

GST e-invoicing to help MSMEs avail faster bank loans, says government official

The soon-to-be introduced e-invoicing system from January 2020, is expected to help the micro, small, and medium enterprises (MSMEs) by opening the facility of instant bank loans for the sector.

"With the new system of e-invoicing, banks may not require a plethora of physical documents and their validation processes rather they can do MSMEs ratings for the loan on the basis of their e-invoicing," said a senior official in the Central Board of Indirect Taxes and Customs.

E-invoicing is also expected to bring Ease of Doing business by reducing reconciliation problems.

E-invoicing will begin in a phased manner for generating business to business (B2B) invoices on voluntary basis. Businesses having a turnover of Rs 500 crore or more would take up e-invoicing from January 1, 2020 on voluntary and trial basis.

Businesses with turnover of Rs 100 crore or more will start e-invoicing on voluntary and trial basis from February 1, 2020.

The system will be made mandatory from April 1 for both the categories.

The GST Council on September 29, 2019, approved the introduction of 'E-invoicing' or 'electronic invoicing' for business to business (B2B) transactions from January 1, 2020. Once implemented, it can help arrest tax evasion as it enables pre-populating of GST returns with the e-invoice details. Return filing will also become simpler with reconciliation becoming easier.

"To help small taxpayers adopt e-invoice system in a smooth and coherent manner, GSTN (Goods and Services Tax Network) has empanelled eight accounting and billing software which provide basic accounting and billing system free of cost to small taxpayers," the official said.

Small taxpayers, who do not have accounting software at present can use one of the empanelled software products, available both online and offline, the official said.