

DESAI SAKSENA & ASSOCIATES

26th September, 2025

Friday Tax Alert

Advisory: New Changes in Invoice Management System (IMS)

Background

GSTN has announced important changes in the Invoice Management System (IMS) with the objective of simplifying compliance and aligning ITC availment with actual business practices. These changes will apply prospectively from the October 2025 tax period.

Key Update

1. Pending Action for Specified Records

Taxpayers may now mark certain records as pending for one tax period only:

- Monthly filers → One month
- Quarterly filers → One quarter

Records that can be kept pending:

- Credit Notes, or Upward amendment of Credit Notes
- Downward amendment of Credit Notes (where the original CN was rejected)
- Downward amendment of Invoice / Debit Note, only where the original Invoice is accepted & GSTR-3B filed
- ECO document downward amendment, only where the original accepted & GSTR-3B filed

2. Declaration of ITC Reduction Amount

- **No reversal** required if ITC was never availed.
- **Partial reversal** required only to the extent ITC was availed.
- IMS now provides a facility to:
 - Declare ITC actually availed, and mark the reversal (full/partial).
 - Report reversals already made earlier.

3. Remarks Option (Upcoming)

- Taxpayers can optionally **save remarks** while rejecting or keeping records pending.
- Remarks will be visible to:
 - Recipients → in **GSTR-2B**
 - Suppliers → in the **Outward Supplies dashboard** (for corrective action)

4. Important Dates & Applicability

- **Effective from:** October 2025 tax period.
- **Due date for pending records:** Based on the date/tax period of supplier communication.
- **Applicability:** Only for supplier records uploaded **after rollout** of these changes.

DESAI SAKSENA & ASSOCIATES

CBDT Waives Interest on Section 87A Rebate Demands After Rectification

Background

- Under **Section 115BAC(1A)** (new tax regime), incomes taxable at **special rates under Chapter XII** (like lottery, race horses, capital gains under 111A/112, etc.) are not included while computing tax liability.
- Rebate under **Section 87A(b)** applies only to income under **115BAC(1A)**, not to special rate incomes.

However, in some cases:

- Returns were processed **with a rebate under Section 87A** even on incomes taxable at special rates.
- On rectification, such a rebate must be **withdrawn**, resulting in **additional demand**.
- Delay in payment of this demand would normally attract **interest u/s 220(2)**.

CBDT Relief

To mitigate hardship for taxpayers, the **CBDT has issued relaxation:**

- **Waiver of Interest (Section 220(2)):**
If demand raised through rectification is **paid on or before 31.12.2025**, **no interest** will be charged under Section 220(2).
- **If demand not paid by 31.12.2025:**
Interest u/s 220(2) will apply **from the day immediately following the period specified in Section 220(1)** (i.e., 30 days from date of notice of demand).

TEAM WORK · BRIGHT MINDS · INNOVATIVE IDEAS ·

DESAI SAKSENA & ASSOCIATES

From:

**Tax Team of Desai Saksena and Associates
Chartered Accountants**

CA Varsha Nanwani (Senior Manager - Taxation)
Vikas Jogle (Manager - International Taxation)
CA Neelu Dusseja (Senior Manager - Indirect Taxation)
CA Neha Patel (Manager - Taxation)
CA Ajay Sachani (Manager - Taxation)
Digvijay Hirwani (Assistant Manager - Taxation)
Alok Sharma (Deputy Manager - Indirect Taxation)

Contacts:

If you have any questions or would like to have additional information on the topics covered in this alert, please email one of the following DSA professionals:

- ✓ CA Varsha Nanwani (Senior Manager – Taxation)
varsha@dsaca.co.in
- ✓ Vikas Jogle (Manager – International Taxation)
vikas@dsaca.co.in
- ✓ CA Neelu Dusseja (Senior Manager – Indirect Taxation)
neelu@dsaca.co.in
- ✓ CA Neha Patel (Manager - Taxation)
neha@dsaca.co.in
- ✓ CA Ajay Sachani (Manager – Indirect Taxation)
ajay@dsaca.co.in
- ✓ Digvijay Hirwani (Assistant Manager - Taxation)
digvijay@dsaca.co.in
- ✓ Alok Sharma (Deputy Manager – Indirect Taxation)
sharma.alok12@gmail.com