

## **A Study on the Problems Encountered Due to GST Portal Errors and their Impact on the Compliance Burden of Small and Medium Business**

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### **ABSTRACT**

To make indirect taxation more efficient, the Goods and Services Tax (GST) system was created to be a single online platform in India. However, the SMBs (Small and Medium-sized Businesses) continue to have many obstacles because there are often errors on the GST portal such as being unable to log in, failures of the system, unable to file returns on time and discrepancies of input tax credits. The current research focuses on the SMBs in Anna Nagar using a structured questionnaire and analyses using statistics like percentage analysis, correlation, regression, ANOVA and T-test. The findings of the present study show that, as a result of technical inefficiencies, there is a significant increase in the compliance burden as a result of time and money spent on compliance, and a greater reliance on tax professionals when attempting to be compliant using the GST system. In particular, smaller retail SMBs are negatively affected by the high compliance burden because they do not have enough money and technical expertise to comply using the GST system. The results of the research demonstrate that there needs to be an improvement in the efficiency of the GST portal through improvements in system stability, simplification of the return process, and better training and technical support. Improvements in these areas will lead to a decrease in the compliance burden, thereby creating a better overall process for SMBs to conduct business in India.

**Keywords:** GST Portal Errors, SMBs, Digital Taxation, Compliance Burden, GST Portal Efficiency

### **1. Introduction:**

#### **1.1. Concept & Importance:**

Major changes in the tax structure of India have resulted from the creation of the Goods and services tax (GST) portal, which is a digital network of businesses around the country that

allows them to register for GST; file returns and pay the tax; keep records of their paperwork and track their compliance with the law. In addition, these improvements to the GST Portal result in increased efficiency due to greater transparency.

### **1.2. Need for the Study:**

Despite the benefits to SMEs that have come from the introduction of the GST Portal, they also experience a great deal of technical and operational issues when using the system to meet their requirements. Among others, the lack of access to technology due to poor Internet connections and low digital literacy; the limitations of using the GST Portal due to lack of access to computers or smartphones and frequent updates of the system have contributed to the MGTC's inability to help SMEs meet their compliance requirements when filing taxes.

### **1.3. Statement of the Problem:**

The study deals with the increased burden of compliance on SMEs resulting from technical problems with the GST Portal (such as the inability to file tax returns electronically), the complexity of procedures for complying with the GST Portal and system inefficiencies resulting in restrictions to their ability to run their business.

### **1.4. Theoretical Framework:**

The study includes theories of: digital governance; compliance burden theory; technology adoption. It will examine the impact of system-related (technical errors and usability problems) and user-related (digital literacy and resource limitations) factors on the efficiency and cost of taxation compliance among SMEs.

### **1.5. Significance of the Study:**

Research examining various aspects of financial accounting includes investigations into barriers to doing business, enabling policymakers to improve portals, assist SMEs with filing costs, and also make it easier for them to conduct business.

### **Objectives:**

- To Identify technical issues with the GST portal.
- To determine the impact of the technical issues on the cost of compliance and efficiency.

- To offer suggestions for improving the system's performance.

### **1.6. Scope of the Study:**

The study will involve examining the experience of SMEs operating in Anna Nagar, Chennai, as they relate to their experience with the GST portal over two years (2022-2024). The study will focus specifically on the technical issues faced by SMEs, as well as their experience with other compliance-related outcomes.

### **2.Scholarly Review:**

There is a vast amount of research investigating how major reforms (such as tax and financial systems), will change how businesses operate and their decision-making, and employees who work for small businesses become financially aware of their situation, and therefore, able to make changes accordingly. Studies (such as) emphasize that the structural reforms have made it possible for SMEs. Research from **Gupta et al. (2018) and Deepti Daga (2019)** support the notion that simplification of systems and the ability to significantly benefit from financial outcomes due to access to input tax credits can enhance financial efficiency, as well as improve how businesses effectively plan for and manage their costs. These findings reinforce the argument that enhanced financial literacy increases the competency of small businesses and, therefore, allow them to make more accurate financial and investment decisions.

Many researchers (**Sharma et al., 2019; Somani, 2018**) have shown that financial systems are slow to adopt due to lack of awareness, limited financial knowledge, and a lack of technical know-how. These gaps frequently result in poor financial decision-making, higher levels of dependence on professionals and inefficient use of financial resources. **R.S. Reena (2024) and Antony et al. (2023)** have shown how individuals and small entities with a good understanding of financial systems can take advantage of the benefits associated with those systems, effectively manage risk and maintain stable financial behaviour. These authors emphasize the importance of financial literacy in influencing economic participation and financial well-being. The literature also demonstrates that the awareness and understanding of financial systems supports improved financial decision-making, better financial utilization, and increased participation in formal economic activity (**Franco & Chellammal, 2018; Jayalakshmi & Venkatesh, 2018**).

