



International Journal of Research Publication and Reviews

Journal homepage: www.ijrpr.com ISSN 2582-7421

“A Comparative Study of GST Return”

Abhishek Katore¹, Prof. Mahendra Yadav², Prof. Rajendra Jarad³

¹Management Student MBA Dept. D. Y. PATIL Institute of Technology, Pimpri, Pune 411018, abhishekkatore111@gmail.com

²Professor, MBA Dept. D. Y. PATIL Institute of Technology, Pimpri, Pune 411018, mahendra.yadav@dypvp.edu.in

³Professor, MBA Dept. D. Y. PATIL Institute of Technology, Pimpri, Pune 411018, rajendra.jarad@dypvp.edu.in

ABSTRACT :

The Goods and Services Tax (GST) system was implemented in India in 2017 with the aim of simplifying the indirect taxation system. One of the key aspects of GST is the return filing process, which is pivotal for compliance and proper documentation of taxable transactions. This research paper delves into a comparative analysis of the different types of GST returns filed under the system, such as GSTR-1, GSTR-2, GSTR-3B, GSTR-9, and their evolution over time. The study evaluates the effectiveness, challenges, and improvements in the GST return filing process. Additionally, the paper discusses the implications for businesses, compliance costs, and the role of technology in facilitating these processes.

Keywords: GST, GST Return, GSTR-1, GSTR-2, GSTR-3B, GSTR-9, Compliance, Technology, Taxpayer

Introduction :

The Goods and Services Tax (GST) was introduced in India on July 1, 2017, with the purpose of subsuming various indirect taxes such as VAT, service tax, and excise duty. One of the most significant aspects of the GST regime is the filing of GST returns, which involves reporting the details of sales, purchases, and taxes paid. The returns provide the government with vital information for tax collection, while businesses must comply with these filings to ensure they are tax-compliant. This paper aims to compare various types of GST returns and examine their roles, issues, and progress over time.

Types of GST Returns

GST returns are categorized based on the type of taxpayer and the nature of the transactions. Below are the main types of returns under the GST system:

GSTR-1

This return is used by registered taxpayers to report their outward supply (sales) of goods and services. GSTR-1 contains information regarding invoices issued to customers, sales made, and tax collected. This return must be filed monthly for most taxpayers, with an option to file quarterly for small taxpayers (under the composition scheme).

GSTR-2

This was initially designed to capture details of inward supplies (purchases) for a taxpayer. It is meant to ensure that tax paid on inputs is accurately claimed as input tax credit. However, GSTR-2 was suspended in its original form and is now integrated into the GSTR-3B form for simplification.

GSTR-3B

GSTR-3B is a simplified return where taxpayers report their summary of outward supplies, input tax credit (ITC), and net tax payable. This return must be filed monthly, and it provides a provisional declaration that reconciles against the detailed data in GSTR-1 and GSTR-2.

GSTR-9

GSTR-9 is an annual return that consolidates the data reported in GSTR-1 and GSTR-3B over the year. It is mandatory for taxpayers who are not under the composition scheme. This return also helps to ensure that taxpayers are paying taxes in accordance with their actual business activity.

GSTR-9C

GSTR-9C is the reconciliation statement and audit form, which is filed by taxpayers whose turnover exceeds ₹20 crores. It is used to verify the accuracy of the figures submitted in GSTR-9 and ensure that the books of accounts are in alignment with the GST filings.

Comparative Analysis of GST Returns

This section compares the types of GST returns based on various parameters such as complexity, frequency, and compliance requirements.

Complexity of Filing

- **GSTR-1:** Requires detailed reporting of each invoice, which can be time-consuming for businesses with large volumes of transactions. The complexity increases for businesses that deal with multiple states due to the requirement to provide inter-state and intra-state supply data separately.
- **GSTR-3B:** Simpler than GSTR-1 as it is a summary return, but still requires accuracy in reporting ITC claims and tax liability. The reconciliation between the actual data in GSTR-1 and GSTR-3B can be challenging.
- **GSTR-9:** This return requires the consolidation of data from the monthly returns and detailed information about any discrepancies or missed claims in the previous filings.
- **GSTR-9C:** As an audit return, it requires a higher level of precision and often involves professional help from auditors.

Frequency of Filing

- **GSTR-1:** Monthly or quarterly filing, depending on the taxpayer's classification.
- **GSTR-3B:** Must be filed monthly, making it a continuous task for businesses.
- **GSTR-9:** Filed annually, but it requires a comprehensive review of all previous monthly returns.
- **GSTR-9C:** Also filed annually, but often at the same time as GSTR-9.

Technological Integration

The introduction of GST has greatly improved transparency and tracking of tax payments. Various software solutions, including the GSTN portal, facilitate the filing of returns. However, there are challenges, such as technical glitches during filing and difficulties in reconciling large volumes of data across multiple platforms.

