are unregistered and don't require a tax invoice.

As regards the supply made to Raghav Traders, although the value of goods supplied to it is less than ₹ 200, Raghav Traders is registered under GST. So, Consolidated Tax Invoice cannot be issued.

Consolidated Tax Invoice can also not be issued for supplies of goods made to Dhruv Enterprises & Gaurav although both of them are unregistered. The reason for the same is that value of goods supplied is not less than ₹ 200.

### Concept Problem 3

Kartik & Co., a registered supplier under GST, provides the following information regarding various tax invoices issued by it during the month of March:

- Value of supply charged in invoice no. 1 was ₹ 2,50,000 against the actual taxable value of ₹ 2,30,000.
- Tax charged in invoice no. 4 was ₹ 32,000 against the actual tax liability of ₹ 68,000 due to wrong HSN code being chosen while issuing invoice.
- Value charged in invoice no. 8 was ₹ 3,20,000 as against the actual value of ₹ 4,20,000 due to wrong quantity considered while billing.

Kartik & Co. asks you to solve the following:

- Who shall issue a debit/credit note under CGST Act?
- Whether debit note or credit note has to be issued in each of the above circumstances?
- What is the maximum time-limit available for declaring the credit note in the GST Return?

### Solution

- The debit/credit note shall be issued by the registered person who has supplied the goods and/or services, i.e., Kartik & Co.
- Yes, debit/credit note need to be issued in each of the circumstances as under:
  - A credit note is required to be issued as the taxable value in invoice no. 1 exceeds the actual taxable value.
  - A debit note is required to be issued as the tax charged in the invoice no. 4 is less than the actual tax payable.
  - A debit note is required to be issued as the value of supply charged in the invoice no. 8 is less than the actual value.

- (3) The details of the credit note cannot be declared later than the return for the month of September following the end of the financial year in which such supply was made or the date of furnishing of the relevant annual return, whichever is earlier.

#### Concept Problem 4

Sultan Industries Ltd., Delhi, entered into a contract with Prakash Entrepreneurs, Delhi, for supply of spare parts of a machine on 7<sup>th</sup> September. The spare parts were to be delivered on 30<sup>th</sup> September. Sultan Industries Ltd. removed the finished spare parts from its factory on 29<sup>th</sup> September. Determine the date by which invoice must be issued by Sultan Industries Ltd. under GST law.

#### Solution

As per the provisions of section 31, invoice shall be issued before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods. Accordingly, in the given case, the invoice must be issued on or before 29<sup>th</sup> September.

#### Concept Problem 5

MBM Caretakers, a registered person, provides the services of repair and maintenance of electrical appliances. On April 1, it has entered into an annual maintenance contract with P for its Air Conditioner and Washing Machine. As per the terms of contract, maintenance services will be provided on the first day of each quarter of the relevant financial year and payment for the same will also be due on the date on which service is rendered. During the year, it provided the services on April 1, July 1, October 1, and January 1 in accordance with the terms of contract. When should MBM Caretakers issue the invoice for the services rendered?

#### Solution

Continuous supply of service means, inter alia, supply of any service which is provided, or agreed to be provided continuously or on recurrent basis, under a contract, for a period exceeding 3 months with the periodic payment obligations.

Therefore, the given situation is a case of continuous supply of service as repair and maintenance services have been provided by MBM Caretakers on a quarterly basis, under a contract, for a period of one year with the obligation for quarterly payment.

In terms of section 31, in case of continuous supply of service, where due date of payment is ascertainable from the contract (as in the given case), invoice shall be issued on or before the due date of payment.

Therefore, MBM Caretakers should issue quarterly invoices on or before April 1, July 1, October 1, and January 1.

#### Concept Problem 6

The aggregate turnover of Sangri Services Ltd., Delhi, exceeded 20 lakh on 12<sup>th</sup> August. He applied for registration on 3<sup>rd</sup> September and was granted the registration certificate on 6<sup>th</sup> September. You are required to advise Sangri Services Ltd. as to what is the effective date of registration in its case. It has also sought your advice regarding period for issuance of Revised Tax Invoices.

