WWW.IJRPR.COM

International Journal of Research Publication and Reviews

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

GST Compliance and Vouching Verification: An Exploratory Case Study at Bagdia & Company, Chartered Accountants, Nagpur

Sharad Prayagdas Dammani[1], Guide: Prof. Mahesh Pol[2]

[1] MBA (Finance), School of Business, Indira University, Pune.

[2] Study setting: Bagdia & Company, Chartered Accountants, Nagpur (OJT period 22 June – 22 August 2026).

ABSTRACT :

Since Section 16(2) (aa) of the CGST Act, 2017 took effect, a recipient's Input Tax Credit (ITC) has depended on supplier-reported data in GSTR-2B, making reconciliation of books with portal statements a core task of GST compliance practice. Small Chartered Accountancy (CA) firms usually perform this reconciliation alongside vouching, yet the two are rarely analyzed as one sequenced control. This exploratory study documents the GST reconciliation and vouching workflows followed during an eight-week on-the-job training at one Nagpur CA firm, examines how the two procedures complement each other, identifies procedural challenges and proposes improvements. A descriptive, practice-based single-case design is used, drawing on supervised participation, working-paper templates and a learning diary; client data were anonymized and the source report's numerical tables are illustrative, used only to demonstrate method. The documented workflow comprises three-way outward reconciliation (sales register, GSTR-1, GSTR-3B), ITC reconciliation (purchase register and GSTR-2B) and checklist-based vouching of GST treatment. Reported exceptions were mainly supplier-side timing differences and procedural documentation lapses, observations that are qualitative and unquantified. The paper offers a conceptual framework, four testable propositions and practical recommendations: standardized working papers, an exception tracker and a reconciliation-first review sequence. Its contribution is an evidence-graded account of integrated compliance and verification practice in a small CA firm, not a statistically validated model.

Keywords: GST compliance; Input Tax Credit; GSTR-2B reconciliation; vouching; audit documentation; chartered accountancy practice; exploratory case study

1. Introduction

Goods and Services Tax (GST) compliance is a recurring, data-intensive obligation for Indian businesses. Registered persons report outward supplies in GSTR-1, summarize liability and claim credit in GSTR-3B, and view supplier-reported inward supplies in GSTR-2B, a static, auto-drafted statement generated from suppliers' filings (Mehta & Mukherjee, 2021). From 1 January 2022, Section 16(2) (aa) of the CGST Act, 2017 and the amended Rule 36(4) limit a recipient's credit to what GSTR-2B communicates (CBIC, 2023). ITC eligibility therefore depends not only on the recipient's own invoices but also on whether suppliers reported the transaction. Books must be reconciled with portal statements before returns are finalized, and the results read against Section 16, the blocked-credit list in Section 17(5) and the reverse-charge rules.

Reconciliation compares books with external data; it does not show that a recorded transaction is genuine, authorized, correctly classified or correctly taxed. That is the traditional function of vouching, the examination of documentary evidence behind recorded entries. Auditing standards call for sufficient and appropriate evidence (SA 500) and documentation that lets an experienced reviewer with no prior connection to the work understand what was done (SA 230) (ICAI, n.d.). Documentation and accuracy are what make a CA firm's work reviewable and defensible.

Small CA firms are a useful setting. They serve mainly MSME clients, rely on Tally Prime, the GST portal and Excel rather than integrated ERP systems, and work with limited staff against fixed due dates. Research on small and medium accounting practices shows technology is reshaping their service mix but does not address how reconciliation and verification are organised in daily compliance work (Ma et al., 2021). This paper builds on an On-the-Job Training (OJT) report from Bagdia & Company, Nagpur (Dammani, 2026), which documents a reconciliation work-stream and a vouching work-stream and proposes that each can catch errors that escape the other (Sec. 7.3). The paper turns that narrative claim into a research problem and separates what the report documents from what it only illustrates or asserts.