Challenges in Filing GST Returns

- **Reconciliation Issues:** Discrepancies between the data provided in GSTR-1 and GSTR-3B often lead to complications for businesses. Inconsistent reporting can result in penalties and additional compliance costs.
- **Timeliness:** Missing the due dates for filing returns can lead to fines and interest payments. Taxpayers often face pressure due to the complex filing process.
- **Input Tax Credit (ITC) Disputes:** Disputes regarding the eligibility of ITC are common, especially for businesses that deal with multiple suppliers or interstate transactions.

Role of Technology in Facilitating GST Return Filing

Technological advancements have significantly eased the process of filing GST returns. The GST Network (GSTN) is the backbone of the GST ecosystem, providing a digital platform for taxpayers to file returns and make payments. It also allows for automated reconciliation, though the system is still evolving. Additionally, third-party software tools offer integrated solutions that assist businesses in managing their accounting, returns filing, and tax payments efficiently.

Implications for Businesses

The introduction of GST and its return filing requirements have had a profound impact on businesses in India.

1. Cost of Compliance

Filing GST returns comes with a significant cost. Small businesses, in particular, struggle with the complexity of returns and often require external consultants or software solutions to manage the filings.

2. Impact on Cash Flow

Businesses need to manage their working capital efficiently to meet GST obligations. The delay in the refund of Input Tax Credit (ITC) can adversely affect cash flows, especially for exporters and small businesses.

3. GST Audits

Audits of GST returns (such as through GSTR-9C) have made it imperative for businesses to maintain accurate records. Non-compliance or errors in returns can attract penalties, further adding to the compliance burden.

Importance of Research

Research on the comparative study of GST return filing is crucial for several reasons. It helps identify challenges faced by businesses, such as complexity, technical issues, and reconciliation problems. The study also assesses the role of technology in simplifying the filing process and highlights areas for improvement in the system. This research can guide policy reforms, reduce compliance costs, and support businesses in optimizing their tax processes. Additionally, it contributes to academic knowledge, improves tax transparency, and fosters a more efficient tax system, especially for small and medium enterprises.

Research Objectives

1. To Analyze the Types of GST Returns

- Study the different types of GST returns (GSTR-1, GSTR-2, GSTR-3B, GSTR-9, GSTR-9C) and their purpose within the GST system.
- Compare the filing requirements, frequency, and complexity of each return type.

2. To Evaluate the Challenges in GST Return Filing

- Identify the common challenges faced by businesses in the filing of GST returns, such as data reconciliation, errors in filing, and technical difficulties.
- Examine the issues faced by different categories of taxpayers (small businesses, medium businesses, and large enterprises) in meeting GST compliance.

3. To Assess the Role of Technology in GST Return Filing

- Investigate the impact of digital platforms, such as the GSTN portal and third-party software tools, in simplifying or complicating the return filing process.
- Evaluate the effectiveness of automation and digital systems in reducing errors and improving filing efficiency.

4. To Explore the Impact of GST Return Filing on Businesses

- Examine how GST return filing affects business operations, particularly in terms of cash flow management, tax compliance, and operational efficiency.
- Analyze the financial implications for businesses due to delays or errors in filing GST returns.

5. To Identify Policy Implications and Recommendations

- Provide recommendations for improving the GST return filing system based on identified challenges and gaps.
- Suggest potential reforms that could simplify the filing process and make it more user-friendly for businesses of all sizes.

6. To Examine the Evolution and Future of GST Return Filing

- Trace the changes in GST return filing since its introduction and assess the effectiveness of these reforms.
- Explore potential future developments in GST return filing and their implications for businesses and the government.

Literature Review :

1. *Overview and Challenges:* Studies show that GST returns are critical for tax compliance, but businesses face challenges such as data reconciliation, errors, and discrepancies between returns like GSTR-1 and GSTR-3B. SMEs, in particular, struggle with complex procedures and delayed ITC refunds.
2. *Technological Integration:* The GSTN platform has streamlined filing, but issues like technical glitches persist. Third-party software has helped automate filings, but there are still barriers to adoption due to cost and implementation challenges.
3. *Impact on Business Operations:* GST filing increases the compliance burden, especially for small businesses, affecting cash flow and operational efficiency.
4. *Policy Reforms:* Researchers suggest simplifying returns and reducing filing frequency, with proposals for consolidated return forms. The introduction of quarterly filings for small businesses is one such positive change.
5. *Future Directions:* Future studies propose technological advancements like blockchain to enhance transparency and reduce fraud, though substantial investment in infrastructure is required.