#### Solution

As per section 25 read with CGST Rules, where an applicant submits application for registration within 30 days from the date, he becomes liable to registration, effective date of registration is the date on which he becomes liable to registration. Since, Sangri Services Ltd.'s turnover exceeded 20 lakh on 12<sup>th</sup> August, it became liable to registration on same day. Further, it applied for registration within 30 days of so becoming liable to registration, the effective date of registration is the date on which he becomes liable to registration, i.e. 12<sup>th</sup> August.

As per section 31 read with CGST Rules, every registered person who has been granted registration with effect from a date earlier than the date of issuance of certificate of registration to him, may issue Revised Tax Invoices. Revised Tax Invoices shall be issued within 1 month from the date of issuance of certificate of registration. Revised Tax Invoices shall be issued within 1 month from the date of issuance of registration in respect of taxable supplies effected during the period starting from effective date of registration till date of issuance of certificate of registration.

Therefore, in the given case, Sangri Services Ltd. has to issue the Revised Tax Invoices in respect of taxable supplies effected during the period starting from the effective date of registration (12<sup>th</sup> August) till the date of issuance of certificate of registration (6<sup>th</sup> September) within 1 month from the date of issuance of certificate of registration, i.e. on or before 6<sup>th</sup> October.

### Concept Problem 7

Shyam Fabrics has opted for composition levy scheme in the current financial year. It has approached you for advice whether it is mandatory for it to issue a tax invoice. You are required to advise hire regarding same.

### Solution

A registered person paying tax under the provisions of section 10 [composition levy] shall issue, instead of a tax invoice, a bill of supply containing such particulars and, in such manner, as may be prescribed [Section 31(3)(c)].

Therefore, in the given case, Shyam Fabrics cannot issue tax invoice. Instead, it shall issue a Bill of Supply.

### Concept Problem 8

Royal Fashions, a registered supplier of designer outfits in Delhi, decides to exhibit its products in a Fashion Show being organised at Hotel Park Royal, Delhi on 4<sup>th</sup> January. For the occasion, it gets the service by way of makeover of its models from Aura Beauty Services Ltd., Ashok Vihar, for which a consideration is 5,00,000 (excluding GST) has been charged. Aura Beauty Services Ltd. issued a duly signed tax invoice on 10<sup>th</sup> February showing the lumpsum amount of 5,90,000 inclusive of CGST and SGST @ 9% each for the services provided.

- a. Examine whether the tax invoice has been issued within the time limit prescribed under law.
- b. Tax consultant of Royal Fashions objected to the invoice raised suggesting that the amount of tax charged in respect of the taxable supply should be shown separately in the invoice raised by Aura Beauty Services Ltd. However, Aura Beauty Services Ltd. contended that there is no mandatory requirement of showing tax component separately in the invoice. You are required to examine the validity of the objection raised by tax consultant of Royal Fashions.

### Solution

- a) As per section 31 read with the CGST Rules, in case of taxable supply of services, invoices should be issued before or after the provision of service, but within a period of 30 days [45 days in case of insurer/ banking company or financial institutions including NBFCs] from the date of supply of service.

In view of said provisions, in the present case, the tax invoice should have been issued in the prescribed time limit of 30 days from the date of supply of service i.e. upto 3<sup>rd</sup> February. However, the invoice has been issued on 10<sup>th</sup> February.

- b) Section 31 read with the CGST Rules, inter alia, provides that tax invoice in addition to other mandatory details shall also contain the amount of tax charged in respect of taxable goods or services (central tax, State tax, integrated tax, Union territory tax or cess).

Further, where any supply is made for a consideration, every person who is liable to pay tax for such supply shall prominently indicate in all documents relating to assessment, tax invoice and other like documents, the amount of tax which shall form part of the price at which such supply is made.

