



Compliance Awareness and Filing Practices under GST and Income Tax Laws: A Client-Perception Study of a Chartered Accountancy Firm in Pune

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Abstract

Tax compliance in India has become progressively digital, rule-intensive and deadline-driven following the introduction of the Goods and Services Tax (GST) in 2017, the spread of e-filing and the coexistence of two personal income tax regimes. Small and mid-sized chartered accountancy (CA) firms stand between the taxpayer and the portal, yet little primary evidence describes what their clients actually know and how they behave. This paper combines the experience of a two-month internship at Synergy Consulting, a Pune-based CA firm, with a primary survey of 21 clients conducted on 19 October 2026.

The study documents the end-to-end GST and Income Tax filing workflow, works through a GST return and an income tax computation as practical cases, and analyses client profile, filing channel, ITR form choice, awareness of the Old and New Tax Regimes, and willingness to recommend a reliable filing service. Results show that 81.0% of respondents file through the firm, 76.2% are favourably inclined to recommend a reliable filing service (mean score 3.95 out of 5), but only 25.0% are fully aware of the two tax regimes and 50.0% are not aware at all. Awareness of regimes is positively and significantly associated with advocacy (Spearman $\rho = 0.53$, $p = 0.017$), whereas years of filing experience is not associated with awareness ($\rho = 0.09$, $p = 0.69$). The paper concludes that the firm's principal opportunity lies in converting routine filing into structured regime-comparison advisory, supported by automation, a compliance calendar and client education. Given

the small, purposive sample, findings are indicative rather than generalisable.

Keywords: GST compliance; income tax return; tax regime awareness; chartered accountancy firm; client advocacy; India

1. Introduction

1.1 Background

India's tax compliance environment has changed more in the past decade than in the preceding fifty years. GST, introduced on 1 July 2017, subsumed a long list of central and state indirect taxes into a single destination-based levy administered through the GST Network (GSTN) portal. On 22 September 2025 the rate structure was further simplified into two principal slabs of 5% and 18%, with a 40% rate for a short list of sin and luxury goods. On the direct tax side, faceless assessment, pre-filled returns, the Annual Information Statement (AIS) and an optional New Tax Regime have changed how individuals and businesses file. Most recently, the Income-tax Act, 2025 came into force on 1 April 2026 and replaces the Income-tax Act, 1961 for income earned from that date, while returns for FY 2025-26 continue to be filed under the 1961 Act.



For a business owner or salaried taxpayer, these reforms translate into a practical question: who can be trusted to apply them correctly and on time? For many, the answer is a chartered accountancy firm. The CA firm therefore acts as an interpreter of regulation, a reconciler of records and, increasingly, an adviser on choices such as which tax regime to adopt.

1.2 Problem Statement and Rationale

Academic and professional writing on tax compliance in India tends to concentrate on law and procedure, or on large-sample macro measures such as tax-to-GDP ratios. Far less is available on the client side of a small CA practice: how experienced clients are with filing, which channel they use, how well they understand the choice between regimes, and whether they would put their own reputation behind a filing service. This matters to finance managers because awareness gaps translate into avoidable tax cost, late filings, notices and weaker client relationships, and because for a professional-services firm advocacy is a primary source of new business.

This paper addresses that gap using Synergy Consulting, a Pune firm established in 2000 and headed by Mr. Biswajit Acharya, as the study setting. The firm offers GST registration and return filing, income tax and TDS compliance, statutory and tax audit, accounting and advisory services to trading, manufacturing and service clients. The author worked with the firm's taxation team between 1 June and 1 August 2026, assisting with GSTR-1 and GSTR-3B preparation, ITR preparation, invoice verification and reconciliation of records with Form 26AS and AIS.

1.3 Research Questions and Objectives

The study is guided by four research questions: (RQ1) What is the practical workflow and legal framework governing GST and income tax filing as applied at the firm? (RQ2) How do the computations in representative cases illustrate the cost of compliance decisions? (RQ3) What do clients know about their filing options, particularly the Old and New Tax Regimes? (RQ4) What is associated with a client's willingness to recommend a reliable filing service? These translate into the following objectives:

1. To describe the GST and income tax compliance framework and the filing workflow followed at the firm.
2. To illustrate, through two worked cases, how GST liability and income tax liability are computed and how the choice of regime changes outcomes.
3. To profile clients by age, experience, service category, filing channel and ITR form.
4. To measure client awareness of the Old and New Tax Regimes and to test its association with advocacy.
5. To recommend operational and advisory improvements for the firm and similar practices.

