

## E-Invoicing limit reduced to INR 20 Crores from 01<sup>st</sup> April 2022

### Snapshot

Where the turnover of a taxpayer has crossed INR 20 Cr. in any of the previous financial years (F.Y. 2017-18 to F.Y. 2021-22) such taxpayer shall be required to comply with the provisions of e-Invoicing from 1 April 2022. The turnover limit which was INR 50 Cr. till now has been reduced by notification no 01/2022 – Central Tax dated 24 February 2022.

The provisions relating to e-Invoicing require the taxpayers to upload the requisite details on the government designated portal and generate an Invoice Reference Number which shall have to be printed on the invoice issued to the customer.

The provisions state that where a person is required to generate an e-Invoice and does not do so, the invoice generated by such person shall not be considered to be a valid invoice. Thus, not only the suppliers, but even the recipients have to ensure that wherever applicable, the suppliers comply with the requirement of e-Invoicing.

### Background of e-Invoicing

The Government, in December 2019 has introduced Sub-rule (4) to the Rule 48 of the CGST Rules, 2017 stating that the notified class of registered taxpayers shall be required to generate e-Invoices by following the prescribed procedure of uploading the invoices on the Invoice Registration Portal ('IRP') and obtaining an Invoice Reference Number ('IRN') for each invoice. The provisions also states that invoices as issued by the certain taxpayers must contain the IRN and a Quick Response ('QR') code. Below is the summary of the notifications issued by the CBIC notifying various class of taxpayers required to comply with the provisions of e-Invoicing.

Notification no.	Notified date	Taxpayers required to generate e-Invoice
61/2020 – Central Tax dtd 30 July 2020	1 October 2020	Aggregate turnover <b>exceeding</b> INR 500 Cr.
88/2020 – Central Tax dtd 10 Nov 2020	1 January 2021	Aggregate turnover exceeding INR 100 Cr.
05/2021 – Central Tax dtd 8 Mar 2021	1 April 2021	Aggregate turnover exceeding INR 50 Cr.
01/2022 – Central Tax dtd 24 Feb 2022	1 April 2022	Aggregate turnover exceeding INR 20 Cr.

### Amendments with effect from 1 April 2022

With the intention of gradually making e-Invoicing mandatory for all the registered taxpayers, the CBIC vide notification no. 01/2022 – CT dated 24 February 2022, has notified that taxpayer with an annual turnover in excess of INR 20 Cr. would be required to comply with the requirements of e-Invoicing.

As per notification no. 70/2020 – Central Tax dtd 30 Sept 2020, the provisions of e-invoice would apply to all registered taxpayers whose aggregate turnover in any of the financial year from FY 2017-18, has exceeded INR 20 Cr. The turnover has to be seen on PAN basis and not GST registration wise and it would include exempt incomes such as interest income.

In other words, a registered taxpayer shall be mandatorily required to generate e-Invoices from 1 April 2022 even if the aggregate turnover (including exempt income) in any of the preceding 5 financial year has exceeded INR 20 Cr. However, where a taxpayer is engaged only in making exempt supplies, such taxpayer is not required to generate an e-Invoice.

### Supplies / Documents on which e-invoice / IRN would be applicable

- Supplies (Tax Invoices, Credit and Debit notes) made to taxpayers registered under GST i.e., B2B taxable Supplies
- Export supplies (with / without payment of IGST)
- Supplies made to SEZ developers / SEZ units (with / without payment of IGST)

### Supplies / Documents on which e-invoice / IRN would not be applicable

- ISD Invoice issued by a taxpayer registered as an Input Service Distributor
- B2C Supplies\* (Tax Invoices, Credit and Debit notes) made to taxpayers not registered under GST.
- Supplies made by SEZ developers / units, Ins. companies, BFSI, GTA & Passenger transport services providers
- Supplies made under Bill of Supply, Delivery challans, Job work challans, Commercial credit notes i.e., B2B or B2C non-taxable supplies.

### KCM Comments

Considering that e-Invoicing entails real time reporting of invoices to the Government, it acts as a deterrent tool in the hands of the Government to fight the menace of fake invoices and other fraudulent practices under GST. The Government, therefore, seems to be determined to bring all the taxpayers within the ambit of e-Invoicing slowly. Compliance with the e-Invoicing procedure was made mandatory in October 2019 for taxpayers having a turnover exceeding INR 500 Cr. and with the gradual reduction in the said limit of turnover, taxpayers having a turnover exceeding INR 20 Cr. shall be required to comply with the requirement of e-Invoicing from 1 April 2022.

The most important point to be considered is that the e-Invoicing shall apply even in cases where the turnover exceeded INR 20 Cr. in any of the preceding financial years from 2017-18 to 2021-22.

The time provided by the Government for taxpayers falling in the bracket of INR 50 Cr. to 20 Cr. seems to be very less and the taxpayers would be racing against time to get their systems ready for compliance with the e-Invoicing requirements.

Since, with the reduction in the turnover limit, more taxpayers will be covered within the ambit of e-Invoicing, it will also be important for the purchasers to ensure that their suppliers comply with the requirement of e-Invoicing so that they are not denied the ITC in respect of purchases made from such suppliers.

\*It is to be noted that in case of registered taxpayers having a turnover **exceeding INR 500 Cr.** there is a requirement to print a Dynamic QR code on the invoices issued for **B2C supplies**. There is no change in this requirement.

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