THE BEST RUN SAP

Digital Compliance Platform from SAP

Comprehensive compliance pack
GST reporting | eInvoicing
eWay Bill

Zero Touch Reconciliation
Unlock your tied up working capital

Integrate and Automate compliance

What is GST simplification?

The GST council, on 11th June 2019 announced the roadmap to ease transition to the new simplified GST return system from 1st October 2019 and it also announced to introduce the electronic invoice (IRN) from January 2020 onwards. The tax payer needs to work with 3 discrete systems, from the first step of dispatching the goods to the final step of filing the monthly return and availing input tax credit. ie. eWay Bill, IRN and GSTN system.

The key elements of the new simplified GST return and eInvoice includes:

- Uni-directional upload of outward invoices
- Real time uploads & save to GSTN of GST ANX-1 (All outward supply documents for B2B, B2C, Supply to SEZ, Inward attracting reverse charge & Import of Services) and GST ANX-2 on reconciled actions (eg: accept, reject & pending (On hold)) taken on vendor invoices uploaded in GST ANX -1
- Adjustments for liability & credit reversal for advances & previously filed returns
- Availing of Input tax credit is based on the acceptance of the vendor invoice uploaded in GST ANX-1 by vendor
- Tax payers can avail the provisional credit for the invoices not uploaded by their vendor as part of vendor's GST ANX-1
- Tax Payers are not given a provision to upload their purchase invoices in GST ANX-2
- Taxpayers barring a few exceptions, shall file a monthly return. Composition dealers and dealers having nil transactions shall file quarterly returns
- The GSTN system shall propose both tax liability and input tax credit based on the outward invoices submitted.
- All B2B invoices should have unique invoice reference number (IRN) generated by central portal on real time basis.
- B2B invoices becomes invalid without having IRN (invoice reference number)
- Input tax credit can be availed only for a invoice with valid IRN.

Demystifying eInvoicing(IRN)

eInvoicing is a new system of Invoice registration introduced by GSTN, wherein every B2B invoice generated has to be submitted to GSTN in real time for generation of IRN number. The invoice will only be considered as valid and input tax credit can be availed only with a valid IRN number.

The new system of generating IRN leads to one-time reporting of B2B invoice data and the same invoice data is used to generate GST ANX-1 and Part A of eWay Bill. This data is used for the auto generation of Sales and Purchase Registers (ANX-1 and ANX-2).

The current system of filing GSTR1 and GSTR3B shall continue till the GSTN system is ready with the new format for outward invoice submission which would replace GSTR1.

As a 'buyer', IRN would become the basis for availing the input tax credit (ITC), for this the 'supplier' should have submitted the outward invoice for generation of IRN. It's buyer's responsibility to reconcile his/her invoice with supplier invoice having valid IRN. Inability to do so would lead to increase in tax liability.

eWay Bill

On 1st of April 2018, eWay Bill generation was mandated by the GST regime. eWay Bill is an electronically generated document which is required for the movement of goods of value more than INR 50000, from one location to another. This document is generated online on the National Informatics Centre (NIC) portal for transportation of goods, both inter and intra state and includes details such as name of consignor, consignee, point of origin of consignment, consignment destination and route.

The process involves a registered tax payer generating the eWay Bill for their outward supply document on the NIC. A unique eWay Bill number (EBN) is generated for each eWay Bill and it is available to the supplier, recipient and transporter.

What's changing with respect to eWay Bill with introduction of IRN ?

The GSTN plans to generate the part A of eWay Bill using the invoice information submitted for IRN generation and supplier can submit Part B (Vehicle & mode of transport information) separately.

What does this mean for you?

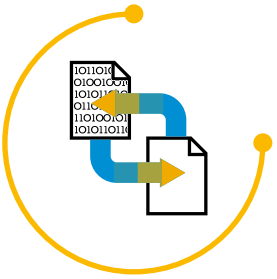
Impact on Operations

High inter-dependency between eWay Bill, GSTN reporting and IRN system could bring additional operational complexities if an integrated approach is not followed for example

a. Tracking and monitoring of invoice status in terms of generation of IRN, eWay Bill and invoice filing status. This could lead to delay in movement of goods and availing of inputs tax credit in time.
b. Maintaining the audit trail of the document.
c. Cascading effect on eWay Bill/ GSTN reporting and IRN on cancellation of invoice in ERP system.

Impact on Shipments

To avoid delay in shipments of goods and services one has to ensure that IRN number is generated in near real time basis. Generating IRNs manually or through off-line tools could result in inefficiencies both in terms of manpower and time.



Impact on Audit and Compliance

Fulfilling audit requirement of reconciliation between:

a. IRN and eWay Bill for goods
b. IRN and GST -ANX-1 GST
c. ANX-2 and Vendor invoices (GST ANX-1)

Impact on availing Input Tax Credit

For availing the right input tax credit and for being compliant, reconciliation of seller invoice vs purchase invoices (GSTR 2A) is of paramount importance. Absence of auto reconciliation would lead to delay or loss of inputs tax credit and serious compliance issue.

Introducing Digital Compliance Platform for GST

SAP is offering ASP services in the Tax Payer enterprise landscape through the SAP Localization Hub, Digital Compliance Platform solution for India offered on SAP Cloud Platform. This solution offer consolidation capabilities at a GST Registration level of your organization of data from disparate systems and is designed around a framework driven approach for reporting.

