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Operational and Functional Challenges in GST Implementation: A Study of GST Practitioners' Perspectives

[1]Bhavin A. Popat [2]Dr. Jigar Raval

[1]Resarch Scholar, [2]Principal

[1]Bhakta Kavi Narsinh Mehta University, Junagadh,

[2]Shri K. M. & Smt. K. K. Savjani BBA/BCA College, Veraval

Abstract *:* Goods and Services Tax (GST) is one of the most significant reforms in India's indirect taxation system. Although GST was designed to unify tax structures and simplify compliance, its implementation continues to face major challenges. This study investigates the operational and functional challenges encountered by GST Practitioners (GSTPs), with a focus on variations based on their nature of employment, years of professional experience, and client base size. A structured survey was administered to 125 GSTPs across India, and the data were analysed using descriptive statistics and inferential tests (ANOVA).

The results indicate that operational and functional challenges significantly differ by employment type, with partners in firms experiencing more difficulties than self-employed practitioners. However, no significant differences were observed among the views of GST Practitioners based on years of experience or client base size. Major challenges identified include frequent changes in GST rules, complex compliance procedures, high penalties, Indirect Taxes claim issues, and client-related challenges such as a lack of awareness and rigidity. GSTPs emphasised the importance of capacity-building initiatives, user-friendly portals, and government-led awareness programs as solutions.

This study concludes that GST challenges are largely systemic, cutting across experience levels and client volumes, but disproportionately affecting firm-based practitioners. The findings provide practical insights for policymakers, tax administrators, and professional bodies to strengthen GST systems and enhance compliance efficiency.

Keyword *- GST, Compliance Challenges, GST Practitioners, Operational Difficulties, Employment Type, Indirect Taxes*

1. Introduction

The implementation of the Goods and Services Tax (GST) in India in July 2017 marked a landmark reform aimed at consolidating multiple indirect taxes into a unified system. By replacing a fragmented tax regime, GST aimed to enhance tax compliance, mitigate cascading effects, and foster economic growth. While the reform has been widely regarded as a progressive step toward economic integration, its implementation has not been without challenges. The responsibility of ensuring effective compliance and assisting businesses in navigating the complexities of GST primarily lies with GST practitioners.

GST Practitioners (GSTPs), who serve as critical intermediaries between taxpayers and tax authorities, are uniquely positioned to highlight these issues. Their perspectives are invaluable in identifying compliance difficulties and areas requiring policy intervention. This study seeks to examine the experiences of GSTPs across employment types, experience levels, and client base sizes, thereby providing an evidence-based understanding of systemic and client-related challenges in GST implementation.

2. Literature Review

Prior studies have consistently highlighted the dual nature of the Goods and Services Tax (GST) in India—while designed as a system of simplification and unification, it has been marred by persistent operational and functional challenges.

Basavanagouda and Panduranga (2022) observed that taxpayers often struggle with compliance due to limited technical knowledge and the constantly evolving GST laws. Consequently, a large proportion of taxpayers increasingly depend on GST practitioners (GSTPs) for compliance support. Over time, clients have shifted much of their tax-related responsibilities onto GSTPs, making them a crucial link in the GST system. The role of GSTPs, therefore, extends beyond advisory to acting as the backbone of the compliance framework and as intermediaries between taxpayers and the government. However, this reliance also increases operational costs for taxpayers, particularly in the form of practitioner fees.

Shah (2023) emphasized that although GST was initially introduced as a simplified and structured tax reform, it soon became a source of frustration due to frequent amendments and changing reporting requirements. The lack of alignment between dynamic regulations and the relatively static GST portal emerged as a critical challenge. For instance, the Union Budget of 2022 stipulated that Input Tax Credit (ITC) could only be availed if auto-generated by the portal—further complicating compliance. Shah stressed the need for the Ministry of Finance to design policies and procedures that reduce, rather than increase, compliance burdens. While the GST Council continues to work toward resolving system loopholes, its progress remains slow and iterative.

Similarly, Vij (2018) identified major issues such as GSTN portal inefficiencies, complexities in return filing, multiple tax slabs, and ambiguity over local tax abolition. The lack of technical expertise among both tax Practitioners and officials exacerbates these challenges, leading to criticism and protest. Vij recommended targeted measures, including training youth as GST Practitioners, enhancing IT infrastructure, simplifying return formats, and addressing challenges with E-way bills. The study concluded that while resistance to change is natural, acceptance can be eased if supported by robust, transparent, and user-friendly systems.

