

## Advisory for Introduction of Invoice Management System (IMS) on GST Portal

### Introduction

The GST Network has issued an advisory on 3<sup>rd</sup> September 2024 to introduce a new functionality called Invoice Management System (IMS) on GST Portal from 1<sup>st</sup> October 2024 onwards. FAQs in this regard are published on 22<sup>nd</sup> September 2024. IMS is aimed at establishing a communication mechanism between suppliers and recipients by creating an additional layer of document verification and reconciliation.

### Detailed Analysis

The features including the flow of the new functionality are enumerated below:

<u>Sr. No</u>	<u>Supplier</u>	<u>Recipient</u>
1.	Invoices or records <b>saved</b> in Forms GSTR-1/GSTR-1A/Invoice Furnishing Facility (IFF) by the supplier	Same invoices or records would be reflected on IMS dashboard of the recipient for taking respective actions: <ul style="list-style-type: none"> <li><input type="radio"/> Accepted</li> <li><input type="radio"/> Rejected</li> <li><input type="radio"/> Pending</li> <li><input type="radio"/> No Action Taken</li> </ul>
2.	Any <b>amendment</b> in invoices or records done: <ul style="list-style-type: none"> <li>• Before filing of Form GSTR-1</li> <li>• After filing of Form GSTR-1 through GSTR-1A</li> </ul>	Effect of amendment done: <ul style="list-style-type: none"> <li><input type="radio"/> <b>Before filing of Form GSTR1 –</b> In such a case the amended invoice will <b>replace</b> the original</li> </ul>

		<p>invoice, irrespective of the action taken on the original invoice</p> <p>🕒 <b>After filing of Form GSTR-1 through GSTR-1A –</b></p> <p>Amended invoice would flow to IMS but <b>corresponding ITC</b> would be reflected in <b>GSTR-2B of the subsequent month</b></p>
3.	<p><b>Filing</b> of Statements&gt;Returns i.e. GSTR-1/GSTR-1A/IFF</p>	<p>A draft GSTR-2B would be made available to recipient on 14<sup>th</sup> of every month where records/invoices can be accepted, rejected or kept pending upto the date of filing of GSTR-3B. <b>Draft GSTR-2B would be finalized/recomputed once GSTR-3B is filed based on action taken by recipient.</b></p> <p><b>Note:</b></p> <p>No action can be taken by recipient once GSTR-3B is filed</p> <p>Only invoices/records kept pending by recipient will remain on IMS dashboard once GSTR-3B is filed</p>

### Important points

- ⌚ If no action is taken by the recipient on any invoice/record appearing on IMS dashboard, then it will be considered as deemed acceptance
- ⌚ The supplier will be able to see the action taken by the recipient on the saved record or invoices
- ⌚ If the taxpayer has not filed Form GSTR-3B of any month, GSTR-2B for subsequent month will not be generated

Based on the actions taken by the recipient, invoices or records can be categorized as follows:

Action taken by the recipient	Outcome in recipient's Form GSTR-2B	Outcome in recipient's Form GSTR-3B
<b>Accept</b>	Reflect in <b><i>ITC Available</i></b> section of Form GSTR-2B	Auto populated in Form GSTR-3B as <b><i>Eligible ITC</i></b>
<b>Reject</b>	Reflect in <b><i>ITC Rejected</i></b> section of Form GSTR-2B	Will not be auto populated in Form GSTR-3B
<b>Pending</b>	<ul style="list-style-type: none"> <li>⌚ Carried forward in IMS dashboard till they are accepted or rejected</li> <li>⌚ The necessary action should be taken within the timeline prescribed as per section 16(4) of the CGST Act, 2017</li> </ul>	Will not be auto populated in Form GSTR-3B
<b>No action</b>	Deemed Acceptance	Auto populate in Form GSTR-3B as <b><i>Eligible ITC</i></b>

- ☹ In the following situations, **Pending** actions will not be allowed:
  - ☹ Original Credit note
  - ☹ Upward amendment of the credit note irrespective of the action taken by recipient on the original credit note
  - ☹ Downward amendment of the credit note if original credit note was rejected by recipient
  - ☹ Downward amendment of Invoice/Debit note where original Invoice/Debit note was accepted by recipient and respective GSTR-3B has also been filed.

### **GSC Comments**

***The above restriction on actions impacting ITC eligibility of recipient is nowhere prescribed in GST Law. Further, this will increase the difficulty in maintaining and carrying out reconciliation for the taxpayers. However, intention of the IMS functionality makes it amply clear that recipient is not permitted to keep any invoice/records “pending” in cases of reduction of liability of supplier. Needless to state that when recipient rejects the record in aforesaid situations in IMS, supplier’s liability will be increased in Form GSTR-3B for the respective period.***

### **Exclusions from IMS Dashboard:**

Following supplies will not go to IMS and will be directly populated in the GSTR-3B:

- ☹ Inward RCM (reverse charge mechanism) supplies where supplier has reported transactions in Table 4B of IFF / GSTR-1 or GSTR-1A and

- ☹ Supplies where ITC is not eligible due to section 16(4) of CGST Act or on account of POS

### Amendments in Records:

- ☹ When original and amended transactions are reflected in two different GSTR-2B periods, it will be mandatory to take action on the original record and file the corresponding Form GSTR-3B before taking action on the amended record
- ☹ If original as well as amended transactions are reported in the same GSTR-2B period, action on only the amended record will be required in Form GSTR-2B

### IMS action under QRMP Scheme:

Taxpayers following QRMP Scheme would be required to take action on IMS dashboard in the third month of quarter when GSTR-2B is generated and made available to them.

### **GSC Comments:**

- ☹ ***In the proposed IMS (without corresponding provisions in GST Law), the recipient is dependent on supplier to a great extent***
- ☹ ***One of the most crucial aspect would be to keep a tab on amendments done by suppliers from time to time***
- ☹ ***Though it is mentioned in Press Release dated 09.09.2024 that IMS is optional, it is advisable to follow IMS since the actions of suppliers and recipients would require tracking and further actions***
- ☹ ***Now, GSTR-2B would not be constant and therefore, the role of GST compliance manager is of higher significance since the return filer has to reconcile not only books with GSTR-3B but also with changes made by suppliers on GSTN portal right before filing GSTR-3B***

## How GSC can be of your assistance?

Knowledge  
partner

Implementation  
partner

Compliance  
partner

Assurance  
partner

## Reach Us?



### West Region

6<sup>th</sup> Level, HDIL Kaledonia-A,  
Sahar Road, Andheri (East),  
Mumbai – 400 069.

### North Region

A-36, 1<sup>st</sup> Floor, Ring Road,  
Rajouri Garden, New Delhi – 110 027.

### East Region

Unit No. 7, 2<sup>nd</sup> Floor,  
Vasundhara, Sarat Bose Road,  
Kolkata – 700 020.

### South Region

64, Thirumalai Pillai Road,  
T. Nagar, Chennai – 600 017.



[www.gscintime.com](http://www.gscintime.com)



+91 22 4612 5600

+91 98210 12151



[jayeshgogri@gscintime.com](mailto:jayeshgogri@gscintime.com)

[info@gscintime.com](mailto:info@gscintime.com)

