

# E-filing of GST: Leap or Fall - Case of Traders and Chartered Accountants in Delhi-NCR

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## ABSTRACT

E-governance is the use of Information technologies by the Government for better delivery of government services to the citizens, improved communication with business and industry, less corruption and increased transparency. The government's decision of implementing GST through a centrally managed website is one such step towards establishing a centralised digital platform for the citizens to reap the benefits of E-governance facilities. The task of maintaining the entire IT system of the GST portal has been handed over to the Goods and Service Tax Network (or GSTN), a non-profit organization, owned jointly by public and private players. A completely new indirect tax regime has caused a spur in the economy with everybody trying to figure out as to how the things will work. With the fully electronic process of filing of GST return, less tech-savvy traders have to rely on professionals for tax calculation and filing. The study aims to examine the awareness level and to identify the problems faced by the traders and the professionals particularly in regards to the filing of GSTR-1, GSTR-2, GSTR-3, GSTR-4 and invoice-matching. Further, the study also examines the awareness of GST Compliance Rating and usage of any professional software for return filing. The study analysed primary data collected through semi structured telephonic interviews of 24 respondents. The data was analysed using Content analysis. The study found that the present GST filing process has a number of problems that need to be addressed soon in order to end the chaos.

## 1. Introduction

Governments throughout the world are trying to reform the working of their public sector undertakings and to provide cost effective services by making use of E-governance. E-governance is the effective use of information and communication technology by the government for carrying out various activities and services. It ensures equitable access to public services and transparency in its functioning. It also speeds up governmental processes, facilitates efficient retrieval and storage of data, provides new style of leadership and new ways of forming policies and investment, ensures faster processing of information and helps in removing geographical barriers in government's reach. (Dwivedi, Bharti 2010)

Amidst economic crisis around the world, India has strived towards powerful growth targets by adopting a number of strategies such as Make in India, Digital India campaign etc. Implementation of Goods and Service Tax (GST) is one initiative by the government which is expected to stimulate economic growth, subsume all indirect taxes at centre and state level and remove cascading effect of taxes (Dani, 2016). It is understood to have an impact on almost all the areas of business operations such as production, supply, Information technology etc. GST will prove to be especially beneficial for start-ups because of simpler registration process, higher threshold limits, and reduced logistics cost and overall compliance cost (Ansari & Jain, 2017). It will pave the way for a robust digital platform for the country's nationals to make use of e-governance facilities. Rapid innovation in technology has led to a gradual shift in the way goods or services are marketed and sold by various key players to end-customers. Major

technological developments could bring remarkable changes to e-governance.

For providing a Government website on GST and its smooth functioning, Goods and Service Tax Network (GSTN) was formed under section 25 of Companies Act 1956 as a non-government and not-for-profit Organization. It has been entrusted with the objectives of developing a common IT infrastructure (GST portal) for different stakeholders such as Centre/State Governments, taxpayers, banks etc. , simplifying and unifying the tax administration and providing standardized returns for all taxes such as CGST, IGST and SGST (ASSOCHAM, 2015). GST portal can be accessed at <https://www.gst.gov.in/> by using a provisional I.D and password (provided by CBEC). Following table gives an insight to different types of GST returns along with their due dates which are the focus of this study.

GST Return Form	Particulars	Due Date
GSTR-1	Details of all outward supplies of goods and services.	10th of the next month
GSTR-2	Details of all inward supplies of goods and services for availing input tax credit.	15th of the next month
GSTR-3	Details of all outward and inward supplies as given in GST-1 and GST-2 along determination of amount of tax payable.	20th of the next month

GSTR-4	For taxpayers opting for composition scheme.	18th of the month succeeding quarter
GSTR-3B	Simple Provisional return for July to March 2018	20th of the next month

Source: (cleartax, 2017)

