



ICAI's Suggestions on IMS accepted in Government Advisories

| No. | ICAI Suggestion | Status in Government Advisory |
|-----|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 1 | <p>Prevention of Auto-Increase in Supplier Liability</p> <p>Suggestion</p> <p>It was highlighted that rejecting a Credit Note (because ITC wasn't availed originally) unfairly increased the supplier's liability. A mechanism was suggested to specify <i>why</i> a Credit Note is rejected to stop the auto-increase. Various scenarios which would necessitate rejection of Credit Notes were presented before the GSTN to make a case for restricting the blanket auto increase of the supplier's liability or the auto reversal of recipient ITC.</p> | <p>Accepted (Via New Workflow)</p> <p>The Government accepted that rejection of Credit Note by the recipient can unfairly increase the liability of the supplier. Building upon the primary suggestion of the ICAI to enable the recipient to give the reason for rejection, the Government introduced a new workflow whereby the Recipient could Accept the Credit Note and answer "No" to the question "<i>Whether ITC need to be reduced?</i>" This ensured the recording of the Credit Note without reducing the recipient's ITC or increasing the supplier's liability.</p> |
| 2 | <p>Option for Remarks</p> <p>Suggestion</p> <p>Adding a "Remarks" column to record reasons for rejection or pending actions to make matching seamless.</p> | <p>Accepted</p> <p>The system now includes an option to provide a remark by the recipient taxpayers at the time of taking Reject or Pending action.</p> |