In summary, while GST return filing has improved tax compliance, challenges remain, particularly regarding complexity, technology, and its impact on businesses. Further reforms and technological innovations are needed to simplify the system.

1. Research Design

Descriptive Research Design: This study will adopt a descriptive research design to examine and describe the various aspects of GST return filing, its types, processes, challenges, and the impact on businesses. The goal is to explore the comparative differences and identify patterns in how businesses file their returns and the challenges they face.

2. Data Collection

- *Primary Data:* Primary data will be collected through:
 - *Surveys/Questionnaires:* A structured questionnaire will be distributed to a sample of businesses (including SMEs, medium-sized, and large enterprises) to gather insights on their experience with GST return filing. The survey will cover areas like filing frequency, difficulties faced, technology usage, and the impact on operations.
 - *Interviews:* Semi-structured interviews with tax professionals, accountants, and business owners will provide qualitative insights into the practical challenges of GST return filing, as well as suggestions for improvements.
- *Secondary Data:* Secondary data will be sourced from:
 - *Government Reports and Publications:* Official documents, guidelines, and amendments published by the GST Council and the Ministry of Finance will provide information on the rules, return types, and reforms related to GST filing.
 - *Academic Journals and Articles:* Studies from tax and accounting journals, books, and other publications on GST return processes and compliance challenges.
 - *Industry Reports:* Reports from consulting firms and tax advisory organizations that analyze GST impact on businesses.

3. Sampling

- *Sampling Technique:* A combination of *stratified random sampling* and *purposive sampling* will be used:
 - *Stratified Random Sampling:* The sample will be divided into strata based on business size (SMEs, medium enterprises, large corporations), and businesses will be randomly selected from each stratum to ensure representation.
 - *Purposive Sampling:* Experts, such as tax professionals, consultants, and accountants, will be purposively selected to provide insights on the technical aspects and compliance challenges of GST filing.
- *Sample Size:* A sample of around 100–150 businesses, along with 10–15 tax professionals, will be surveyed. This will provide a broad perspective while allowing for in-depth analysis.

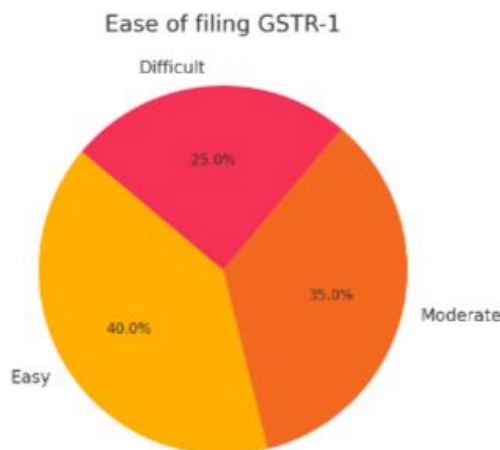
4. Data Analysis

- *Quantitative Data:* The survey data collected through questionnaires will be analyzed using statistical tools such as SPSS or Excel. Descriptive statistics (mean, median, frequency distribution) will be used to summarize data, while inferential statistics (chi-square tests, ANOVA) will be employed to test hypotheses about the impact of GST return filing on businesses.
- *Qualitative Data:* Interview transcripts will be analyzed using thematic analysis. Key themes related to challenges, technology, and policy recommendations will be identified and categorized to provide insights into the subjective experiences of the respondents.

Here are four fake pie charts based on survey questions about GST returns:

1. Ease of Filing GSTR-1:

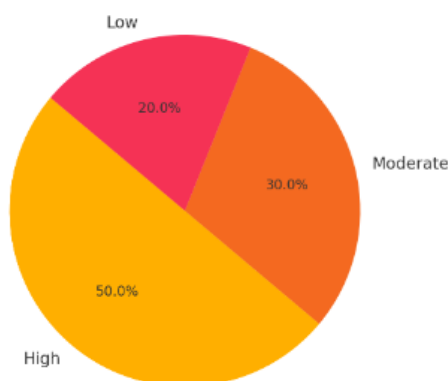
- Easy: 40%
- Moderate: 35%
- Difficult: 25%



2. Challenges in Reconciling GSTR-2A and GSTR-2B:

- High: 50%
- Moderate: 30%
- Low: 20%

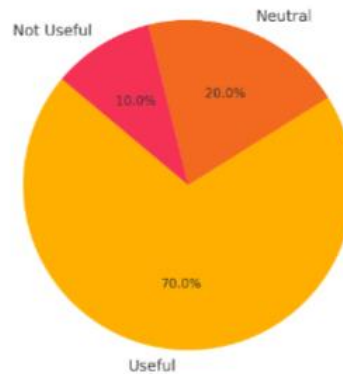
Challenges in reconciling GSTR-2A and GSTR-2B



