This issue

NEWSLETTER

Extending our gratitude towards all the men who have made a difference in our lives and contributed towards a better society, We wish you a happy International Men's Day.

In this issue, IRIS newsletter covers the clarification provided by the CBIC in circular no. 123 in concern to the 20% provisional ITC rule. Furthermore, it walks you through the 7 easy steps of generating an E-invoice.

The feature of the issue is IRIS Sapphire – Know your Monthly ITC

Regards,
Team IRIS GST

GST Circular No. 123/42/2019 –Resolving the Queries around 20% Provisional Credit Rule

Ahead of GSTR3B due date, CBIC has resolved queries on provisional ITC @ 20% through Circular No. 123/42/2019-GST

Following is the list of clarifications issued:

1. Restriction is not imposed through the common portal hence the taxpayer can avail credit on self-assessment basis sub-rule (4) of rule 36

2. Taxpayers can avail full ITC in respect of following
   - IGST paid on import,
   - documents issued under RCM,
   - credit received from ISD etc.

   i.e. which are outside the ambit of sub-section (1) of section 37

3. Restriction of 36(4) will be applicable only on the invoices / debit notes on which credit is availed after 09.10.2019

4. Credit available under sub-rule (4) of rule 36 is linked to total eligible credit from all suppliers against all supplies whose details have been uploaded by the suppliers. Hence restriction imposed is not supplier wise.

5. The cut-off date to compute the eligible ITC is due date of filing GSTR-1

6. ITC that can be claimed for particular month would be 120% of eligible ITC or Total ITC as per invoices received, whichever is less clarified.

7. The balance ITC that is left to be claimed would be eligible post reflection in GSTR-2A to the extent of 120%, provided total ITC claimed cannot exceed actual ITC

Hence, for case 1 un-availed credit can be claimed in succeeding tax periods only when respective invoices are uploaded by the supplier

Queries which remain unresolved

Reconciliation of eligible ITC and Total ITC is to be done on monthly basis or YTD Basis. Since, there will always be gap between the date of invoice booking by recipient and date of uploading invoices by supplier

Also, in case supplier filing returns on quarterly basis, purchaser will end up having low ITC Eligibility

Although the circular have provided clarification on major issues but still the ambiguity persist among the taxpayers minds

7-Steps of E-invoice Generation

GSTR 9 and 9C filing Extended & Simplified

the Government has extended the due dates of filing of Form GSTR-9 (Annual Return) and Form GSTR-9C (Reconciliation Statement) for Financial Year 2017-18 to December 31, 2019 and for Financial Year 2018-19 to March 31, 2020.

It has also decided to simplify these forms by making various fields of these forms as optional.

The Central Board of Indirect Taxes & Customs (CBIC) on Thursday notified the amendments regarding the simplification of GSTR-9 (Annual Return) and GSTR-9 GSTR-9C (Reconciliation Statement). These amendments allow the taxpayers to not to provide split of input tax credit availed on inputs, input services and capital goods and to not to provide HSN level information of outputs or inputs, etc. for the financial year 2017-18 and 2018-19.

CBIC expects that with these changes and the extension of deadlines, all the GST taxpayers would be able to file their Annual Returns along with Reconciliation Statement for the financial years 2017-18 and 2018-19 in time.

The implementation of E-invoicing is all set to be rolled down for B2B transactions in India from the month of January 2020. As per the recommendations of the GST council, the proposed E-invoicing system has 2 aspects, i.e.

- Adoption of a standard for the invoice, which will enable standardization and swift data exchange
- Registering the standard invoice with Government, through Invoice Registration Portal (IRP), this will ensure the authenticity of invoices.

The E-invoicing system initially will be available on voluntary basis for taxpayers fulfilling the criteria (having a certain turnover or specific invoice value), subsequently introducing the same for all the taxpayers.

In a quick overview, E-invoicing is a mechanism being introduced under GST to curb tax evasion and enable an invoicing standard in India. With the implementation of E-invoicing, the GST system shall be able to validate all the B2B transactions electronically and pre-populate the same in taxpayer's GST return forms, as per the corresponding details.

Perks Of GST E-Invoicing System

The perks of introducing E-invoicing under GST include:

- Auto-Populated GST Anx 1, GST Anx 2 and GSTR 1 (for B2B invoices).
- Auto-populated Part A for Eway Bill generation (taxpayer will have to provide vehicle details in Part B to complete EWB generation)
- Auto-sharing of uploaded invoices (on IRP) with the buyers for reconciliation.
- The system will auto-match input credit liability with output tax.