2. Background and Research Problem

Bagdia & Company is a partner-led CA practice based in Nagpur, offering accounting, GST, income tax and audit-assurance services mainly to proprietorships, partnerships and small private companies (Dammani, 2026, Ch. 3). During the eight-week OJT the intern worked under supervision on anonymized live assignments using Tally Prime (books and registers), the GST portal (GSTR-2B download; filing under staff supervision) and Microsoft Excel (reconciliation workspace). The timeline ran from induction (weeks 1–2) through GST return preparation and GSTR-2B reconciliation (weeks 3–4) and vouching with GST-treatment checks (weeks 5–6) to month-end review (weeks 7–8).

The proposed research focus is whether, and how, sequencing transaction-level vouching and return-level reconciliation as complementary controls can surface GST-related discrepancies before returns are finalized, within the resource limits of a small CA firm. This is a proposed focus, not a proven conclusion. Table 1 separates the evidence.

Table 1. Evidence boundaries of the research problem

Category	Content
Documented in the report	Monthly workflow and tools; outward and ITC reconciliations; a classification of ITC differences (timing, data error, ineligible credit); a vouching checklist and templates; qualitative observations that supplier delay was the commonest cause of ITC variance and that most vouching exceptions were procedural.
Problem identified (inference)	Complementarity is asserted (Sec. 7.3) but not shown by tracing one transaction through both controls, and no protocol routes exceptions between them.
Needs further investigation	Real frequencies and causes of mismatches; whether integrated sequencing reduces post-filing corrections or review time; effect of newer portal features; generalizability.

3. Research Objectives and Questions

Objectives. (1) To document the reconciliation (outward and ITC) and vouching workflows followed at the firm. (2) To examine how purchase-register and GSTR-2B reconciliation classifies and tracks ITC discrepancies. (3) To analyze how checklist-based vouching, including GST-treatment and ITC-eligibility checks, contributes to accuracy. (4) To develop and appraise a framework linking the two procedures and identify procedural challenges. (5) To propose improvements and testable propositions.

Research questions. RQ1: How are books reconciled with GSTR-1, GSTR-3B and GSTR-2B? RQ2: What discrepancy categories and causes were documented? RQ3: What role does vouching play in surfacing documentary and GST-related exceptions? RQ4: What operational challenges affect timely completion? RQ5: How could standardised working papers and review improve the workflow? Section 8 states how far each can be answered.

4. Review of Literature

The review is limited and non-exhaustive. Sources are distinguished by type: statute and official guidance, professional standards, an institutional working paper and peer-reviewed articles.

4.1 ITC, GSTR-2B and supplier compliance

Section 16(2) (aa) was inserted by the Finance Act, 2021 and became effective on 1 January 2022, after which Rule 36(4) was amended so that credit cannot be availed unless invoice details are communicated in GSTR-2B (CBIC, 2023). The earlier rule had allowed provisional credit above the supplier-driven amount, with the margin reduced in steps before being withdrawn. Mehta and Mukherjee (2021), writing from administrative experience, argue that the return architecture drifted from its original design, that GSTR-2A and GSTR-2B are statements rather than taxpayer-filed returns, that recipients must reconcile GSTR-2B themselves, and that taxpayers can be hurt by suppliers' defaults. Their account is institutional and dated 2021; it does not examine how practitioner firms organize the work.

Pomeranz (2015) offers an empirical lens: using randomized experiments covering more than 400,000 Chilean firms, she finds that a third-party-reported paper trail deters VAT evasion and that enforcement effects spill up the supply chain. Reading GSTR-2B as an Indian paper trail is this paper's interpretation, not her finding. The implication for recipients is double-edged: the trail protects revenue but shifts verification effort to buyers. The two sources agree that supplier-reported data is central to GST/VAT enforcement; neither studies buyer-side reconciliation inside a practitioner firm.

