

# GST

## Critical Changes in GST Return Filing w.e.f. October 1st, 2025

As per **Notification No. 16/2025 – Central Tax**, dated 17th September 2025, significant changes have been introduced in the GST return filing process, effective **from October 1, 2025**. These changes primarily impact the **Input Tax Credit (ITC) mechanism** and **TDS compliance**.

### A. Invoice Management System (IMS) – Now Operational for ITC Claims

The amendment to **Section 38 of the CGST Act, 2017** replaces the term “Auto Generated Statement” with “Statement”, marking a shift in how ITC data is handled.

#### Key Changes in IMS:

##### Manual Generation of GSTR-2B:

- The auto-population of ITC from GSTR-2B to GSTR-3B has been discontinued.
- Taxpayers must now manually review invoices in IMS and generate GSTR-2B before filing returns.
- Only accepted invoices will be eligible for ITC claims.



**Mandatory ITC Reversal for Credit Notes:**

- The proviso to Section 34(2) has been amended to mandate that ITC must be reversed by the recipient if availed, for the supplier to reduce their output tax liability via a credit note.

- New proviso:

*“Provided that no reduction in output tax liability of the supplier shall be permitted, if the 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.”*

**Invoice Status – Pending Allowed for One Tax Period Only:**

- Taxpayers can mark certain records as pending for only one tax period (monthly or quarterly).
- In the subsequent period, these records must be either accepted or rejected.

**Partial ITC Reversal Feature:**

IMS now allows taxpayers to declare the actual ITC availed and reverse it either fully or partially, depending on the record.

**Buyer Remarks and Supplier Visibility:**

- Taxpayers will soon be able to add remarks when marking records as “rejected” or “pending”.

- These remarks will be visible in GSTR-2B and to suppliers in their Outward Supplies dashboard, improving transparency and communication.

**B. Invoice-wise Reporting in GSTR-7 – Mandatory for TDS Deductors**

The GSTN portal has now enabled the functionality for invoice-wise reporting in Form GSTR-7. This change is effective from the September 2025 tax period onwards. All TDS deductors are now required to furnish invoice-level details of tax deducted at source while filing Form GSTR-7. This means that each invoice on which TDS has been deducted must be reported individually in the return. The due date for filing the GSTR-7 return for the September 2025 period is 10th October 2025. In case of any issues or difficulties, deductors are advised to raise a grievance through the Self-Service Portal on the GST portal, providing all relevant details to ensure timely resolution.



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