Key features of the solution include

Zero Touch Reconciliation: Easily avail Input Tax Credit

System proposes the reconciliation categories and action to be taken for availing the ITC.

- Missing in GSTN (To identify the documents which contributes to the provisional credit) and Missing in Source.
- Complete match
- Partial match
- Partial match (Item mismatch)
- Probable PAN match
- Probable invoice mismatch

Eligible and ineligible input tax credits shown separately, and tax payer can report the ineligible credit as part of their GST RET.

Linking payment to your supplier based on your acceptance of their outward invoice data submitted to GSTN in real time

Seamless Integration: Simplified business/transaction processing

Seamless integration from SAP ERP (ECC and S4/HANA) to GSTN via multiple GSP's. It helps tax payer to avoid manual process of downloading and uploading the files to XLS, flat files etc.

One solution for all 3 disparate systems with single dashboard in back-end to handle payload for IRN, eWay Bill and GST reporting.

Real time: Better planning for working capital

Real time reconciliation to track the provisional credit for the invoices not uploaded by the seller as part of their GST ANX-1.

Real time upload of outward invoices to the GSTN system, shall ensure that every relevant outgoing transaction is uploaded and accounted for GST reporting.

Automation: Reduced cost

Auto-acceptance of supplier outward invoice data when matched with your backend ERP.

Automation of GST outward invoice submission in alignment with eWay Bill, avoids the need to reconcile between invoices submitted to NIC with the outward supply invoice data submitted to GSTN.

Power of HANA: Better performance with real-time analytics

High transaction volume management, data security and supply data consolidation.

Provision of pre-delivered and user-defined parameters (defining a tolerance for tax value and amount) for invoice matching to ensure handling of large volume of your inward supply invoices.

Additional features

Health Check

- Inbuilt validations on Master Data and transaction data such as vendor classification to ensure error free submission of your outward invoices to GSTN

Transparency

- Data cockpit provides live status update for each invoice
- Ability to drill down to the invoice level
- Track the acceptance status of your outward invoices and ensure submission within the defined timelines

Security

- Message level & transport level encryption between source & ASP, ASP to GSP, data conversion in required format and audit trail
- SAP ASP is built with the highest standard of security compliance in line with GSTN guidelines and even beyond

Automated Failover

- Ability to choose multiple GSPs with automated failover mechanism
- Amongst the SAP certified GSTs to ensure timely submission of returns

Easily validate your supply chain partner's GST compliance

Digital Compliance Platform from SAP provides facility

- To validate the active and inactive counter party GSTIN
- To generate consolidated report for counterparty's filing status for their different GST reports

GST eInvoice (IRN – Invoice Reference Number) for India

SAP provides eInvoice solution for India brings about a seamless integration between your system and the IRN system during your invoicing transactions and generate IRN in real time for all B2B invoices.

The eInvoice is designed to generate the required payload based on the information from your transaction data, push this data to IRN, get the IRN (Unique number) and related information from IRN and update your GST invoice. Invoice becomes invalid without IRN. As in the GST Digital Compliance Platform, the eInvoice solution has inbuilt validations and health check features to ensure mandatory data is part of the payload.

SAP eInvoice solution provides

1) Generation of IRN in real time
2) Reconciliation between
   - IRN and eWay Bill
   - IRN and GST ANX-1

Plan is to provide inbound automation based on the purchase order details given during IRN generation.

GST eWay Bill for India

SAP's eWay Bill solution for India brings about a seamless integration between your system and the NIC during your invoicing transactions.

The eWay Bill is designed to generate the required payload based on the information from your transaction data, push this data to NIC, get the eWay Bill number and related information from NIC and update your GST invoice with these details in an automated process. As in the GST Digital Compliance Platform, the eWay Bill solution has inbuilt validations and health check features to ensure mandatory data is part of the payload.

With the GST Digital Compliance Service*, you can compare essential details of your supplier's outward invoices with your supply invoice data.

Seamless integration with NIC, ensures that your eWay Bill is generated in real time thereby ensuring that you are compliant.

*Licensed as SAP Localization Hub, Digital Compliance Platform for India

How is a major auto parts maker simplifying compliance with India's GST requirements?

Brakes India makes complex tax compliance easier than ever while speeding up invoicing for customers and partners.

With the Digital Compliance Platform for India in SAP® Localization Hub, Brakes India now has:

Complete integration between the SAP ERP application and India's Goods and Services Tax (GST) network

Optimized and efficient GST filing process

100% GST compliance

Reduction in manual invoice management efforts, increasing productivity and allowing staff to spend more time on value-adding activities

Full visibility and accountability for every invoice submitted in the GST network

"The Digital Compliance Platform for India in SAP Localization Hub **handles GST filings efficiently with total compliance** at all levels. We have full integration and automatic data transfer between our transactional system and the GST network, requiring little manual effort."

— **G. Vimalan, General Manager for Applications, Brakes India Private Limited**

Compliance and productivity in the age of GST and eWay Bill: Britannia

Goods and Services Taxes - a new tax regime brought in by the Government of India has impacted all businesses. So did the eWay Bill! Converting these eventualities into opportunities, Britannia, one of the largest biscuits and dairy products company, leveraged GST and eWay solutions by SAP.

Scan to watch the video

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