### **3. Research Methodology**

Research methodologies are systematic processes for carrying out research on your research problem. It includes the following: Research Design, Area of Study, Sources of Data, Sampling Technique, Sample Size, Data Analysis, Ethics, Limitations of the Study.

#### **3.1 Research Design**

A descriptive-analytic research design will be employed in this research to explain the impact of GST portal errors on compliance burden. The research will be conducted using a mixed-method approach. The mixed-method approach will consist of a quantitative analysis through statistical testing using SPSS software and qualitative descriptions derived from open-ended responses.

#### **3.2 Area of Study**

This research will be conducted within Anna Nagar, Chennai, a commercial area with a variety of SMBs. The location was selected based on the DeLone & McLean Model of Information Systems Success to allow for assessment of the system with respect to a specific context of use.

#### **3.3 Sources of Data**

Primary data will be collected from potential study participants who fall within the target population via a structured questionnaire (20 questions) distributed to business owners, accountants, and GST practitioners; while current literature sources include journal articles, books.

#### **3.4 Sampling Technique & Sample Size**

A purposive sampling technique will be used to recruit study participants who have experience with complying with GST legislation. The final sample size will be 49 participants (12; micro-enterprises (24.5%), 15; small enterprises (30.6%), and 22; medium enterprises (44.9%). The final sample will also be stratified by sectors of trade (19 participants), manufacturing (18), service (7), and others (5).

### 3.5 Tools of Data Collection

The questionnaire consists of three sections:

- Demographics (Q1-5),
- Use and problems associated with the GST portal (Q6-15), and
- Compliance burden and perceptions (Q16-20).

A 5-point Likert scale was used for the responses. Reliability of the tool was established through a pilot test with ten respondents before data collection.

### 3.6 Statistical Tools Used

Statistical analysis of data was done using IBM SPSS (Version 25) for:

- Percentage analysis (descriptive statistics),
- Pearson correlation (correlation of variables),
- Linear regression (predictive analysis),
- One-way analysis of variance (differences between groups), and
- Paired Sample t-test (comparative analysis).

### 3.7 Theoretical Framework

According to De Lone and McLean's model, the attributes of the system (e.g. quality of outcomes), attributes of the information (e.g. quality of outcomes), and attributes of service (e.g. quality of service) reflect user satisfaction and overall benefit. The presence of errors in the GST portal negatively alters the compliance burden.

Operational definitions of key terms are presented below:

- GST portal error (i.e., system availability),
- Compliance burden (i.e., time, cost, and effort),

## 4. Analysis and Interpretation

4.1 To examine various types of errors and technical issues encountered by small and medium-sized businesses while using the GST portal

<i>Particulars</i>	<i>GST Compliance</i>	<i>GST Portal Errors</i>	<i>Business Operations.</i>	<i>Difficulty Faced</i>	<i>Timely Compliance</i>
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GST Compliance	1				
GST Portal Errors	0.0813	1			
Business Operations.	0.0955	0.4395	1		
Difficulty Faced	0.2222	0.4064	0.4590	1	
Timely Compliance	-0.0509	-0.1051	0.0562	-0.0135	1

Source : Primary Data

**4.2** To evaluate the effect of errors in the GST portal on the cost of compliance and ease of doing business for SMEs.

<i>particulars</i>	<i>GST Compliance</i>	<i>After digitization</i>
Mean	2.4693	3.2040
Variance	0.7542	1.2491
Observations	49	49
Pearson Correlation	0.0494	
Hypothesized Mean Difference	0	
df	48	
t Stat	-3.7238	
P(T<=t) one-tail	0.0002	
t Critical one-tail	1.6772	
P(T<=t) two-tail	0.0005	
t Critical two-tail	2.0106	

Source : Primary Data

**4.3** To propose steps that can be taken to minimize GST portal issues and improve ease of compliance for small and medium-sized businesses

Multiple R	0.5189
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R Square	0.2693				
Adjusted R Square	0.2538				
Standard Error	0.8289				
Observations	49				
<b>ANOVA</b>					
	<i>df</i>	<i>SS</i>	<i>MS</i>	<i>F</i>	<i>Significance F</i>
Regression	1	11.90625	11.9062	17.3260	0.0001
Residual	47	32.2978	0.6871		
Total	48	44.2040			
	<i>Coefficients</i>	<i>Standard Error</i>	<i>t Stat</i>	<i>P-value</i>	
Intercept	2.4057	0.2816	8.5423	4E-11	
Filing deadlines	0.3749	0.0900	4.1624	0.0001	
Source : Primary Data					