4.2 Vouching, audit evidence and documentation

ICAI's Standards on Auditing require sufficient and appropriate audit evidence (SA 500), documentation sufficient for an experienced auditor to understand procedures and results (SA 230) and, where appropriate, external confirmation (SA 505). Vouching is the document-inspection procedure through which these requirements are met for individual transactions. Two cautions apply: the standards govern audits, so their use for GST reconciliation, a compliance engagement, is by analogy; and the report's vouching took place within tax-audit assistance (Dammani, 2026, Sec. 7.2). Knechel et al. (2013) review audit-quality research and organize indicators around inputs, process and outcomes. The review is not specific to small practices or India, but it supports treating documented procedures and review as process-quality inputs.

4.3 Spreadsheets and technology in small practices

The firm uses Excel to connect Tally and the portal. Powell et al. (2008) conclude that errors are widely believed to be prevalent in operational spreadsheets while little is known about their types, causes and detection; in a later study of 25 operational spreadsheets, Powell et al. (2009) found that many errors had no quantitative impact while some had substantial impact. These findings are not about GST but justify attention to spreadsheet controls. Ma et al. (2021), interviewing eight small and medium accounting practices, identify four factors in the adoption of cloud-based client accounting and report that adopting practices later provided fewer traditional statutory services. The study is qualitative and non-Indian, so its transfer

to Nagpur is a hypothesis.

4.4 Research gap

The sources fall into four streams: statutory and administrative treatment of ITC, the economics of VAT information, audit evidence and documentation, and spreadsheet and technology risk. Several questionnaire-based GST-reconciliation papers in lower-visibility outlets surfaced in searching, but their authorship and review standards could not be confirmed, so they were not relied upon. Among the sources reviewed, none examined how transaction-level vouching and return-level reconciliation are combined as a sequenced control in a small CA practice. This is a gap in the literature located by a limited search, not proof that no such study exists.

5. Conceptual Framework

The framework is derived from the OJT report (Secs. 4.3, 7.3) and the literature. It is a conceptual model, not a statistically validated causal model.

Table 2. Proposed framework

Stage	Content and link to the next stage
1. Client accounting records	Vouchers, registers and ledgers in Tally Prime; accurate classification at entry reduces later effort. These records are what Stage 2 tests.
2. Documentary verification and vouching	Checks of authorization, arithmetic, classification, GSTIN, rate, RCM and ITC eligibility; yields verified records and vouching exceptions for Stage 3.
3. GST return and statement reconciliation	Sales register vs GSTR-1 vs GSTR-3B; purchase register vs GSTR-2B; yields a variance schedule.
4. Identification and resolution of discrepancies	Classify (timing, data error, ineligible credit, procedural lapse), assign owner, follow up, track; unresolved items carried forward with a record.
5. Review of records and compliance	Senior and partner review before filing; sign-off.
6. More reliable documentation and reporting	Reviewable working papers, filed returns and books supporting financial statements; lessons feedback to Stage 1.

Two feedback loops matter: a reconciliation mismatch can trigger targeted re-vouching of the invoice (Stage 3 to 2), and resolution can correct entries or entry practice (Stage 4 to 1). Four propositions follow for future testing. **P1:** vouching GST-sensitive vouchers before reconciliation reduces data-error and eligibility exceptions at Stage 3. **P2:** exceptions routed to targeted re-vouching show fewer repeats than those handled in isolation. **P3:** standardised working papers improve consistency of exception documentation. **P4:** supplier-delay timing differences clear within a few return cycles, as the report suggests, which needs verification with real data.

6. Research Methodology

The study is a descriptive and exploratory single-case study, practice-based and participative, and a retrospective analysis by the participant of material documented during the OJT, consistent with the report's own process-documentation aim (Dammani, 2026, Sec. 1.8). The setting is Bagdia & Company, Chartered Accountants, Nagpur; the period is 22 June to 22 August 2026; the unit of analysis is the documented GST compliance and vouching workflow. No questionnaires, interviews, surveys, experiments, statistical tests or independently collected quantitative datasets were used.