## 2. Rationale of the Study

It is in public knowledge that since early 2016, GDP has been falling steadily. After Demonetisation, rolling out of GST is considered to be a strong blow in the already stumbling economy. GST has been rolled out using a GST portal being regulated by GSTN, a Non-Government Organisation. In 2015, Infosys had grabbed the Rs 1,380-crore deal for the functioning of GST's backend. The capacity of the system is 1 lakh returns per hour but the system hangs as 75% of the traders take on the last day for filing the return. Since the roll out, there has been an outcry by the traders and professionals regarding the problems they are facing in filing of GST. Due to various problems faced by taxpayers in filing online GST return and incapability of the server in coping up with the great load, return filing deadlines had been extended a number of times. Government officials are blaming the company for the GST filing glitches saying that the technicians are taking more time than expected to resolve the issues. Whereas Infosys is attributing implementation problems to the large scale of the project as well as 'rapid changes in policy and integration issues with related IT ecosystems'. The problem rose to a level where the Confederation of All India Traders (CAIT) had to urge the government to initiate a CBI probe on Infosys and other companies for the "poor and dismal performance" of the GST portal. The Government took the initiative of forming a GoM under Bihar finance minister Sushil K Modi. Panels head and Bihar Deputy Chief Minister said in September that a group of high powered ministers will assemble every fortnight to identify and resolve about 25 issues in every meeting.

## 3. Review of Literature

E-Governance strengthens the relationship between C to G, G to C, B to G, G to B and G to G by using ICT. Literature in this area has highlighted success stories of various E-governance projects undertaken by the different state governments in India. Projects such as Bhoomi, Computer Aided Administration of Registration Department (CARD), Gyandoot and Vahan and Sarathi have marked effective implementation of E-governance in the country (Dwivedi, Bharti 2010). AADHAAR, Public distribution system (PDS), E-Sewa and AKSHAYA are also recognized as successful E-governance projects in India (Paramashivaiah, Suresh, 2016). However, due to various key issues such as poverty and illiteracy, majority of E-governance projects in India have failed to make the necessary impact. Malik et al., 2014 listed various front end factors such as lack of technical literacy and awareness among the masses, dominance of English language and unavailability of necessary infrastructure (electricity, internet etc.) that serve as barriers in reaping the benefits of e-governance (Malik et al, 2014). Apart from these, various back end factors within the government such as integration issues across departments, lack of technical knowledge at different bureaucracy levels, resistance in restructuring administrative process etc. also serve as

challenges in implementing E-governance effectively (Yadav and Tiwari, 2014). Recent initiative under E-governance i.e. introduction of GST and implementation of GST portal by GSTN is likely to change the entire system of indirect taxation in the country. With the launching of GSTN portal since November 2016, the first crucial step of the migration of existing taxpayers to GSTN started taking place (Anuradha, 2016). Vasanthagopal, 2011 in his study "GST in India" concluded that shifting from prevailing complicated system of indirect taxation to GST will be a positive step towards booming of the country's economy (Vasanthagopal, 2011). Verma et al. also stated that GST will prove beneficial to the stakeholders i.e. to the consumers, Centre and State Governments if it is followed by strong IT infrastructure (Verma et al. 2014). The present study will add to the existing literature by examining the extent to which GST portal as a part of e-governance has been successful so far.

## 4. Objective

The objective of the research article is to explore the views, experiences and problems faced by traders and professionals regarding the process of filing GST under the new tax regime using the recently launched GST portal. The research undertaken is of qualitative nature and aims to provide initial insights into the effectiveness of e-filing of GST. The findings of the study can be used for quantitative methods such as questionnaires.

## 5. Research Methodology

Interviews as a data collection method are most suitable where larger insights are needed from individual interviewees and less is known about the study in the context. Considering the topic is of recent origin and people have limited experience with e-filing of GST, semi-structured telephonic interviews were conducted for a sample of 24 people which comprised of 4 traders, 13 qualified Chartered Accountants and 5 CA articles and 2 accountants. All respondents except the traders had first-hand experience on filing GST return. Respondents were informed about the study details and given assurance about ethical principles, such as anonymity and confidentiality. The transcripts were analysed using Content analysis. The researcher(s) read and re-read the data. For better consistency and validation, double checking of various codes has been done. Using Conceptual analysis, the codes and frequencies were studied to conclude if the respondents had more negatives or more positives for GST filing process through the GST portal. The study further identified what other words or phrases appear next to the initial codes and then determined what different meanings come out after grouping.