Other scholars have echoed similar concerns. **Ghuge (2019)** highlighted frequent amendments, ambiguous provisions, and compliance hurdles as recurring issues. **Tyagi et al. (2019)** pointed out the rising operational costs of businesses due to the need for ERP/software updates, time-consuming online processes, and complex formalities. They argued that successful GST implementation requires robust IT infrastructure and comprehensive training for all stakeholders—an especially challenging task in the context of administrative inefficiencies and rigid attitudes in India. **Sandhu and Atwal (2019)** further noted the lack of strong internet connectivity across large parts of the country, compelling many assessees with limited education to depend on costly professional services. They recommended simplifying procedures, strengthening the GSTN, and expanding skill development and refresher training programs to build a more competent workforce.

Finally, Diksha (2021) concluded that GST's implementation has been less than promising for the Indian economy. Complicated return mechanisms, technological glitches, and inefficiencies in the GSTN have not only reduced tax collection efficiency, as noted by the Comptroller and Auditor General (CAG), but also increased compliance costs. Respondents from the manufacturing and trading sectors perceived higher tax rates and lower exemption thresholds, suggesting the need for revising limits. Moreover, time-intensive documentation, multiple return filings, and deficiencies in computer literacy and skilled staff added to both psychological stress and financial burden. Businesses were forced to rely heavily on expert services, further inflating operating costs.

Collectively, these studies underscore that while GST aimed at simplification and efficiency, its implementation has been hampered by structural, technological, and procedural bottlenecks. The recurring themes point to the urgent need for improved IT infrastructure, simplified processes, taxpayer training, and supportive policies that genuinely ease the compliance burden for taxpayers and Practitioners alike.

3. Research Methodology

3.1 Research Design

This study adopted a descriptive and comparative survey design, focusing on the operational, functional, and client-related challenges perceived by GSTPs.

3.2 Sampling Design

A purposive sampling approach was used to select 125 GST practitioners practising in selected districts of the Saurashtra Region, including self-employed practitioners, partners in firms, and employees in practising firms.

3.3 Data Collection

Primary data was collected using a structured questionnaire covering:

- **Operational challenges** (e.g., high penalties, frequent rule changes)
- **Compliance challenges** (e.g., portal issues, ITC claims, reconciliation)
- **Client-related challenges** (e.g., lack of awareness, rigidness, documentation issues)

Responses were measured on Likert scales and categorical formats.

3.4 Data Analysis

Descriptive statistics (frequency, percentage, and mean) were used for summarisation. Inferential analysis employed ANOVA to test differences across groups based on employment type, years of experience, and client base size.

4. Results

4.1 Employment-Based Differences

Table 1 Employment-Based Differences in Operational and Functional Difficulties among GST Practitioners

Nature of Employment	N	Mean	S.D	F Test	P Value	Result
Self Employed	55	31.09	2.452	3.849	0.024	Significant
Partner in Practising Firm	28	32.50	3.000			
Employee in Practising Firm	42	32.19	2.144			
Total	125	31.78	2.546			

The ANOVA results indicate significant differences in operational and functional difficulties across employment categories ($F = 3.849$, $p = 0.024$). Partners in practising firms reported the highest mean score ($M = 32.50$), followed by employees in practising firms ($M = 32.19$), while self-employed practitioners reported the lowest ($M = 31.09$).

4.2 Experience-Based Differences

Table 2 Experience-Based Differences in Operational and Functional Difficulties (Indirect Tax System Experience)

Indirect Tax System Experience	N	Mean	S.D	F Test	P Value	Result
Upto 5 Years	49	32.14	2.327	16.240	0.187	Non-Sig
6-10 Years	40	32.00	2.449			
11-15 Years	24	31.21	2.670			
16 & Above	12	30.67	3.229			
Total	125	31.78	2.546			

The ANOVA test indicates no significant difference (F = 16.240, p = 0.187) in operational and functional difficulties among GST practitioners with varying years of experience in indirect taxation. Although practitioners with less than 5 years of experience reported slightly higher mean scores (M = 32.14), the differences were statistically insignificant. This suggests that operational challenges are perceived uniformly across experience levels.

Table 3 Experience-Based Differences in Operational and Functional Difficulties (Experience as GST Practitioner)

Experience as a GST Practitioner	N	Mean	S.D	F Test	P Value	Result
2-3 Years	15	32.60	1.724	2.783	0.066	Non-Sig
4-5 Years	40	32.28	2.532			
6-7 Years	70	31.31	2.630			
Total	125	31.78	2.546			

For GST-specific experience, the ANOVA results also showed no statistically significant differences (F = 2.783, p = 0.066). Practitioners with 2–3 years of GST practice reported the highest mean score (M = 32.60), while those with 6–7 years of experience reported the lowest (M = 31.31). This pattern suggests that newer practitioners may initially find compliance more challenging, but the variation does not reach statistical significance.