2. Literature Review and Conceptual Framework

2.1 Theories of Tax Compliance

The classical economic model of compliance, associated with Allingham and Sandmo (1972), treats the taxpayer as a rational agent who weighs the benefit of under-reporting against the probability of detection and the size of the penalty. Slemrod and Yitzhaki (2002) extend the discussion to tax avoidance and administration and emphasise that compliance cost and the complexity of rules are part of the effective burden on taxpayers. Alm (2012) reviews evidence from theory, laboratory experiments and field studies and concludes that deterrence alone explains only part of observed behaviour; trust, perceived fairness and social norms also matter.

Behavioural work by Kirchler (2007) and Kirchler, Hoelzl and Wahl (2008) formalises this in the "slippery slope" framework, in which compliance is sustained by a combination of enforced power of authorities and voluntary trust in them. For the present study the relevance is practical: most clients of a CA firm are not seeking to evade tax, but their compliance depends on whether they understand the rules and trust the intermediary who applies them. Unintentional non-compliance caused by misunderstanding is an informational problem, and informational problems are what advisers can reduce.

2.2 Technology, Digitisation and Compliance

The technology acceptance model proposed by Davis (1989) holds that adoption of an information system depends mainly on perceived usefulness and perceived ease of use. Rogers (2003) describes adoption of innovations as a social process shaped by communication channels and the influence of trusted intermediaries. Applied to tax administration, the GST portal, the income tax e-filing portal, e-verification and AIS-based pre-filing are innovations whose benefits are realised only if taxpayers, or the professionals acting for them, can use them effectively. In practice, many taxpayers delegate this adoption to a CA firm, which makes the firm an adoption intermediary rather than a mere data-entry service.



2.3 Tax Intermediaries, Service Quality and Advocacy

Professional tax services are credence-heavy: the client cannot easily judge the quality of the work until a notice or a refund arrives. Parasuraman, Zeithaml and Berry (1985) identify gaps between client expectations and delivered service as the source of perceived quality shortfalls, and their framework highlights reliability, responsiveness, assurance and empathy as core dimensions. Reichheld (2003) argued that willingness to recommend is a compact and predictive indicator of loyalty and growth. This study adopts a five-point recommendation scale in that spirit, while recognising that it is not a formal Net Promoter Score.

2.4 Research Gap and Conceptual Framework

The reviewed literature explains why compliance behaviour varies and why intermediaries matter, but does not provide client-level evidence from a small Indian CA practice after the 2025–26 reforms. The framework in Figure 2.1 proposes that client profile and filing channel shape compliance knowledge (ITR form selection, regime awareness), which in turn is associated with service advocacy; filing channel may also relate directly to advocacy.

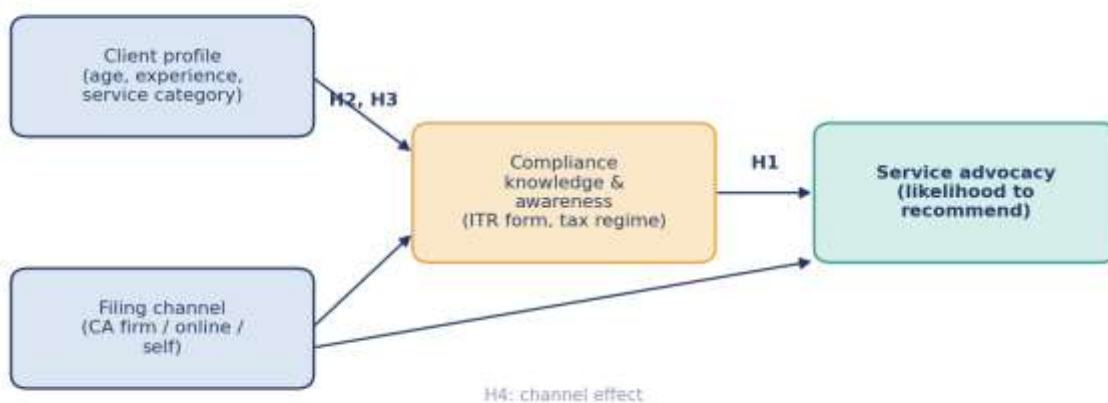


Figure 2.1: Conceptual framework and hypotheses (H1–H4)