Data sources have unequal strength and are weighted accordingly: (i) supervised participation and process observation, reported by the participant and not independently verified; (ii) the learning diary and fortnightly reports, where the day-wise sample is itself labelled illustrative; (iii) blank working-paper templates; (iv) illustrative figures for a hypothetical entity (Tables 7.1–7.6 of the report), constructed to demonstrate method and not empirical data; and (v) law, official guidance and secondary literature. Analysis has two parts: descriptive process analysis, and thematic categorization of documented discrepancies using the report's categories (timing difference, data error, ineligible credit, procedural lapse). Categorization was done by one analyst, the participant, without an independent coder, so insider bias is possible. Client names, GSTINs and figures were not reproduced, in line with the ICAI Code of Ethics confidentiality duties the report cites; written permission from the firm should be obtained before publication.

7. Analysis and Discussion

7.1 The compliance workflow

The report describes a month-end cycle from collection of client data to a filed GSTR-1 and GSTR-3B with an acknowledgement number. In between, the intern prepared outward data from the sales register, downloaded GSTR-2B, prepared the purchase register from Tally, reconciled the two in Excel, classified differences, raised vendor queries and logged pending items in a tracker. Filing was supervised, the partner retained final sign-off and weekly reviews were observed (Dammani, 2026, Secs. 3.11, 6.1, 7.1). The tools play distinct roles: Tally is the system of record, the portal the external data source and filing channel, Excel the connective layer and working papers the review trail. Manual hand-offs through Excel are where risk concentrates, as spreadsheet error research suggests (Powell et al., 2008, 2009); the report records no spreadsheet errors in its templates, so this is an inference.

7.2 Outward supply reconciliation

The report reconciles the sales register, GSTR-1 and GSTR-3B before the due date. Its illustrative April 2026 statement shows B2B taxable value of ₹18,45,000, B2C value of ₹4,20,000 and output tax of ₹5,15,700 agreeing across all three sources. This is a demonstration of format; moreover, the taxable-value rows cover only the CGST/SGST base, while the ₹1,08,000 IGST line implies an unshown inter-state base of about ₹6,00,000. The report names common causes of outward mismatch (invoices not uploaded, credit notes not reflected, rounding or classification errors) as general experience, not counted observations. Diary entries add that checking invoice-number sequences helps detect omitted sales and that three-way matching catches most outward errors before filing, an unquantified judgement. The structural reason for three-way matching is that GSTR-3B is a summary return without invoice-wise detail, which makes its reconciliation with GSTR-1 harder (Mehta & Mukherjee, 2021).

7.3 ITC reconciliation

The documented procedure matches supplier GSTIN, invoice number, invoice date and tax amount between the purchase register and GSTR-2B, classifies differences, and claims credit only to the extent reflected in GSTR-2B and eligible. In the report's illustration, a ₹7,200 difference (₹3,600 each of CGST and SGST) arose in April because a supplier had not filed, was tracked, and was cleared by June after a ₹4,500 flag in May. The report generalizes that supplier delay is the commonest cause of variance and usually clears within one to two return cycles. This is the intern's qualitative assessment resting on an illustrative series, so it is treated as proposition P4, not a finding.

Table 3. Exception taxonomy for ITC reconciliation

Category	Basis	Required response
Timing difference	Documented: supplier return not yet filed	Withhold, track, claim when it appears in GSTR-2B
Data error	Documented as a category (wrong GSTIN or invoice number); other causes such as duplicate booking are general possibilities	Correct internally or ask supplier to amend; re-vouch the invoice
Ineligible credit	Documented: blocked under Section 17(5)	Exclude from claim; check expense classification
Other differences	Not documented; general possibilities include credit notes, amendments and credit not arising from supplier filings, such as reverse-charge payments	Investigate case by case

Exceptions require investigation rather than automatic adjustment, whether by claiming the book figure or writing off the difference, for three reasons. The categories are heterogeneous: a timing difference self-corrects, a data error needs a fix at source and ineligible credit is permanent, so a blanket rule would misstate credit in at least two cases. The statutory condition ties the claim to what GSTR-2B shows, so claiming unsupported book figures creates exposure (CBIC, 2023). And supplier defaults are not always visible to the recipient (Mehta & Mukherjee, 2021), so documented follow-up is the evidence that a difference was considered, not ignored.