The objection raised by the tax consultant of Royal Fashions suggesting that the amount of tax charged in respect of the taxable supply of makeover services should be shown separately in the invoice raised by Aura Beauty Services Ltd., is valid in law.

### Concept Problem 9

Kidzee Toys Ltd., a wholesaler of toys registered in Chandigarh, is renowned in the local market for the variety of toys and their reasonable prices. Kidzee Toys Ltd. makes supply of 100 pieces of baby's learning laptops and chat learning phones to Nancy General Store on 25<sup>th</sup> September by issuing a tax invoice amounting to 1,00,000.

However, the said toys were returned by Nancy General Store on 30<sup>th</sup> September. Discuss which document Kidzee Toys Ltd. is required to issue in such a case

### Solution

Kidzee Ltd. is required to issue a credit note in such a case.

As per section 34, where one or more tax invoices have been issued for supply of any goods or services or both and the goods supplied are returned by the recipient the registered person, who has supplied such goods or services or both, may issue to the recipient one or more credit notes for supplies made in a financial year containing such particulars as may be prescribed. Therefore, Kidzee Ltd. is required to issue a credit note to Nancy General Store for the good returned.

### Concept Problem 10

Rana Sanga Ltd., a registered supplier, has made following taxable supplies to its customer Babur in the quarter ending 30<sup>th</sup> June.

Date	Bill No.	Particulars	Invoice Value (including GST)
5 <sup>th</sup> April	102	Notebooks [10 in numbers]	1,200
10 <sup>th</sup> May	197	Chart Paper [4 in number]	600
20 <sup>th</sup> May	230	Crayon colors [2 packets]	500
2 <sup>nd</sup> June	254	Poster colors [5 packets]	900
22 <sup>nd</sup> June	304	Pencil Box [4 sets]	700

Goods in respect of bill no. 102, 230 and 254 have been returned by Babur. You are required to advise Rana Sanga Ltd. whether it can issue a consolidated credit note against all the three invoices?

### Solution

Where one or more tax invoices have been issued for supply of any goods and/or services and

- the taxable value/tax charged in that tax invoice is found to exceed the taxable value/tax payable in respect of such supply, or
- where the goods supplied are returned by the recipient, or
- where goods and/or services supplied are found to be deficient,

the registered person, who has supplied such goods and/or services, may issue to the recipient one or more credit notes for supplies made in a financial year containing prescribed particulars.

Thus, one (consolidated) or more credit notes can be issued in respect of multiple invoices issued in a financial year without linking the same to individual invoices.

Hence, in view of the above-mentioned provisions, Rana Sanga Ltd. can issue a consolidated credit note for the goods returned in respect of all the three invoices.

### Concept Problem 11

Chidanand Products Pvt. Ltd. is a registered supplier who has opted for composition levy in the current financial year. He wishes to know whether the issue of a bill of supply can be dispensed with under any circumstances. You are required to advise him.

### Solution

Yes. Chidanand Products Pvt. Ltd. may not issue a bill of supply if the value of the goods or services or both supplied is less than 200 subject to the condition that:

- the recipient is not a registered person; and
- the recipient does not require such bill of supply,

and he shall issue a consolidated bill of supply for such supplies at the close of each day in respect of all such supplies.

### Concept Problem 12

A registered person has to mandatorily issue separate invoices for taxable and exempted goods when supplying both taxable as well as exempted goods to an unregistered person. Examine the validity of the statement.

### Solution

The statement is not valid in law. As per the CGST Rules, where a registered person is supplying taxable as well as exempted goods or services or both to an unregistered person, a single “invoice-cum-bill of supply” may be issued for all such supplies.

### Concept Problem 13

A non-banking financial company can issue a consolidated tax invoice at the end of every month for the supply made during that month. Examine the validity of the statement.