3. Research Methodology

Research design. The study is descriptive and exploratory, combining a practice-based case component with a cross-sectional client survey. **Setting.** Synergy Consulting, Chinchwad, Pune. **Primary data** were collected through a structured Google Form completed by 21 respondents on 19 October 2026; the form had eight closed-ended items (Appendix A). **Secondary data** were drawn from the internship project report, the text and notifications of the GST and Income-tax Acts, the GST Council’s 56th meeting recommendations, the Central Board of Direct Taxes’ announcement on commencement of the Income-tax Act, 2025, and the cited academic literature.

Sampling. Respondents were reached through the firm’s client network using convenience sampling. The sample is therefore not random, and 81.0% of respondents are users of the firm itself. **Ethics.** Names collected on the form were removed before analysis; respondents are identified only by codes R01–R21. **Measurement.** The recommendation item was coded from 5 (Definitely Yes) to 1 (Definitely No). Regime awareness was coded 2 (Yes), 1 (Partially) and 0 (No); one respondent did not answer this item, so analyses involving it use $n = 20$. Filing experience was coded 0 (first time) to 3 (more than seven years). **Techniques.** Frequencies and percentages, cross-tabulations, Spearman rank correlation, Mann–Whitney U, Kruskal–Wallis H and a chi-square test of association (with Cramér’s V) were used. Given the sample size, p-values are reported as indicative evidence and not as confirmatory proof.

Table 3.1: Hypotheses

No.	Hypothesis	Test
H1	Clients with greater awareness of the Old/New Tax Regimes are more likely to recommend a reliable filing service.	Spearman ρ
H2	Longer filing experience is associated with higher regime awareness.	Spearman ρ



No.	Hypothesis	Test
H3	The ITR form usually filed differs by client service category.	Chi-square, Cramér's V
H4	Clients who file through Synergy Consulting report higher recommendation scores than clients using other channels.	Mann–Whitney U

Source: Author's formulation.

Table 3.2: Survey instrument

Item	Variable	Response options
Q2	Age group	Below 25; 25–35; 36–45; 46–55; Above 55
Q3	Years of ITR filing	First time; 1–3; 4–7; More than 7 years
Q4	Service category	Individual; Salaried; Self-employed professional; Business owner; Company/organisation; Other
Q5	Usual filing channel	Synergy Consulting; Online platform; Self filing
Q6	ITR form usually filed	ITR-1 to ITR-4; Other
Q7	Aware of Old and New Tax Regimes	Yes; Partially; No
Q8	Would recommend a reliable ITR filing service	Definitely Yes to Definitely No (5-point)

Source: Primary survey instrument (Google Form), October 2026. Q1 (respondent name) was used only for verification and excluded from analysis.

4. Regulatory and Procedural Framework

4.1 Goods and Services Tax

India follows a dual GST model. Intra-state supplies attract Central GST (CGST) and State GST (SGST) in equal halves, inter-state supplies and imports attract Integrated GST (IGST), and supplies within Union Territories without legislatures attract UTGST alongside CGST. Input Tax Credit (ITC) allows a registered person to set off tax paid on inputs against output tax, subject to the supplier having reported the invoice, which is why reconciliation with the auto-drafted statement GSTR-2B is central to monthly compliance. IGST credit is applied first against IGST liability and then against CGST and SGST (or UTGST), while CGST and SGST credits cannot be set off against each other.

The rate structure changed materially with effect from 22 September 2025 following the 56th GST Council meeting. The earlier slabs of 5%, 12%, 18% and 28% (with compensation cess on selected goods) were replaced with a 5% merit rate and an 18% standard rate, with a 40% de-merit rate for a limited list of goods such as tobacco products, luxury vehicles and sweetened beverages; official briefings indicated that most items previously at 12% moved to 5% and most at 28% moved to 18%. For practitioners this raises classification risk during transition, because invoices, ITC ledgers and HSN mapping must reflect the correct rate for the date of supply.