## 6. Data Analysis and Key Findings

Top Initial Codes	Frequency
Software	33
Invoice-matching	32
Slow	31
Problematic	27
Time-consuming	27

Website freezes	22
Need to maintain transactional data	22
Complicated	20
Difficulty in filing	20
Filed GSTR 3B	20
Difficulty in uploading	19
Using a new software	19
Charged per transaction basis	18
Mismatch Report of invoices	17
Transparent	16
Auto-populate	15
Filed VAT Return	14
Chaos	13
Costlier for small traders	12
Delays in filing	11
Invoice upload	11
Charged late fees	9
Submit option	9
Hard to understand	7
GST offline tool	7
Using a previous software	5
GST Compliance Rating	2

The above table shows higher frequency of words and phrases such as “slow”, “problematic”, “difficulty in filing”, “complicated” and less frequent use of positives of GST filing such as “auto-populate” and “transparent”. After analysing the words used along with the initial codes given above following findings were recorded:

- Traders interviewed were mid-sized wholesalers in the Chandni Chowk area of Central Delhi. They were of the common perception that it has become costlier for them to file GST as compared to filing of Vat and Service Tax. Under the new tax filing regime there is a lot of chaos in terms of understanding and awareness and the professionals are exploiting the situation for making money. Traders agreed that they are being charged on number of transaction basis by their respective Chartered Accountants. Traders had little to no information regarding the actual problems in using the GST portal, the reason why, the sample had to expand to include professionals.
- All 20 professionals faced problems such as slow loading of website and the website hanging up in mid-session. The problem worsened on the last two to three days before the last date of filing every month. Many complained of being charged late fees because of their inability to file the return on time as a result of the problems with the website. The bottleneck could

be a result of excessive traffic on the website which the inadequate servers are unable to handle.

- Under GST filing of firms having large number of transactions, one of the major problems was regarding invoice-matching mechanism. GST portal expects the taxpayer to open each and every invoice of the seller and take the decision of either “accept”, “reject” or “pending”. There is no provision for finding the summary of mismatched invoices or the totals. While under VAT regime, the mismatch report used to reach the purchaser after filing of return and 30 days were given to revise the seller’s return. Now, until the matching is completed the filing of return cannot be done. This is highly time consuming and leads to delays in filing.
- Under GSTR 3B, there is an option to either “Save”, “Submit” or “File”. A PIL has been filed by the advocates on behalf of the Chartered Accountants of India appealing to change the particular option. Submit and File button have no difference in the function they perform. Once the taxpayer clicks on Submit option, the information entered freezes up and can’t be changed.
- All 20 professionals were of the view that earlier VAT and Service tax filing was easier as compared to GST filing. They also agreed that GST filing with time will bring more transparency and formal structure with the way businessmen and entrepreneurs conduct their transactions. Also traders who had to file different returns for multiple taxes before now have a single return to file, which will bring benefit in the long run.
- Professionals are making use of software provided by GSPs i.e. GST Service Providers which are private companies to file GST return. Five of them were using the same software as was used for VAT filing, rest were using GST specific software and were charging more from their clients on number of transaction basis.
- Only 2 out of 24 (less than 10%) respondents were aware about the concept of GST Compliance Ratings which shows poor awareness of the benefits of such rating and its rewards.

## 7. Conclusion

E-Governance is looked upon as means of increasing transparency, efficiency and convenience in public dealings by the government. Success of E- Governance depends on factors such as effective administrative leadership, strong information technology back up, easy user interface, significant process re-engineering etc. With the government’s move towards GST regime and establishment of GSTN, a set of expectations in the form of simplicity in tax structure, removal of multiple tax levies at multiple events, easy and convenient website interface with the taxpayers, transparency and clarity, better administration, speedy grievance redressal system etc. emerged. There is no doubt that GST has simplified the existing structure of indirect tax system but the filing process is yet to see the light of the

day. The study highlighted a number of problems with the GST portal developed by GSTIN and how the new tax filing regime is appearing to be costly for the small traders and time consuming for the accountants. The study concludes that GST portal, as a part of E-governance, was expected to work properly and efficiently since its implementation on 1 July 2017. However, contrary to common expectations, it seems to be in the experimental phase even after four months of its implementation which is causing mental concern to traders and other tax payers across the nation. There is also a belief that when the economy will become used to the new system of filing this uniform indirect tax, after making necessary improvements,

it will lead to greater tax compliance with increased transparency and better record keeping of the transactional data. Considering the fact that majority of population in the country lacks adequate IT knowledge, steps should be taken to create awareness among the people about changing mode of Government's dealings and investment should be made in training all the stakeholders on the use of e-commerce. Government is also required to accelerate the grievance redressal process. A whole hearted attempt by the government to overcome technological issues will contribute towards efficient and successful governance of indirect tax and will significantly lead to faster reaping of expected benefits.

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