

GST Clarification on dynamic QR code on the tax invoice

According to the CBIC circular 156/12/2021-GST dated 21 June 2021, the supplier of services is not required to issue the tax invoice with the dynamic QR code when:

1. Such invoice is issued to a recipient located outside India for supply of services
2. The place of such supply of services is in India
3. Payment is received by the supplier in foreign currency through the RBI approved mediums.

This is because the recipient outside India cannot use the dynamic QR code to make payment to the supplier. Also, such supplies are not considered as export of services under the IGST Act, 2017.

The above circular led to doubts in cases where the service provider receives payment not in foreign currency but through other modes approved by RBI. Hence, it was represented that relaxation be granted in cases where the payment for services is received through other RBI approved channels (and not merely where foreign currency is involved.)

CBIC has now clarified that such relaxation from mentioning the dynamic QR code on the invoice will be available where the supplier receives the payment either in

- convertible foreign exchange OR,
- Indian Rupees wherever permitted by the RBI.

Weblink <https://www.cbic.gov.in/resources//htdocs-cbec/gst/circular-fihal-165-21-2021.pdf>

Therefore

The relaxation granted by CBIC will relieve the supplier of the obligation to mention the dynamic QR code, where the recipient of service is located outside India, but the place of supply of services is in India. This is because the recipient outside India cannot use the dynamic QR code to make payment to the supplier.