

GSTN will be introducing **Invoice Management System (IMS)** from **1st October 2024**. This is aimed to streamline compliance and enhance transparency and is expected to make the invoice management and credit claim process easier.

Highlights:

For the SUPPLIER	For the RECIPIENT
<ul style="list-style-type: none"> - Uploading (saving) invoice details through IFF or otherwise, on real time enabled. - Can amend the details up to the filing of GSTR 1. - Subsequent amendments, if any, through GSTR 1A – up to the filing of 3B. - GSTR 1 will be auto-populated based on such invoice level details. 	<ul style="list-style-type: none"> - Saved invoices will immediately reflect in IMS dashboard. - Can accept, reject or keep the invoices pending – ‘accept’ will move it into GSTR 2B and subsequently into GSTR 3B. - ‘Pending’ would mean the decision to accept or reject is deferred by the recipient. - ‘Reject’ would mean it gets excluded from total ITC. <p>Caution:</p> <ul style="list-style-type: none"> - No action taken would be ‘deemed accepted’ at the time of generation of GSTR-2B. - Amendments by supplier would ‘edit’ the details in recipient’s records though the invoice may have been accepted. - Only such invoices which finally get included in GSTR 1 of the supplier flow into GSTR 2B – therefore, GSTR 2B should be regenerated prior to filing of GSTR 3B. - Amendments effected in GSTR 1A will be immediately visible on the IMS dashboard, but will flow into the GSTR 2B of the following month.

Notes:

Once GSTR-3B is filed, all ‘accepted’, ‘deemed accepted’ and ‘rejected’ records will be removed from the IMS dashboard. Pending records will remain in the IMS for future action and can either be ‘accepted’ or ‘rejected’ up to 30.11 of the following year (timelines prescribed under Section 16(4) of the CGST Act, 2017). It is recommended to accept the pending invoice not later than the due date of filing of return of September of the following year.

Workflow:

Person	Activity	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
Supplier	Save invoice details in GSTR-1																														
	May amend details of invoices already saved																														
	Filing of GSTR 1																														
	May further amend, through 1A																														
	Filing of GSTR 1A																														
Filing of GSTR 3B																						1									
Recipient	Accept, reject or keep it pending	Deemed accepted, if no action taken If amended by the supplier before 11th (filing of GSTR-1), it will overwrite the 2B even if invoice is accepted Once timelimit under 16(4) is breached the invoice will no longer be reflected in on IMS (when kept pending) Without taking any action on original record, no action can be taken on amended record (if original and amended are in different tax periods)																				When accepted after 20th, it would flow into the 2B of the following month									
	Review 2B																														
	Regenerate 2B and re-review																														
Filing of GSTR 3B																						2									
1. 3B for supplier	3B will be autopopulated based on filings in 1 and subsequent amendments OT will automatically increase if (i) original CN rejected by R (ii) upward revision of CN is rejected by R (iii) downward revision of CN if original CN was rejected by R (iv) downward revision of inv / DN if original was rejected by R but S filed 3B considering it												2. 3B for recipient	3B will be autopopulated based on ITC in 2B ITC on account of RCM will auto populated from the liability table All details will go out IMS (except what is kept pending) Only if GSTR 3B is filed - accessing 2B and filing of 3B for next tax period is possible If 'kept pending' - will go out of IMS after 30.11 of the following year Amendments made in GSTR-1A will reflect in 3B of recipient in the subsequent month																	

Next steps:

- **Automation and ERP Integration/ upgradation:** The manual handling of high-volume invoices under the IMS framework may necessitate integrating the IMS platform with the ERP. Alternatively, to analyse if RPAs would be possible.
- **Error Management:** Mistakes such as rejecting an invoice erroneously or by oversight cannot be corrected after filing GSTR-3B. This makes it critical to implement robust internal controls for reviewing invoices prior to final submission.
- **Amendments and Reconciliations:** The ability of the suppliers to amend invoices post-filing can increase the complexity of invoice management. Continuous reconciliation is necessary to ensure all changes are reflected accurately in the ITC claims.
- **Develop internal processes, along with internal trainings:** Establish a structured process (SOPs) for timely review and action on invoices in the IMS to prevent any discrepancies in GSTR-2B and GSTR-3B filings. Conduct training sessions for the finance and accounts payable teams to familiarize them with the IMS workflow and its impact on ITC claims.

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