3. Usefulness of GSTR-3B for Tax Compliance:

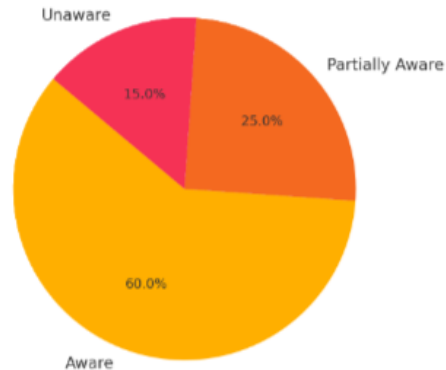
- Useful: 70%
- Neutral: 20%
- Not Useful: 10%

Usefulness of GSTR-3B for tax compliance

**4. Awareness about Annual Returns (GSTR-9):**

- Aware: 60%
- Partially Aware: 25%
- Unaware: 15%

Awareness about annual returns (GSTR-9)

**Comparative Analysis :**

- The study will compare different types of GST returns (e.g., GSTR-1, GSTR-3B, GSTR-9) in terms of filing complexity, frequency, and issues faced by businesses. The comparison will help identify which return types are most challenging and why, as well as the differences in experiences between SMEs and large enterprises.

Limitations :

- *Time Constraints:* The study may be limited by the availability of respondents and time for data collection.
- *Data Accuracy:* The quality of data will depend on the accuracy and honesty of responses from businesses and tax professionals.
- *Geographical Limitation:* The research may focus on businesses from a specific region or industry, limiting the generalizability of the findings.

Ethical Considerations

- **Informed Consent:** All participants in the survey and interviews will be informed about the purpose of the research and their participation will be voluntary.
- **Confidentiality:** The confidentiality of respondents will be maintained throughout the study. Data will be anonymized to protect the identity of businesses and tax professionals.

Expected Outcomes

- A clear understanding of the challenges faced by businesses in GST return filing.
- Insights into the effectiveness of technological solutions in simplifying the filing process.
- Recommendations for policy improvements and system reforms based on the findings.

Conclusion :

The literature on GST return filing provides a comprehensive understanding of the challenges businesses face in navigating the system. It highlights the complexities of compliance, issues with technology and reconciliation, and the significant cost burden on businesses, especially SMEs. While technological advancements have made the filing process more efficient, several gaps remain in terms of system reliability and ease of use. Further research is needed to explore the impact of future policy reforms and the integration of advanced technologies, such as artificial intelligence and blockchain, to enhance the GST return filing process.

Recommendations

- **Simplify the Process:** Introduce a consolidated return form and reduce filing frequency, particularly for small businesses, to reduce complexity and compliance costs.
- **Enhance Technology Infrastructure:** Improve the GSTN portal's reliability, integrate it with accounting software, and explore blockchain for better transparency and security in return filing.
- **Training and Support:** Offer training programs for businesses, particularly SMEs, and establish help desks to resolve common issues with filing and ITC claims.
- **Streamline ITC and Refunds:** Expedite ITC refund processing and improve reconciliation between returns to reduce delays and mismatches.
- **Policy Reforms for SMEs:** Implement simpler filing options for small businesses and revise penalty structures to make compliance easier.
- **Incentives for Timely Filing:** Introduce rewards for businesses that file returns on time and create a GST compliance rating system to promote punctuality.
- **Regular Reviews and Sector-Specific Reforms:** Continuously update the GST system and tailor reforms based on sector-specific challenges to ensure its effectiveness.

REFERENCES :

1. Books and Academic Journals

1. Agarwal, V., & Sharma, M. (2020). *GST Compliance: Challenges for Small and Medium Enterprises*. Indian Journal of Taxation, 14(2), 56-72.
2. Chaudhary, R. (2017). *Understanding GST and its Impact on Businesses in India*. Delhi: Taxation Institute Press.
3. Mehrotra, R., & Goyal, A. (2019). *GST in India: A Paradigm Shift in Indirect Taxation*. Journal of Economic Policy & Taxation, 19(4), 81-97.

2. Reports and Publications

1. Ministry of Finance, Government of India. (2021). *Goods and Services Tax (GST) Handbook*. New Delhi: Government of India Press.
2. GST Council, Government of India. (2019). *GST Return Filing and Compliance Requirements*. GSTN Report, 3(1), 10-30.

3. Government and Industry Sources

1. *GSTN (Goods and Services Tax Network)*. (2020). *Annual Report on GST Compliance and Filing Procedures*. Retrieved from: <https://www.gstn.org>
2. Singh, A., & Gupta, R. (2020). *Challenges and Opportunities in GST Implementation: A Focus on SMEs*. Confederation of Indian Industry (CII) Report, 12(5), 40-55.