### Solution

The said statement is valid in law. A customer may avail numerous services from a non-banking financial company in a given tax period. It may issue a consolidated tax invoice/ statement/ advice, any other document in lieu thereof, by whatever name called may be issued/ made available, physically/ electronically, for supply of services made during a month at the end of the month.

### Concept Problem 14

Sakthi Enterprises, Kolkata entered into a contract with Suraj Enterprises, Surat for supply of goods and the delivery shall be made on or before 31<sup>st</sup> October. The goods were removed from the factory at Kolkata on 11<sup>th</sup> October. As per the agreement, the goods were to be delivered on or before 31<sup>st</sup> October. Suraj Enterprises has received the goods on 14<sup>th</sup> October. Determine the time of issue of invoice as per the provisions of CGST Act.

### Solution

A registered person supplying taxable goods shall issue a tax invoice, before or at the time of removal of goods for supply to the recipient, where the supply involves movement of goods.

Therefore, in the given case, invoice has to be issued on or before, 11<sup>th</sup> October (the time of removal of goods).

### Concept Problem 15

Trust and Fun Ltd., an event management company, has provided its services for an event at Kapoor Film Agencies, Mumbai on 5<sup>th</sup> June. Payment for the event was made on 19<sup>th</sup> June. Determine the time of issue of invoice as per the provisions of CGST Act.

### Solution

A registered person [other than an insurer/banking company/financial institution, including an NBFC] supplying taxable services shall issue a tax invoice before or after the provision of service, but within a period of 30 days from the date of supply of service.

Thus, invoice has to be issued within 30 days of 5<sup>th</sup> June (date of supply of service), i.e. on or before, 5<sup>th</sup> July.

### Concept Problem 16

Udai Singh, a registered supplier, has received advance payment with respect to services to be supplied to Sujamal. His accountant asked him to issue the receipt voucher with respect to such services to be supplied. However, he is apprehensive as to what would happen in case a receipt voucher is issued, but subsequently no services are supplied. You are required to advise Udai Singh regarding the same.

### Solution

Udai Singh is required to issue a receipt voucher at the time of receipt of advance payment with respect to services to be supplied to Sujamal. A receipt voucher is a document evidencing receipt of advance money towards a supply of goods and/or services or both. A registered person, on receipt of advance payment with respect to any supply of goods or services or both, shall issue a receipt voucher or any other document, evidencing receipt of such payment.

Where, on receipt of advance payment with respect to any supply of goods or services or both the registered person issues a receipt voucher, but subsequently no supply is made and no tax invoice is issued in pursuance thereof, the said registered person may issue to the person who had made the payment, a refund voucher against such payment.

Therefore, in case subsequently no services are supplied by Udai Singh, and no tax invoice is issued in pursuance thereof, Udai Singh may issue a refund voucher against such payment to Sujamal.

### Concept Problem 17

Bhoj Raj, a registered person, has availed GTA services on which he is liable to pay tax under reverse charge. He wishes to know whether he is required to issue an invoice. Please advise him discussing the relevant provisions under CGST Act and rules thereunder.

### Solution

Bhoj Raj is required to issue an invoice with regard to the GTA services availed by him. A registered person who is liable to pay tax under 9(3) and (4) (i.e. where the recipient is liable to discharge GST on reverse charge basis) shall issue an invoice in respect of goods or services or both received by him from the supplier on the date of receipt of goods or services or both.

### Concept Problem 18

Sitaram Textiles has to send cloth for dyeing to its job-worker. It wishes to know whether it needs to issue a tax invoice at the time of sending the goods to job-worker. Please advise him as per provisions of the CGST Act.

