GST Return Corrections (2026): New Amendment Mechanism for Liability and ITC, Rules 86C and 86D, and IMS Changes from April 2027

Description

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Quick summary

- The 57th GST Council has recommended an alternate mechanism to correct liability and input tax credit in the return, to reduce mismatches between GSTR-1, GSTR-2B and GSTR-3B and the notices that follow.
- New sub-rules 61(1A) and 61(1B) are proposed so that liability and ITC in GSTR-3B can be corrected to align with GSTR-1/1A/IFF and GSTR-2B.
- Two new portal statements are proposed: an electronic statement of reverse charge tax paid and ITC claimed (rule 86D) and an electronic credit reversal and reclaim statement (rule 86C).
- IMS is to allow a recipient to accept, reject or keep pending a document, with a limit on how long a credit note can be kept pending.
- The Council recommended that the mechanism applies from the return of April 2027, and that it first be placed in the public domain for consultation.

Many GST notices arise from one cause: the figures in GSTR-3B do not match what was reported in GSTR-1 or what shows in GSTR-2B. The 57th GST Council has recommended a new way to correct those figures inside the return. The source is item 5 of the press release of 08/10/2026.

These are recommendations. They need amendments to the CGST Rules and a circular. The Council also asked that the revised mechanism be put in the public domain for a time bound consultation, and authorised the Union Finance Minister to approve changes based on the feedback. The final form may therefore differ from what is described here.

The aim

The press release says the measures are meant to minimise mismatches in liability and input tax credit in returns, which should reduce demand notices and system generated intimations, and improve the integrity of ITC across the supply chain.

The eight measures

Measure	What is proposed
GSTR-1, GSTR-1A and IFF	Enhancements for better reconciliation of what is reported there with what is reported in GSTR-3B
Rule 86D (new)	An “Electronic Statement of tax paid on Reverse charge basis and input tax credit claimed” on the portal, for correct reporting of liability and ITC on supplies under reverse charge
Rule 61(1A) (new)	A mechanism to correctly report and correct liability in the return, so that liability in GSTR-3B aligns with the details of liability in GSTR-1, GSTR-1A or IFF
Form GST DRC-03	Amended so that the taxpayer declares the details of the underlying invoice for which payment was made
Rule 60(6A) (new)	Invoice Management System (IMS): the recipient may accept, reject or keep pending a document pertaining to an inward supply, for generating the ITC statement in GSTR-2B, subject to conditions, including the period for which a credit note can be kept pending
Rule 86C (new)	An “Electronic Credit Reversal and Reclaim Statement” on the portal, for correct reporting of ITC reversed and reclaimed in GSTR-3B
Rule 61(1B) (new)	A mechanism to correctly report and correct ITC in the return, so that ITC availed in GSTR-3B aligns with the ITC made available in GSTR-2B
Circular	To clarify the manner of furnishing correct information on ITC and its reversal in GSTR-3B, in the context of IMS, the reversal and reclaim statement and the reverse charge statement

When

The Council recommended that the provisions on the alternate mechanism for amending liability and ITC in the return may be brought into force **from the return of April 2027**. That leaves time for the consultation and for the portal changes.

What it means in practice

- **Two sides of the same problem.** Liability is to be aligned with GSTR-1, GSTR-1A or IFF, and ITC with GSTR-2B. Businesses that file GSTR-3B from internal books, not from the portal data, will feel this most.
- **Reverse charge and reversals get their own statements.** These are two areas where ITC and liability are commonly misreported, and the proposal puts a statement on the portal for each.
- **IMS decisions will carry weight.** Accepting, rejecting or holding a document drives GSTR-2B, so purchase teams will need a routine for reviewing IMS before the return is filed. The press release does

not state the time limit for keeping a credit note pending.
- **DRC-03 payments will need invoice details.** A voluntary payment will need to be tied to the invoice it relates to.

What to do now

1. **Reconcile GSTR-3B against GSTR-1 and GSTR-2B every month**, not only at year end, so that the new mechanism has little to correct.
2. **Review how reverse charge and ITC reversals are tracked** in your books, because the new statements will expect them to be reported properly.
3. **Set an IMS review routine** if you do not have one.
4. **Watch for the consultation paper and the notifications.** Do not change your return process on the basis of this post alone.

How CSM & Co LLP can help

We can reconcile your GSTR-1, GSTR-2B and GSTR-3B, tidy up reverse charge and ITC reversal reporting, set up an IMS review routine, and prepare your systems for the revised mechanism once it is notified. Please reach out to our team and we will be happy to assist.

Frequently asked questions

What has the 57th GST Council recommended for return corrections?

An alternate mechanism to amend liability and input tax credit in the GST return, so that GSTR-3B aligns with GSTR-1, GSTR-1A or IFF for liability and with GSTR-2B for ITC, reducing mismatches and the notices that result.

From when is it proposed to apply?

The Council recommended that the provisions be brought into force from the return of April 2027.

What are the new statements on the portal?

An Electronic Statement of tax paid on reverse charge basis and input tax credit claimed under proposed rule 86D, and an Electronic Credit Reversal and Reclaim Statement under proposed rule 86C.

What changes for the Invoice Management System?

A proposed sub-rule 60(6A) lets a recipient accept, reject or keep pending a document pertaining to an inward supply for generating GSTR-2B, subject to conditions including the period for which a credit note can be kept pending.

What changes in Form GST DRC-03?

The form is to be amended so that the taxpayer declares the details of the underlying invoice for which payment has been made.

Is this law now?

No. It is a recommendation. It needs amendments to the rules and a circular, and the Council also asked for the revised mechanism to be put out for time bound public consultation first.

Official sources

- Press Information Bureau: Recommendations of the 57th Meeting of the GST Council, 08/10/2026
- CBIC GST tax information portal

Related reading

- 57th GST Council Meeting (October 2026): Arrest Powers Removed, Faster Refunds and Wider ITC

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