7.4 Vouching and documentary verification

The checklist covers purchase and sales invoices, expense vouchers, bank payments, rent, journal provisions, fixed assets, GST challans, reverse-charge legal fees, director loans and petty cash, testing matching to purchase orders and goods-received notes, authorization, GSTIN, rate, HSN/SAC, place of supply and ITC eligibility against GSTR-2B (Dammani, 2026, Tables 7.4, 7.5). Of eleven illustrative checks, one found a missing authorization signature and one led to a strengthened narration; the week-5 diary sample records two minor classification errors among 25 purchase vouchers and one invoice absent from GSTR-2B. Because these are labelled illustrative, they show types of exception, not rates. Two points follow. The exceptions are mostly procedural, which the report links to the low-risk profile of small clients, an inference valid only for the small, non-random samples. And vouching and reconciliation test in opposite directions: vouching starts from a recorded entry and seeks its document (existence, accuracy), whereas GSTR-2B reconciliation can start from an externally reported invoice and ask whether the books contain it (completeness of purchases). This directional complementarity is an analytical inference; the report does not state it.

7.5 The integration claim and its limits

The report argues that an ineligible invoice caught at vouching will not later appear as excess ITC, and that a GSTR-2B mismatch prompts targeted re-vouching (Dammani, 2026, Sec. 7.3). Both are plausible and useful, with three limits. First, vouching is sample-based, so unsampled invoices reach the return without document inspection. Second, both controls rely on counterparty documents and data and neither test whether a supply genuinely occurred; Pomeranz (2015) shows why paper trails deter evasion, but a trail does not verify substance. Third, some credit does not originate from supplier filings: reverse-charge supplies often involve unregistered suppliers (Mehta & Mukherjee, 2021), so GSTR-2B cannot control them and vouching carries more weight. The complementarity is therefore strongest for timing differences and data errors and weaker for substantive risk.

7.6 Currency of the source report

Two matters should be disclosed. The report does not mention the Invoice Management System that GSTN introduced from October 2024, which lets

recipients accept, reject or hold supplier invoices with effects on GSTR-2B; if it applies to the clients concerned, the workflow needs an extra pre-reconciliation step (confirm on the portal). The report's illustrative tables also contain presentational inconsistencies, so no quantitative conclusion is drawn from them.

8. Findings Against the Research Questions

Table 4. Status of the research questions

RQ	What the evidence supports	Status
RQ1	A repeatable monthly routine: Tally registers, GSTR-2B download, Excel reconciliation, three-way outward matching, tracker follow-up, partner review.	Answered descriptively
RQ2	Three discrepancy categories and a qualitative claim that supplier delay is commonest.	Partly; frequencies unknown
RQ3	Vouching surfaced mainly procedural exceptions and classification errors and links GST treatment to ITC eligibility.	Partly; illustrative samples
RQ4	Reported: client data delays, regulatory change, portal learning curve, confidentiality limits.	Reported, not measured
RQ5	Checklists, trackers and sequencing are plausible improvements.	Proposition; untested

9. Practical Implications and Recommendations

These extend the report's own proposals (Dammani, 2026, Ch. 11) and are untested. (1) Adopt a reconciliation-first, vouching-linked sequence: check GST-sensitive vouchers (purchases, rent, professional fees, repairs, capital goods, reverse-charge items) before or alongside reconciliation and route every invoice-level exception to targeted re-vouching. (2) Extend the templates, which lack fields for exception category, owner, date raised, target date, status and closure evidence, so that an unconnected experienced reviewer could follow the work, in the spirit of SA 230. (3) Keep one shared exception tracker with ageing, reviewed periodically by the partner. (4) Apply basic spreadsheet controls: protected formulas, versioned templates, totals tied to Tally and the portal, and second-person review (Powell et al., 2008). (5) Hold a monthly portal-currency checkpoint for circulars and statement features, including invoice-management functions. (6) Pilot reconciliation software on a few high-volume clients, measuring time per client, exceptions closed within set cycles and post-filing corrections.

