

Invoice Management System

- GSTN is in the process of developing a new functionality called the Invoice Management System (IMS), available from October 1, 2024. This system will allow recipient taxpayers to either accept or reject an invoice or keep it pending, facilitating efficient management of invoice corrections and amendments with suppliers for accurate Input Tax Credit (ITC) claims. Suppliers will also be able to see the actions their recipients have taken on invoices in IMS.
- If a supplier amends an invoice in GSTR-1 before filing, the amended invoice will replace the original in IMS, regardless of the recipient's previous action on the original. If an invoice is amended in GSTR-1A, the updated details will flow to IMS, and the corresponding ITC will be reflected in the recipient's GSTR-2B for the following month.

FLOW OF IMS:

- i. Accepted: Records that are accepted will be part of GSTR-2B generation and will auto-populate in GSTR 3B as eligible ITC.
 - ii. Rejected: Rejected records will become part of 'ITC Rejected' section of respective GSTR 2B and will not auto-populate in GSTR 3B.
 - iii. Deemed accepted: Where no action has been taken by the recipient on invoices/records, those will be treated as deemed accepted at the time of GSTR-2B generation.
 - iv. Pending: These records will not be included in the GSTR-2B for the current month and will be carried forward in IMS for action in future months, provided it is within the limits set by Section 16(4) of the CGST Act, 2017.
- The 'Pending' action is **not permitted** in the following cases:
 - a. Original Credit Notes
 - b. Upward amendments of Credit Notes, regardless of the recipient's action on the original
 - c. Downward amendments of Credit Notes if the original was rejected by the recipient
 - d. Downward amendments of Invoices/Debit Notes where the original was accepted and GSTR-3B has been filed.
 - When GSTR-2B is generated, only filed invoices by the supplier are used to calculate ITC. A draft GSTR-2B will be available on the 14th of the following month. Recipients can still accept, reject, or keep invoices pending until GSTR-3B is filed. Any actions

taken after the 14th will require a re-computation of GSTR-2B, but no actions can be taken after GSTR-3B is filed. GSTR-2B for the subsequent month will not be generated until the previous month's GSTR-3B is filed. All the accepted/ deemed accepted/ rejected records will move out of IMS dashboard after filing of respective GSTR 3B.

- For QRMP taxpayers, invoices filed through IFF will flow to IMS and affect GSTR-2B based on recipient actions. Unlike other taxpayers, QRMP taxpayers will have GSTR-2B generated quarterly rather than monthly, so it will not be generated for Month M-1 and M-2.

Disclaimer: The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. This note provides general information existing at the time of preparation. We request that none should act on such information without examination of the particular situation and professional advice.

