

PUBLIC CONSULTATION ON ELECTRONIC INVOICE STANDARDS TO BE USED UNDER GST SYSTEM

1. Background

The GST Council has decided to introduce electronic-invoice (hereinafter called as e-invoice) on voluntary basis from January 2020. The new system will lead to one-time reporting on B2B invoice data in the form it is generated to reduce reporting in multiple formats (one for GSTR-1 and the other for e-way bill) and to generate Sales and Purchase Registers (ANX-1 and ANX-2) and from this data to keep the Return (RET-1 etc.) ready for filing. The other aim is to make reporting of invoices as an integral part of the business process to eliminate the process of compilation of invoices at the end of the month. Lastly, it will lead to substantial reduction in input credit verification issues as same data will get reported to tax department as well as to the buyer in his inward supply (purchase) register on receipt of info thru GST System – as buyer can reconcile with his Purchase Order and accept/reject well in time.

2. Need for Standard for e-invoice

Currently, there is no standard defined for *e-invoice* under GST or under any other statute. On the other hand having a standard is a must to ensure complete inter-operability of e-invoices across the entire GST eco-system so that e-invoices generated by one software can be read by any other software, thereby eliminating the need of fresh data entry – which is a norm and standard expectation today. The machine readability and uniform interpretation is the key objective. Apart from the GST System, adoption of a standard will also ensure that an e-invoice shared by a seller with his buyer or bank or agent or any other player in the whole business eco-system can be read by machines and obviate and hence eliminate data entry errors.

Many countries across the world have adopted standards for e-invoice, (refer the table below):

Table 1

| <u>Country</u> | <u>Data Format</u> | <u>Country</u> | <u>Data Format</u> |
|-----------------------|---|-----------------------|------------------------------------|
| South Korea | UBL | USA | Considering OASIS UBL 2.2 |
| Chile | Electronic Tax Document DTE | Australia | In Feb 2019 announced their |
| Singapore | PEPPOL | New Zealand | intention to use PEPPOL |
| Mexico | CFDI (Comprobante Fiscal Digital or Internet) | Canada | CAN/CSA-ISO/IEC 19845 based on UBL |

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|---------------|--------|----------------|------------------------------|
| Norway | PEPPOL | Italy | PEPPOL |
| Sweden | PEPPOL | Denmark | NemHandel, PEPPOL |
| Turkey | UBL-TR | Peru | SUNAT (customization of UBL) |

Most of these standards like PEPPOL, UBL-TR, SUNAT etc. are based on UBL (Universal Business Language). Universal Business Language (UBL) is an open library of standard electronic XML business documents for procurement and transportation such as invoices, transport logistics and waybills. UBL was developed by an OASIS Technical Committee with participation from a variety of industry data standards organizations. UBL is designed to plug directly into existing business, legal, auditing, and records management practices. UBL can be thought of as a lingua-franca — a (data format) language that allows disparate business applications and trading communities to exchange information along their supply chains using a common format.

UBL is designed to eliminate the re-keying of data in existing fax- and paper-based business correspondence and provide an entry point into electronic commerce for businesses. UBL is owned by OASIS and is currently available to all, with no royalty fees. UBL version 2.0 was approved as an ISO Standard (ISO/IEC 19845:2015) in December 2015. Version 2.2 was approved as an OASIS Standard in July 2018 and has 81 document types.

In keeping with the original vision of UBL as a standard basis for electronic business in general, many user countries have developed its version based on requirement – however the most commonly accepted one is PEPPOL(Pan European Public Procurement Online).

3. Draft Standard for Consultation

GSTN, in partnership with Institute of Chartered Accountants of India (ICAI), has drafted an e-invoice standard, (referring and considering the PEPPOL standard, which is based on UBL standard) which also takes into account the requirement under tax laws and has features which are required for international trade. There are certain features which are mandatory under the GST law and they have been marked as mandatory in this draft. Other features which could be used by businesses having those requirement are marked optional. Businesses not generating optional fields are not required to fill these.

The e-invoice draft now placed in the public domain is in the following three parts:

1. **E-invoice schema**: It has the Technical field name, description of each field, whether it is mandatory or not, and has a few sample values along with explanatory notes.
2. **Masters**: Masters are included of fields like UQC, State Code, invoice type, supply type etc.
3. **E-invoice template**: This template is as per the GST law and has been provided here to enable the reader to correlate the terms used in other sheets. The ***compulsory fields*** are marked ***green*** and ***optional fields*** are marked ***yellow***.

4. Your Feedback

Please share your feedback with us on www.gstn.org/e-invoice/feedback before or latest by 20th August 2019.

Your valuable input will be used to finalise the standards and notify the same, Thanking you for time and input.