### Solution

Sitaram Textiles has to issue a delivery challan and not the tax invoice at the time of sending the goods to job-worker. Rule 55, inter alia, stipulates that for the purposes of transportation of goods for job work, the consignor may issue a delivery challan, serially numbered, in one or multiple series, in lieu of invoice at the time of removal of goods for transportation, containing the following details, namely:-

- a. date and number of the delivery challan;
- b. name, address and Goods and Services Tax Identification Number of the consigner, if registered;
- c. name, address and Goods and Services Tax Identification Number or Unique Identity Number of the consignee, if registered;
- d. Harmonized System of Nomenclature code and description of goods;
- e. quantity (provisional, where the exact quantity being supplied is not known);
- f. taxable value;
- g. tax rate and tax amount - central tax, State tax, integrated tax, Union territory tax or cess, where the transportation is for supply to the consignee; place of supply, in case of inter-State movement; and signature.

The delivery challan shall be prepared in triplicate, in case of supply of goods, in the following manner, namely:

- a. the original copy being marked as ORIGINAL FOR CONSIGNEE;
- b. the duplicate copy being marked as DUPLICATE FOR TRANSPORTER; and
- c. the triplicate copy being marked as TRIPLICATE FOR CONSIGNER.

**2. ICAI RTPS, MTPS AND PAST YEAR QUESTIONS****Concept Problem 19 [MTP May 2019]**

Mr. Mayank provides Continuous Supply of Services (CSS) to M/s. Omega Limited. He furnishes the following further information:

- |   |            |
|---|------------|
| a) Date of commencement of Providing CSS    | 01-10-20XX |
| b) Date of completion of Providing CSS      | 31-01-20XX |
| c) Date of receipt of payment by Mr. Mayank | 30-03-20XX |

Determine the time of issue of invoice as per provisions of CGST Act, 2017, in the following circumstances:

- If no due date for payment is agreed upon by both under the contract of CSS.
- If payment is linked to the completion of service.
- If M/s. Omega Limited has to make payment on 25-03-20XY as per the contract between them.

**Solution**

- i) Where the due date of payment is not ascertainable from the contract, the invoice shall be issued before or at the time when the supplier of service receives the payment

Thus, in the given case, the invoice should be issued on or before 30.03.20XY (date of receipt of payment by Mr. Mayank).

- ii) If payment is linked to the completion of an event, the invoice should be issued on or before the date of completion of that event.

Since in the given case payment is linked to the completion of service, invoice should be issued on or before 31.01.20XY (date of completion of service).

- iii) Where the due date of payment is ascertainable from the contract, the invoice should be issued on or before the due date of payment.

If M/s. Omega Limited has to make payment on 25.03.20XX as per the contract between them, the invoice should be issued on or before 25.03.20XX.

**Concept Problem 20 [RTP May 2020]**

Discuss the correctness of the following statements:

- Once generated, an e-way bill cannot be cancelled.
- E-way bill generated in one State is valid in another State.

**Solution**

- i) The said statement is partially correct. Where an e-way bill has been generated, but goods are either not transported at all or are not transported as per the details furnished in the e-way bill, the e-way bill may be cancelled electronically on the common portal within 24 hours of generation of the e-way bill.

However, an e-way bill cannot be cancelled if it has been verified in transit in accordance with the provisions of rule 138B of the CGST Rules, 2017.

- ii) The said statement is correct. The e-way bill generated under Goods and Services Tax Rules of any State or Union territory shall be valid in every State and Union territory.

**Concept Problem 22**

Mr. Shah, a consignor is required to move goods from Ahmedabad (Gujarat) to Nadiad (Gujarat). He appoints Mehta Transporter for movement of goods. Mehta Transporter moves the goods from Ahmedabad (Gujarat) to

Kheda (Gujarat). For completing the movement of goods from Kheda (Gujarat) to Nadiad (Gujarat), Mehta Transporter now hands over the goods to Parikh Transporter.

Explain the procedure regarding e-way bill to be followed by consignor and transporter as per provisions of GST law and rules made thereunder.

### Solution

In the given scenario, only one e-way bill is required to be issued.

Part A can be filled by either Mr. Shah or recipient of goods or Mehta Transporter on the appropriate authorisation.

