

# FIDC

## Finance Industry Development Council

*(A Representative Body for Assets and Loan Financing NBFCs)*

101/103, Sunflower, 1<sup>st</sup> Floor, Rajawadi Road No.2, Ghatkopar (East), Mumbai – 400 077 (India)

Tel: 022 21029898/9820035553 • E-mail:directorgeneral@fidcindia.org website: www.fidcindia.org

To

**Shri Y. Garg,  
Principal Commissioner,  
GST Policy Wing  
Room No 220A, Central Board of Indirect Taxes and Customs  
Department of Revenue, North Block,  
New Delhi 110001**

February 12, 2020

Respected Sir,

**Sub: Representation on behalf of NBFC Sector on E-invoicing proposed to be implemented with effect from 1<sup>st</sup> April 2020 from (A) Outward Supplies and (B) On Procurements.**

**Ref: Notification nos. 68/2019-Central Tax, 69/2019-Central Tax, 70/2019-Central Tax, 71/2019-Central Tax and 72/2019-Central Tax, dated 13th December 2019 (collectively referred as “E-Invoicing Notifications”).**

**Finance Industry Development Council (FIDC)** is a representative body of Asset and Loan Financing of the NBFCs registered with Reserve Bank of India. FIDC was formed 16 years ago and is the recognised face of the NBFC sector. FIDC is involved in regular interaction both with the RBI and Government of India which includes important policy related meetings. Almost all the leading NBFCs and a large number of small and medium sized NBFCs are our members.

NBFCs are playing major and active role in the financial & economic system of the country as an extended arm of Banks by facilitating financial inclusion, which is important for Nation building as well.

FIDC is actively engaged with the GST Policy Wing and the Central Board of Indirect Taxes and Customs (“CBIC”) in respect of proposals and amendments under the GST Law, and its impact on the NBFC Sector. We wish to place on record our sincere appreciation to the GST Council and CBIC for providing this opportunity to FIDC.

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Recently, the CBIC issued various circulars making E-invoicing mandatory from 1<sup>st</sup> Apr, 2020. A summary of the requirements of said circulars are as follows:

- For companies with turnover more than Rs. 100 crs – invoice for B2B transactions will have to be validated from the IRP (Invoice Registration Portal) and a unique IRN (Identification Reference Number) and QR code shall be generated from IRP, which is required to be printed on Invoice;
- For companies with turnover more than Rs. 500 crs– additionally, invoice for B2C shall have a QR Code which will be generated by our ERP system and does requires validation by IRP.
- For any supply to registered person the supplier is required generate the IRN from IRP by uploading the Invoice details through various modes. The IRP will validate the invoice details, generate IRN & QR code, add digital signature and return the same to the supplier. The IRN/QR code is required to be printed on the invoice.

As you are aware, NBFCs operate from multiple branches across India and have operations also at remote locations with limited/ patchy connectivity to internet. It would be pertinent to add that many NBFCs are engaged in retail lending with a focus towards rural India. Many of the customers of these NBFCs are unregistered customers, who do not claim any input credit.

Through this representation we draw out the practical difficulty NBFCs would face as an Industry due to implementation of the above referred E-Invoicing Notifications in their present form:

1. As per Rule 54(2) of the Central Goods and Service Tax Rules, 2017 ('CGST Rules'), an NBFC has an option to issue a consolidated tax invoice or any other document in lieu thereof for supplies made by it during the month. Such consolidated tax invoice may or may not be serially numbered. Taking into considering this provision, the requirement of e-invoicing seems to become counter-productive, inasmuch as it requires the NBFC to generate invoice number on a real-time basis.

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2. We would also like to highlight that many NBFCs operate in remote/ rural areas with limited/ patchy internet connectivity and erratic electricity supply. Therefore, obtaining an IRN approved on real time basis from GST portal seems to be a hindrance and while on one side would mean increased turn-around time for customers, on the other it may result in loss of business. We want to further highlight that most of the customers, falling in B2C category, do not obtain input credit of these invoices. Therefore, this segment of customers do not benefit from e-invoicing.

**Considering the above, we would request you to consider either granting an exemption to the NBFC industry from issuance of e-invoices or making the same optional so that the NBFCs are not put through undue hardships.**

We shall be glad to supplement this memorandum with any additional information/ clarification that may be required. We thank you in anticipation of a positive response and assure you of our full co-operation always.

Yours Faithfully

**For FINANCE INDUSTRY DEVELOPMENT COUNCIL**

**MAHESH THAKKAR**  
**DIRECTOR GENERAL**  
98200 35553