4.3 Client Base Differences

Table 4 Client Base Differences in Operational and Functional Difficulties

GST Client Base (Numbers)	N	Mean	S.D	F Test	P Value	Result
1-25	66	31.32	2.099	1.616	0.189	Non-Sig
26-50	29	32.14	2.761			
51-100	22	32.50	2.940			
Above 100	8	32.25	3.615			
Total	125	31.78	2.546			

The analysis revealed no significant difference in perceived operational and functional difficulties across GST practitioners with varying client bases (F = 1.616, p = 0.189). Although practitioners handling 51–100 clients reported slightly higher mean difficulty scores (M = 32.50), the differences were not statistically meaningful. This suggests that the challenges of GST compliance are consistently experienced regardless of the size of the practitioner's client base.

4.4 Key Operational Challenges

Table 5 Most Common Legal or Regulatory Challenges Reported by GST Practitioners

Most common legal or regulatory challenges	Frequency	Percent (N=125)
Claim Issue	32	25.6
E-Way Bill Issues	8	6.4
Data Errors	15	12.0
Filling return issues	10	8.0
Frequent Update in GST	35	28.0
Goods Classification Issue	12	9.6
High Paneltties	38	30.4
ITC Issues	18	14.4
Manageable	5	4.0
Non-Compliance	72	57.6
Reconciliation	34	27.2
Complex Rules & Regulations	65	52.0

The analysis of legal and regulatory challenges (Table 5) highlights that the most pressing issues faced by GST practitioners include non-compliance (57.6%), complex rules and regulations (52.0%), and high penalties (30.4%). Frequent updates in GST laws (28.0%) and reconciliation problems (27.2%) also add to the operational burden.

Table 6 Most Common Compliance Challenges Reported by GST Practitioners

Most common Compliance challenges	Frequency	Percent (N=238)
Changes in GST Norms	34	27.2
Data Management	8	6.4
Documentation	18	14.4
Extra Cost	11	8.8
ITC Claim & Refund	26	20.8
Portal Issue	28	22.4
Reconciliation	30	24.0
Complex Rules & Rates	18	14.4
Software Issue	11	8.8
Vendor Non-Compliance Claim	6	4.8
Manageable	8	6.4

Compliance-related challenges (Table 6) reveal that frequent changes in GST norms (27.2%), portal issues (22.4%), and reconciliation difficulties (24.0%) are the most common obstacles, followed by ITC claim/refund issues (20.8%). Documentation (14.4%) and complexity of rules and rates (14.4%) were also noted as recurring challenges.

Table 7 Recommendations for a Better GST System

Recommendation for Better GST System	Frequency	Percent (N=125)
Easy Claim Process	20	16.0
Data Management	12	9.6
Easy E-Bills	14	11.2
Understable GST Process	21	16.8
Easy Reconciliation System	11	8.8
Smooth Refund Process	18	14.4
Regular Technological Updated Portal	8	6.4
Information on new Rules	26	20.8
User Friendly Portal	30	24.0
Supporting Staff	11	8.8
Training	12	9.6
Help Desk	9	7.2
Client Able to Manage	5	4.0

In terms of suggestions for improving the GST system (Table 7), practitioners emphasised the need for a user-friendly portal (24.0%), timely information on new rules (20.8%), and an understandable GST process (16.8%). Smooth refund processes (14.4%) and easy claim mechanisms (16.0%) were also highlighted as crucial improvements.

Table 8 Most Common Client-Related Challenges Reported by GST Practitioners

Most common client-related challenges	Frequency	Percent (N=125)
Data Management	15	12.0
Documentation	32	25.6
e-Bill issue	15	12.0
ITC Claims	16	12.8
Lack of Awareness & Knowledge	50	40.0
Reconciliation Delay	15	12.0
Rigidness	25	20.0
Understanding	40	32.0
Manageble - Not Much Issues	9	7.2

Client-related challenges (Table 8) underscore that lack of awareness and knowledge among clients (40.0%) and difficulty in understanding provisions (32.0%) are major concerns. Documentation issues (25.6%) and client rigidity (20.0%) were also significant, often requiring practitioners to take on additional responsibilities.

