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GST: Mandatory Use of Invoice Management System (IMS) for ITC Claims – Effective October 2025

The CBIC, via Notification No. 16/2025 and an accompanying GSTN advisory, has announced the full implementation of the Invoice Management System (IMS) on the GST portal.

This reform eliminates the old automatic population of Input Tax Credit (ITC) in GSTR-3B based on GSTR-2B and makes ITC claims entirely action-driven by the recipient taxpayer.

Key Points under Consideration:

1. **Effective Date:** From the October 2025 tax period onwards (returns due in Nov 2025).
2. **Action-Based ITC:**
 - Taxpayers must log in to IMS on the GST portal to Accept, Reject, or Pend every B2B invoice, debit note, and credit note reported by suppliers.
 - Only “Accepted” or “Deemed-Accepted” invoices will flow into GSTR-2B and subsequently auto-populate the ITC tables of GSTR-3B.
 - Rejected invoices will be excluded from ITC, and Pending invoices will not reflect in GSTR-3B until acted upon.
3. **Deemed Acceptance:** Invoices left without any action before GSTR-2B generation (usually by the 14th of the following month) will be treated as ‘Deemed Accepted’.
4. **Lock-In after Filing:** Once GSTR-3B is filed, the IMS status for that period is locked, and no further changes to ITC for that tax period can be made.
5. **Alignment with Law:** This move aligns with revised Section 38 of the CGST Act and enhances real-time invoice-level reconciliation.

6. **QRMP Filers:** Taxpayers under the Quarterly Return, Monthly Payment (QRMP) scheme must still review all monthly IFF invoices in IMS; their accepted records will roll into the quarter's GSTR-3B.
7. **Increased Diligence:** Businesses must now maintain stricter month-end reconciliation processes and ensure IMS actions are completed on time to avoid denial or deferment of ITC.

Compliance Tips for IMS-Driven ITC:

1. **Early & Regular IMS Review**
 - Check the IMS dashboard **at least** twice before the 14th of each month to avoid missing invoices or unwanted “deemed acceptance.”
2. **Dedicated Responsibility**
 - Assign a responsible person / team to monitor IMS actions (Accept / Reject / Pend) and maintain a clear audit trail of decisions.
3. **Reconcile Monthly**
 - Match supplier GSTR-1 / IFF data with purchase register **before** taking action in IMS.
 - Investigate and resolve discrepancies with suppliers early.
4. **Timely Action on Pending / Disputed Invoices**
 - Reject ineligible invoices promptly to prevent wrongful ITC.
 - Mark genuine disputes as “Pending” but resolve them before the period's GSTR-3B filing, as actions are locked after filing.
5. **Track Deemed Acceptance**
 - Any invoice not acted on by the cut-off date is deemed accepted; regularly monitor to ensure this status aligns with your intent.
6. **Recompute GSTR-2B When Needed**
 - If actions are changed after the 14th, recompute GSTR-2B on the portal before filing GSTR-3B.
7. **Coordinate with Vendors**

- Remind suppliers to file accurate and timely GSTR-1 / IFF data, as recipient ITC now depends directly on supplier reporting.
8. **Recordkeeping & Audit Trail**
- Maintain downloaded IMS reports, screenshots, or logs of actions taken for each invoice to support ITC claims during audits.
9. **Educate Internal Teams**
- Train the finance / accounts staff on the new workflow, timing rules, and lock-in mechanism to avoid last-minute errors.
10. **Plan Cash Flow**
- Anticipate ITC delays if invoices remain “Pending” or are rejected and plan working capital accordingly.

Step-by-Step Guide: How to Master IMS Actions on the GST Portal

For Recipients (You, the Buyer):

1. Log In and Go to IMS: Open <https://www.gst.gov.in/>, enter your credentials, and reach the dashboard. Click Services > Returns > Invoice Management System (IMS). —you are in the IMS hub.
2. Explore Inward Supplies: Find the Inward Supplies tile? Click VIEW. A warning pops up that no-action invoices become accepted prior to GSTR-2B gen (after the 14th of the month). Click OKAY to go ahead.
3. Scan Summary: Default tab is All Other ITC (your B2B bread-and-butter). You will notice categories such as B2B Invoices, Debit Notes, Credit Notes (and amendments). Columns segment it out: No Action, Accepted, Rejected, Pending—with clickable numbers for details. Pro tip: Download the Excel summary via DOWNLOAD EXCEL for offline verification.
4. Filter and Hunt: Click on a category link (e.g., “B2B – Invoices” under No Action). Use Search bar for invoice numbers or GSTINs, or Date/Sources filters. Found a match? Check it through checkbox.
5. Act on the Invoice:

- a. Accept (A): Click button A or select and press Accept from header dropdown. This marks it as eligible—directly to GSTR-2B's ITC pot.
- b. Reject (R): Catch errors? Press R or Reject. Insert optional comments (e.g., “Amount mismatch”). Rejected? It disappears from GSTR-2B consideration, no ITC love.
- c. Pending (P): Not sure? P or pending it. It will wait for you to come back—will not reach GSTR-2B till accepted.
- d. Save and Bulk It If Needed: For multiple ones, select the header checkbox, select all current/all pages, then select your action and SAVE. Reset if you messed up (select and RESET).
- e. Recompute and File: Post-14th actions? Go to Services > Returns > GSTR-2B > Recompute to update your ITC view. Then, file GSTR-3B—accepted ITC auto-fills Table 4(A). No post-filing changes!

For any further clarifications regarding the update, please feel free to contact us.

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