Where the goods are transferred from one conveyance to another, the consignor or the recipient, who has provided information in Part A, or the transporter shall, before such transfer and further movement of goods, update the details of conveyance in the e-way bill on the common portal in Part B.

Thus, on reaching Kheda, Mr. Shah or the recipient of the goods, who has filled Part A of the e-way bill, or Mehta Transporter can, before the transfer and further movement of goods, update the details of conveyance in Part B of the e-way bill.

Further, the consignor or the recipient, who has furnished the information in Part A, or the transporter, may assign the e-way bill number to another registered or enrolled transporter for updating the information in Part B for further movement of the consignment.

Thus, on reaching Kheda, Mr. Shah or the recipient of the goods, or Mehta Transporter can assign the said e-way bill to Parikh Transporter who will thereafter update the details of conveyance in Part B.

However, upon updation of the details of the conveyance by Parikh transporter in Part B, Mr. Shah or recipient, as the case may be, who has furnished the information in Part A shall not be allowed to assign the e-way bill number to another transporter.

### Concept Problem 23 [RTP Nov 2021]

Determine in which of the following independent cases, e-invoicing is applicable

- i. Harnam & Co., dealing in interior decoration products made supplies to various registered and unregistered persons in the preceding financial year. The aggregate turnover of Harnam & Co. in preceding FY is 60 crore.
- ii. Rich & Poor Bank, registered under GST has an aggregate turnover of 75 crore in the preceding financial year.

### Solution

All registered businesses with an aggregate turnover (based on PAN) in any preceding year from 2017-18 onwards greater than 50 crore are required to issue e- invoices in respect of B2B supplies( supply of goods and/or services to a registered person).

Further, following entities are exempt from the mandatory requirement of e-invoicing :-

- a. Special Economic Zone Units
- b. Insurer or banking company or financial institution including NBFC.
- c. GTA supplying services in relation to transportation of goods by road in a goods carriage
- d. Supplier of passenger transportation service
- e. Person supplying services by way of admission of exhibition of cinematograph films in multiplex screens

Thus, above mentioned entities are not required to issue e- invoices even if their turnover exceeds 50 crore in the preceding financial year from 2017-18 onwards.

In view of the above mentioned provisions, the Solution to the independent cases are as under:-

- i. The aggregate turnover of Harnam & Company exceeds the threshold limit of aggregate turnover applicable for e-invoicing. Thus, Harnam & Company is mandatorily required to issue e-invoices in respect of supplies made to registered persons.
- ii. Banking company is specifically exempt from mandatory requirement of e-invoicing even if the turnover exceeds 50 crore in the preceding financial year. Thus, e- invoicing is not applicable to Rich & Poor Bank.

### Concept Problem 24 [RTP May 2021]

Bali Limited, a registered taxpayer, provides security services to registered persons from Mumbai office and Delhi Office. The aggregate turnover of Mumbai office and Delhi office in the preceding financial year is 30 crore and 25 crore respectively. For the month of November in the current year, Bali limited prepares duplicate invoices and does not issue e-invoices as it is of the view that its aggregate turnover does not cross the threshold limit to make it liable for issuing e-invoices.

Briefly explain whether the view taken by Bali Limited is correct in law? Also explain the advantages of e- invoicing.

### Solution

The view taken by Bali Limited is not correct in law.

All notified registered businesses (except specified class of persons) with an aggregate turnover (based on PAN) in the preceding financial year greater than 50 crore are required to issue e-invoices

The eligibility is based on aggregate turnover on the common PAN. Thus, the aggregate turnover of Bali Limited is more than 50 crores (considering both the GSTINs) and is required to issue e-invoices.

The eligibility is based on aggregate annual turnover on the common PAN. Thus, the aggregate total turnover of Bali limited is more than 50 crores (considering both the GSTINs ) and is required to issue e-invoices.