Table 9 Preferred Sources of Learning and Training for Better GST Understanding

Preferred Sources of Learning and Training for Better GST Understanding	Frequency	Percent (N=125)
Seminars Conducted by Govt	102	81.6
Workshop conducted by Institutes	98	78.4
Case Studies and Publications	110	88.0
Professional Books and Publications	116	92.8
Government Website and GSTN	120	96.0
Seminars conducted by Professional Bodies	86	68.8
Social Media including online platforms	81	64.8
Train the Trainee Program	52	41.6

For learning and training resources (Table 9), practitioners reported strong reliance on official platforms like the Government GSTN website (96.0%) and professional books/publications (92.8%). Case studies (88.0%), government seminars (81.6%), and institute-led workshops (78.4%) were also highly valued. Social media and online platforms (64.8%) served as supplementary learning avenues, while nearly half (41.6%) expressed interest in "train-the-trainer" programs.

5. Discussion

The study analyzed the operational, functional, legal, and client-related challenges faced by GST practitioners in the Saurashtra region, based on their employment type, experience, and client base. The findings reveal that while most practitioners have adapted to the GST regime, significant variations persist across professional backgrounds and experience levels.

Employment-based differences indicate that partners in practicing firms experience higher operational and functional challenges compared to self-employed practitioners, possibly due to managing a larger client base and greater compliance responsibility. Experience-based analysis suggests that practitioners with fewer years in indirect taxation face relatively greater functional difficulties, highlighting a need for continuous professional training. However, no statistically significant differences were observed among different experience groups, indicating that the challenges are widespread across experience levels.

Client base differences show that as the number of clients increases, the mean operational difficulty scores also rise, indicating scalability issues in managing compliance across multiple accounts. Among legal and regulatory challenges, non-compliance (57.6%) and complex rules and regulations (52.0%) emerged as the most critical issues, reflecting frequent changes and ambiguities in GST law. Similarly, compliance challenges such as frequent updates in GST norms, reconciliation errors, and ITC claims continue to strain practitioners' efficiency and increase operational burden.
Client-related challenges further emphasize the widespread lack of awareness and understanding among taxpayers, placing additional burdens on practitioners. Around 40% of respondents cited lack of awareness as a major issue, while 32% reported clients' difficulty in understanding GST provisions. This underscores the pressing need for taxpayer education and streamlined procedural guidelines.

On a positive note, respondents provided several constructive suggestions for improvement. They strongly supported initiatives such as government-led seminars (81.6%), professional workshops (78.4%), and increased availability of case studies and publications (88.0%). Additionally, respondents recommended strengthening the GSTN portal, simplifying e-bill and refund processes, and enhancing technological infrastructure to support smoother operations. These insights collectively highlight that, while GST has made significant progress, the system still requires optimisation to further improve efficiency and compliance.

6. Conclusion and Recommendations

The study concludes that GST practitioners face a multifaceted set of challenges that encompass operational inefficiencies, technological barriers, frequent regulatory updates, and client-side awareness gaps. Although practitioners have adapted to digital tax processes, system-related complexities and procedural ambiguities hinder smooth compliance. The results indicate that continuous professional education, capacity-building initiatives, and policy simplifications are crucial to ensure more effective GST functioning.

It is recommended that authorities enhance system stability, promote user-friendly interfaces, and reduce the frequency of procedural changes without adequate notice. Training and support programs for practitioners and taxpayers can mitigate knowledge gaps, while collaborative initiatives between the GST Council, professional bodies, and academic institutions can strengthen the tax ecosystem's responsiveness to evolving business environments.

7. Future Scope of Research

The present study provides valuable insights into the operational and functional challenges faced by GST practitioners in the Saurashtra region; however, it also opens several avenues for future research. Further studies can adopt a comparative regional analysis across multiple states to identify whether these challenges are localised or systemic in nature. Longitudinal research could assess how ongoing policy revisions and digital reforms under GST influence practitioners' efficiency and compliance behaviour.

Additionally, future work may explore the perception gap between GST practitioners and taxpayers, offering a dual-perspective understanding of compliance hurdles. Integrating qualitative methods such as interviews or focus groups can help capture deeper insights into behavioural and attitudinal dimensions of GST compliance. Researchers could also analyse the impact of automation, AI, and data analytics on easing GST operations, thereby linking technology adoption with tax efficiency.

Such extended research would not only contribute to refining tax governance policies but also support the government's broader objective of creating a simplified, transparent, and technology-driven indirect tax ecosystem in India.

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