How to Generate an E-invoice

Decoding the entire process of E-invoice generation, right from the invoice creation to sharing the same with buyers (for reconciliation), here is the step-by-step guide for generating a Valid E-invoice:

1. Invoice is created using an accounting or billing software as per the prescribed format for E-invoicing.
2. Supplier can generate a unique Invoice Reference Number (IRN) using a standard hash-generation algorithm. Generation of IRN by supplier is optional. In absence of IRN, the IRP system of government will generate the same.
3. JSON file for each B2B invoice (generated through the accounting software or any third party tool), along with the IRN, if generated is uploaded on the Invoice Registration Portal (IRP)
4. The IRP will validate the generated hash/IRN attached with JSON (if uploaded by the supplier)or generate an IRN and authenticate the file against the central registry of GST for any duplication. The IRN will be the unique identity of the E-invoice for the entire financial year.
5. Upon successful verification, the invoice will be updated with IRP's digital signature on the invoice data and a QR code will be added to the JSON file.
6. The uploaded data will be shared with the E-way bill and GST system, which will be used for auto-population of GST Annexures and
7. The portal will send the digitally signed JSON along with IRN and QR code back to the seller. The invoice will also be sent to the buyer on their registered email id.

Read the complete article here

Issues surrounding the 'Pre-Import Condition' for Exporters

Last month, country's primary anti-smuggling intelligence agency began resending notices to exporters for allegedly not following "pre-import condition" and availing wrongful Goods and Services Tax (GST) exemptions.

The case was taken to the high court, where the decision was taken in the favor of exporters. This order quashed a revenue department notification that allowed DRI to penalize exporters in cases where the exports preceded the imports.

The move followed a Supreme Court stay on a High Court order leaving many exporters with no option but cough up IGST along with applicable penalties.

An issue on these notices has been raised to the FinMin by commerce ministry, while the ministry has stated, "This department is of the view that enthusiasm of exporters should not be killed by overzealous revenue collection based on technicalities where revenue does not accrue in principle." As of now, the imports made under the advance authorization scheme on both pre and post export basis are exempted from IGST payment.

IRIS Sapphire: Know your Monthly ITC

The CBIC has added a new rule of 20% provisional ITC to the CGST act. Based on this rule, if a taxpayer doesn't reconcile his ITC data regularly, it can greatly impact his ITC claim. Thus, in order to help the user maximize his ITC, a new utility – "Know your monthly ITC" has been added to our GST Software – IRIS Sapphire. The utility consists of 2 features

1. Monthly 2A summary: The feature provides you with eligible ITC details based on your GSTR 2A data (your vendor's GSTR 1). Once the calculation request completed, you can select document type like net debit and credit notes, regular invoices, etc. and Document status like original, revised and Original + Revised.

2. Monthly Reconciliation: This is to provide you with detailed reconciliation report between your purchase data and GSTR 2 data on a monthly basis. The user can also apply filter such as Supplier POS, Duration, etc. to further help you analyze your eligible ITC.

IRIS Sapphire is an application built with a highly scalable, available and secure architecture that will help you to file with GST. With built-in analytics and dashboards, IRIS Sapphire will ensure that you stay compliant, while always having a pulse on the process. Book your free demo today!!!

Upcoming Updates

GST, the indirect taxation system of India has been evolving at a remarkable pace, especially considering the changes put into effect in the recent months. In an endeavour to keep you up to date with the same, our team at IRIS has developed the following features in the product in the month of November.

IRIS Sapphire

Duplicate GSTR 2 Checker:
The utility keeps a scan through the invoices uploaded by the user in their GSTR 2A and notifies them if any duplicate records have been found.

Standard Comment:
As of now, the user is able to add comments of his choice while taking any action on the reconciliation data. With this update, the user will be able to add a standard comment for his action, which can be further used to filter the results.

Notifications and Circulars on IRISGST site

In order to provide you with a single platform for all the GST updates, i.e. Notifications, Circulars and orders, a new section has been added to the IRISGST page. With the addition of Notification and updates, we aim to simplify the complex GST amendments for our users to comprehend the same without any hassle

In addition to the product updates, our team has also been working on few new solutions that cater to the needs of varied business sectors and sizes. These applications are

Easybiz:
EasyBiz is a free to use business Management tool designed to meet the needs of the Small Medium Enterprises. With multiple business management modules of customer data management, invoice upload, bank and reconciliation, payment settlement and GST filing it eases the day to day business for SMEs. THe tool is offered through moneycontrol.com. Visit here for registration: Easybiz

Easyway Bill
Easyway Bill is a GST-ready mobile application designed to manage the EWB journey of a **Transporter**. With Easyway Bill, the transporter can generate EWB, get expiry notifications, and bulk update EWBs on the go. Visit here to know more: EasyWayBill

Peridot Premium:
Our GSTIN health checker shall soon be available with premium features. Users will be able to search for GSTIN using company name and prepare watchlist of selected companies.

#GSTBasicsbyIRIS is another initiative where we bring you complex GST concepts in simple and easy to understand ideas. For any suggestion or breakdown of a concept, you can connect with us at support@irisgst.com