10. Limitations and Future Research

The study rests on one firm, eight weeks and a participant-author. Its numerical material is illustrative, observations are sample-based and qualitative, and audit-standard concepts are applied to compliance work by analogy. Annual processes (GSTR-9, GSTR-9C), litigation and assessment lay outside the intern's role. The literature search was limited, and regulatory details may change. Future work could analyze anonymized exception logs from several firms, interview partners and staff on sequencing, compare firms with and without standardised working papers to test P1 to P3, and trace the effect of newer portal features.

11. Conclusion

The OJT report documents two work-streams, GST reconciliation and checklist-based vouching, and argues that they complement each other. It supports a clear description of the workflow, a practical taxonomy of ITC discrepancies and a plausible case for linking the controls. It does not support quantitative claims about how often mismatches arise or how quickly they clear, because the figures are illustrative and the observations unmeasured. The complementarity is best supported for timing differences and data errors and weaker for substantive risks such as the genuineness of a supply. The framework, propositions P1 to P4 and recommendations give small CA practices a basis for piloting and testing the integrated approach with real data.

REFERENCES :

- Central Board of Indirect Taxes and Customs. (2023). *Circular No. 193/05/2023-GST* (clarification on availment of ITC under section 16(2)(aa) and rule 36(4)). https://gstcouncil.gov.in/sites/default/files/2024-06/circular-cgst-193.pdf
- Central Goods and Services Tax Act, 2017, ss. 9(3), 16, 17(5) (as amended). Government of India. †
- Central Goods and Services Tax Rules, 2017, r. 36(4) (as amended w.e.f. 1 January 2022). Government of India. †
- Dammani, S. P. (2026). *GST compliance and vouching verification: A study at Bagdia & Company, Chartered Accountants* [Unpublished OJT report]. School of Business, Indira University.
- Institute of Chartered Accountants of India. (n.d.). *Standards on Auditing: SA 230, SA 500, SA 505*. ICAI. †
- Knechel, W. R., Krishnan, G. V., Pevzner, M., Shefchik, L. B., & Velury, U. K. (2013). Audit quality: Insights from the academic literature. *Auditing: A Journal of Practice & Theory, 32*(Supplement 1), 385–421. https://doi.org/10.2308/ajpt-50350
- Ma, D., Fisher, R., & Nesbit, T. (2021). Cloud-based client accounting and small and medium accounting practices: Adoption and impact.

International Journal of Accounting Information Systems, 41, 100513.

- Mehta, D., & Mukherjee, S. (2021). *Emerging issues in GST law and procedures: An assessment* (NIPFP Working Paper No. 347). National Institute of Public Finance and Policy. https://www.nipfp.org.in/publications/working-papers/1945/
- Pomeranz, D. (2015). No taxation without information: Deterrence and self-enforcement in the value added tax. *American Economic Review, 105*(8), 2539–2569. https://doi.org/10.1257/aer.20130393
- Powell, S. G., Baker, K. R., & Lawson, B. (2008). A critical review of the literature on spreadsheet errors. *Decision Support Systems, 46*(1), 128–138. https://doi.org/10.1016/j.dss.2008.06.001
- Powell, S. G., Baker, K. R., & Lawson, B. (2009). Impact of errors in operational spreadsheets. *Decision Support Systems, 47*(2), 126–132.
- † Primary text not opened; confirm against the official source (and current ICAI edition and year) before submission.