**Table 4.3 Combined Analysis Table**

<b>Objective</b>	<b>Key Variables / Indicators</b>	<b>Statistical Evidence</b>	<b>Result</b>	<b>Interpretation (Linked to Research Theme)</b>
<b>Objective 1:</b> To examine various types of errors and technical issues encountered by SMBs	Server downtime, login issues, slow loading, filing errors, difficulty level	34.7% server downtime; $r = 0.406$ (errors vs difficulty); ANOVA $p = 0.047$	Moderate technical issues exist; variation across enterprise size	GST portal errors are frequent and structurally significant, with server downtime as the major issue. The moderate correlation confirms that errors increase operational difficulty. ANOVA results show small enterprises face higher difficulty,

				indicating unequal impact.
<b>Objective 2:</b> To evaluate the effect of GST portal errors on compliance burden and ease of doing business	Time consumption, compliance cost, operational disruption, professional dependency	$r = 0.512$ (difficulty vs time); $r = 0.469$ (difficulty vs cost); $r = 0.440$ (errors vs operations); Regression $R^2 \approx 26\%$	Significant impact on compliance burden	GST portal errors significantly increase compliance burden by making filing time-consuming and costly. Regression confirms difficulty and downtime as key predictors of time burden. Increased reliance on professionals ( $r = 0.428$ ) further raises costs, reducing ease of doing business
<b>Objective 3:</b> To propose measures to minimize GST portal issues and improve compliance efficiency	Need for technical improvement, dissatisfaction level, downtime impact	$t = 5.966$ ( $p < 0.001$ ); downtime $r = 0.519$	Strong demand for system improvement	Statistical evidence shows a strong need for improving GST portal performance. Significant t-test results reflect dissatisfaction among users. The correlation between downtime and time burden highlights system instability as a major issue.

Source : Primary Data

## 5. CONCLUSION AND SUGGESTIONS

### 5.1 Major Findings of the Study

The present study titled “*A Study on the Problems Encountered due to GST Portal Errors and their Impact on the Compliance Burden of Small and Medium Businesses*” reveals several critical insights regarding the functioning of the GST portal and its implications for SMEs.

Firstly, the study identifies that technical issues such as server downtime (34.7%), login problems (24.5%), slow loading (22.4%), and return filing errors (18.4%) are the most commonly experienced problems by SMEs. These findings are consistent with earlier studies such as Gupta et al. (2018) and Sharma et al. (2019), which highlighted technological challenges and system inefficiencies as major barriers to GST compliance.

Secondly, the research establishes that GST portal errors have a statistically significant impact on day-to-day business operations ( $r = 0.440$ ). This indicates that frequent technical disruptions directly affect business efficiency. Similar observations were made by Dang, Kaur, and Kaur (2020), who reported that portal-related issues negatively influence operational performance and cash flow of MSMEs. The study also highlights that portal errors lead to increased dependency on tax professionals ( $r = 0.428$ ), thereby increasing operational costs. This agrees with Sharma (2017) and Franco & Chellammal (2018), who found that lack of technical knowledge forces SMEs to depend on external consultants.

### 5.2 Suggestions to Stakeholders

#### Government and GSTN Authorities

- The government should improve the technical infrastructure of the GST portal, especially during peak filing periods, to reduce server downtime and system failures.
- There is a need to simplify return filing procedures and reduce the frequency of compliance requirements, particularly for SMEs.

## **Business Organizations / Companies (SMEs)**

- SMEs should invest in basic accounting software and digital tools to minimize manual errors and improve compliance efficiency.
- Businesses must train employees in GST compliance and portal usage to reduce dependency on external consultants.

### **5.3 Limitations of the Study**

The study is subject to certain limitations:

- The research is geographically limited to Anna Nagar, Chennai, and therefore findings may not be applicable to other regions.
- The sample size of 49 respondents restricts broader generalization.
- The study is based on self-reported data, which may involve bias or subjective

### **5.4 Overall Conclusion**

In conclusion, the study clearly demonstrates that while the GST system has successfully simplified the indirect tax structure and improved transparency, the technical inefficiencies of the GST portal continue to impose a significant compliance burden on small and medium businesses. Issues such as server downtime, system errors, and complex procedures increase the time, cost, and effort required for compliance, thereby affecting operational efficiency and financial stability. However, the study also highlights that SMEs have shown strong adaptability and commitment towards compliance, despite these challenges. This indicates that with improved technological infrastructure, simplified procedures, and adequate support systems, the GST portal can become a more efficient and user-friendly platform.

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