

Changes in IMS & Impact on GSTR-3B Filing Process for Oct'2025



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GSTN: Important Advisory on IMS

Dated: 08.10.2025

It has come to notice that some posts are circulating incorrect information regarding changes in GST return filing from October 1, 2025. We would like to clarify the following:

I. No Change in Auto-Population of ITC: ITC will continue to auto-populate from GSTR-2B to GSTR-3B without any manual intervention. The mechanism of auto-population remains unchanged due to the implementation of the Invoice Management System (IMS).

II. GSTR-2B Generation

○ GSTR-2B will continue to be generated automatically on the **14th of every month**, without any manual intervention by taxpayers or based on the actions taken by the taxpayers.

○ **Taxpayers can take actions in IMS even after generation of GSTR-2B till filing of GSTR-3B and can regenerate GSTR-2B accordingly**, if required.

III. Credit Note Handling (Effective October 2025 period onward) – Apropos Sep 23rd, 2025 Advisory

○ Recipient taxpayers will have the option to keep a Credit Note or related document pending for a specified period.

○ On acceptance of Credit Note or related document, the recipient will also have the flexibility to **reduce ITC only to the extent of its availment** by adjusting the reversal amount manually.

New Delhi: 17.09.2025

Notification No. 16/2025 - Central Tax

S.O. 4206(E).- In exercise of the powers conferred by clause (b) of sub-section (2) of section 1 of the Finance Act, 2025 (7 of 2025), the Central Government hereby appoints the 1st day of October, 2025, as the date on which the provisions of clauses (ii) and (iii) of section 121, sections 122 to 124 and sections 126 to 134 of the said Act, shall come into force.

Giving IMS Authority of Law by Amending Section 38, 39, 34

Finance Act 2025 – Implemented from 1st Oct 2025

Amendment of section 34

S 126 of Finance Act 2025 - In section 34 of the Central Goods and Services Tax Act, in sub-section (2), for the proviso, the following proviso shall be substituted, namely: -

Amended S34(2) - Any registered person who issues a credit note., and the tax liability shall be adjusted in such manner as may be prescribed:

"Provided that no reduction in output tax liability of the supplier shall be permitted, if the-

(i) input tax credit as is attributable to such a credit note, if availed, has not been reversed by the recipient, where such recipient is a registered person; or

(ii) incidence of tax on such supply has been passed on to any other person, in other cases."

Pointers on amendment in Section 34(2) by adding a proviso -

1. With implementation of IMS and adding on the proviso S34(2), it is very clear that **for all CNs incase the recipient does not accept the CNs, then the supplier shall not be able to reverse the Output Tax Liability.**

2. **Incise of B2C Credit Notes**, to reverse the output tax liability, it is very important that a **declaration may been taken by the recipient that it had not charged off the GST liability but had created a receivable** for the base and GST amount.

3. **Incise of retailers**, it would be difficult to substantiate this and hence may be a good idea to merely discount to new product.

Advisory: New Changes in Invoice Management System (IMS): Sep 23rd, 2025

Pending action for specified records: Taxpayers can keep specified records pending for a limited time period. For monthly taxpayers, this period is one tax period (months), for quarterly taxpayers also it is one tax period (quarter) only. The specified records which can be kept pending in the system are mentioned below -

a. Credit notes, or upward amendment of Credit note

- However, Incase accepted later 'interest' liability may arise as supplier has reduced outward supplies this month
- For Invoice cancellation CNs, reconciliation should be done in the same month and both rejected as a pending invoice may not have interest implication but a pending CN may have an interest implication
- A question asked is whether both should be accepted or both rejected. It is our view that both should be rejected as they do not pertain to the recipient
- Incase not done, then the Invoice & CN should be linked for future assessments

b. Downward amendment of CN where original CN rejected

- Refer 19th June Advisory - Incase original CN is rejected the supplier can do a downward amendment in the CN in GSTR-1A or in amendment table of next GSTR-1 – However interest implications will be there. Hence it is suggested that the downward amendment shall be done in the current period GSTR-1A itself
- However, incase of GSTR-3B already filed, then it is suggested to pay the excess tax vide DRC-03 and take the impact in GSTR-9, so that no interest liability is there during assessments\

c. Downward amendment of Invoice / DN only where original Invoice already accepted and 3B has been filed

- To ensure no interest liability is there, it is suggested that the downward amendment of invoice/ DN shall be done in current tax period itself and the recipient also take cognizance of the said amendment and reverse the ITC.
- However, incase recipient has filed its return then the tax should be paid by DRC-03 and the impact be taken in GSTR-9

THANK YOU



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