Further, where e-invoicing is applicable, there is no need of issuing invoice copies in triplicate/ duplicate.

E-invoice has many advantages for business, which have been given as under-

- i) **Auto-reporting of invoices into GST return and auto-generation of e-way bill (wherever required):** Under e-invoicing, business has to report the B2B invoice data only once in the e-invoice form and the same is reported in multiple forms (GSTR-1, e-way bill etc.) . E-way bill can be auto- generated using e-invoices data. It will become part of the business process of the taxpayer.
- ii) **Accuracy/ Reconciliation:** Since same data is reported to tax department as well as to the buyer to prepare his inward supplies (purchases) register, transcription errors are reduced. On receipt of information through GST system, buyer can do reconciliation with his purchase Order.
- iii) **Early payment:** E-invoicing facilitates standardization and inter-operability leading to reduction of disputes among transacting parties and thus, improving payment cycles.
- iv) **Cost reduction:** E-invoicing helps in reducing processing costs and thus, leads o improvement of overall business efficiency.
- v) **Reduction of tax evasion:** Since a complete trail of B2B invoices is available with the department, it will enable the system – level matching of input tax credit and output tax thereby reducing the tax evasion.
- vi) **Elimination of fake invoices:** E- invoicing eliminates the fake invoices. Claiming fictitious input tax credit (ITC) by raising fake invoices is also one of the biggest challenges currently faced by tax- authorities. The e-invoice system helps to curb the actions of unscrupulous taxpayers and reduce the number of fraud cases as the tax authorities have access to data in real-time.
- vii) **Paper Elimination:** E-invoicing helps in paper elimination and thereby it is eco-friendly.

### Concept Problem 25 [ICAI Jan 2021]

ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens was issuing consolidated tax invoice for supplies at the close of each day in terms of section 31(3)(b) of CGST Act, 2017 read with fourth proviso to rule 46 of CGST Rules, 2017.

*This Question Bank is meant for Nov 2022 exams and must be read with our Lectures (Regular or Fast Track) as many additional concepts are covered in class. We do lots of written practice in class & Kishan Sir personally evaluates grand Mock Test. Must cover GST Chalisa Handwritten Notes as well.*

During the month of October, 20XX, the Department raised objection for this practice and asked to issue separate tax invoices for each ticket.

Advise ABC Cinemas for the procedure to be followed in the light of recent notification.

### Solution

The procedure to be followed by ABC Cinemas, a registered person engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens, is as under-

- The option to issue consolidated tax invoice is not available to a supplier engaged in making supply of services by way of admission to exhibition of cinematograph films in multiplex screens. Thus, ABC Cinemas cannot issue consolidated tax invoice for supplies made by it at the close of each day.
- ABC Cinemas is required to issue an electronic ticket.
- The said electronic ticket shall be deemed to be a tax invoice, even if such ticket does not contain the details of the recipient of service but contains the other information as prescribed to be mentioned.

### Concept Problem 26 [ICAI Jan 2021]

Agni Ltd., a registered supplier wishes to transport cargo by road between two cities situated at a distance of 368 kilometers. Calculate the validity period of e-way bill under rule 138(10) of CGST Rules, 2017 for transport of the said cargo, if it is over dimensional cargo or otherwise.

### Solution

The validity period of e-way bill under rule 138(10) of the CGST Rules, 2017 for transport of cargo by road between two cities situated at a distance of 368 km is as under:

- i. **If it is over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 20 km and one additional day for every 20 km or part thereof thereafter.

Thus, validity period in given case:

$$= 1 \text{ day} + 18 \text{ days}$$

$$= 19 \text{ days}$$

- ii. **If it is a cargo other than over dimensional cargo:** the validity period of the e-way bill is one day from relevant date upto 200 km and one additional day for every 200 km or part thereof thereafter.

Thus, validity period in given case:

$$= 1 \text{ day} + 1 \text{ days}$$

$$= 2 \text{ days}$$