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INDIRECT TAX ALERT

September 29, 2025

GSTN issues an advisory announcing
important changes in the Invoice
Management System (IMS)

GSTN Advisory - Key Updates in Invoice Management System (IMS)

On September 23, 2025, GSTN issued an advisory announcing important changes in the Invoice Management System (IMS), aimed at simplification and reducing the burden on taxpayers. These changes are proposed to be made effective on the portal from October 2025 tax period

Pending Action allowed for Specified Records

- Taxpayers will be allowed to keep specified records pending for a limited period of time. For monthly taxpayers, this period is one month and for quarterly taxpayers this would be a quarter.
- The due date for keeping records pending shall be calculated based on date/ tax period in which such documents has been communicated by the supplier.
- The records that can be kept pending includes:
 - Credit Notes (“CN”) or upward amendment of CN
 - Downward amendment of CN where the original CN rejected
 - Downward amendment of Invoices or Debit Notes (“DN”), only where the original Invoices already accepted and GSTR-3B filed

- E-Commerce Operator (“ECO”)- document downward amendment, only where the original document accepted and GSTR-3B filed

Declaring ITC Reduction Amount

- The advisory has also clarified whether the recipient taxpayer is required to reverse ITC in various scenarios where a supplier issues a CN as captured in the table below:

| Situation | Whether ITC reversal needed |
|--|------------------------------------|
| Recipient Taxpayer has never availed ITC on the invoice | No reversal required |
| Recipient Taxpayer has availed full ITC on the invoice | Reverse full ITC |
| Recipient Taxpayer has availed partial ITC on the invoice | Reverse only to the extent availed |
| Recipient Taxpayer has already reversed the ITC on the invoice | No reversal required |

Option to Save Remarks

- While rejecting or keeping records pending, Taxpayers can now optionally add and save remarks¹.

¹ To be rolled out shortly

- Remarks will be visible in GSTR-2B for future reference and to suppliers in Outward Supplies view dashboard to take corrective measures.

Prospective Application

- These changes made effective on portal from October tax period will apply only for records filed by suppliers after the rollout

DHRUVA INSIGHT

Taking note of concerns raised by the trade regarding non-availability of ‘pending option’ for credit notes on IMS, the advisory now provides taxpayers some relief by allowing such transactions to be kept pending for one tax period (monthly/ quarterly, as the case may be). It also provides much needed clarity on the aspect that ITC reversal would only be required to be shown to the extent availed (fully/ partially).

The facility to provide remarks while rejecting/ keeping transactions pending, will also help minimise trade disputes and bring in efficiency in credit management.

The changes would apply only prospectively, for records filed after the rollout, starting from the October tax period.

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