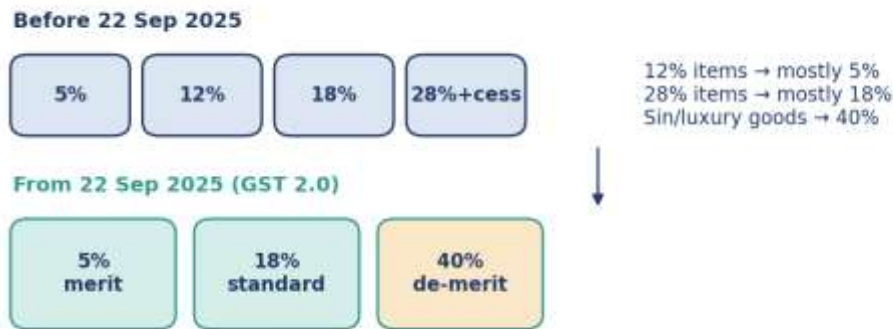


Figure 4.1: GST rate structure before and after 22 September 2025

Table 4.1: Principal GST returns and general due dates

Return	Content	Frequency	General due date
GSTR-1	Details of outward supplies (sales)	Monthly / quarterly (QRMP)	11th of next month (monthly); 13th after quarter-end (QRMP)
GSTR-2B	Auto-drafted ITC statement from suppliers' filings	Monthly (system generated)	Available around the 14th
GSTR-3B	Summary of sales, ITC claimed and tax payable	Monthly / quarterly	20th of next month (monthly); 22nd/24th (QRMP)
GSTR-9	Annual return	Annual	31 December following the financial year

Source: CGST Act, 2017 and rules; due dates are general and may be extended by notification. Verify on the GSTN portal before filing.

4.2 Income Tax

Income is classified under five heads: salary, income from house property, profits and gains of business or profession, capital gains, and income from other sources. For income earned in FY 2025-26 and earlier years the Income-tax Act, 1961 applies; income earned from 1 April 2026 falls under the Income-tax Act, 2025, which replaces the dual concepts of “previous year” and “assessment year” with a single “tax year”. Computation principles, regimes and most return forms continue without change for the current filing cycle, which is why the cases in this paper, based on FY 2024-25 data, use the 1961 Act terminology.

Individuals may choose between the Old Regime, which allows deductions such as Section 80C, 80D and home-loan interest under Section 24(b) against higher slab rates, and the New Regime, which has lower rates and a larger standard deduction but disallows most deductions. The choice is not a mere formality; it can change liability by tens of thousands of rupees, and it is the point at which professional advice has the clearest financial payoff. Capital gains also need care: for transfers on or after 23 July 2024, short-term gains on listed equity are taxed at 20% under Section 111A, and for most other assets the holding-period threshold for long-term classification is 24 months, with 12 months for listed securities. Older teaching material that cites 36 months for property should be read in that light.



Table 4.2: Choice of ITR form by taxpayer type

Form	Typically used by	Not available to
ITR-1 (Sahaj)	Resident individuals with salary/pension, one house property and other sources, total income up to ₹50 lakh	Business or professional income; more than one house property; non-residents
ITR-2	Individuals and HUFs without business/professional income; capital gains, multiple properties	Business or professional income
ITR-3	Individuals and HUFs with business or professional income (not presumptive)	—
ITR-4 (Sugam)	Individuals, HUFs and firms (other than LLPs) opting for presumptive taxation under Sections 44AD, 44ADA, 44AE	Companies; LLPs; income beyond permitted limits
ITR-5 / 6 / 7	Firms/LLPs/AOPs (5); companies (6); trusts and certain exempt entities (7)	Individuals and HUFs

Source: Income-tax Act, 1961 and CBDT return forms for AY 2026-27; summarised by the author.

For AY 2026-27, due dates were 31 July 2026 for non-audit individual filers using ITR-1 and ITR-2, with an extension to 31 August 2026 for non-audit business and professional filers using ITR-3 and ITR-4, and 31 October 2026 for assesseees requiring audit.

4.3 Compliance Workflow at the Firm

During the internship the author followed two parallel workflows, summarised in Figure 4.2. The GST workflow begins with collection of sales and purchase data and ends with payment and acknowledgement; the critical control point is ITC reconciliation with GSTR-2B before GSTR-3B is prepared. The income tax workflow begins with document collection (Form 16, bank statements, investment proofs, Form 26AS and AIS) and ends with e-verification and record keeping; the critical control point is the deduction and regime computation, followed by reconciliation of TDS credits.

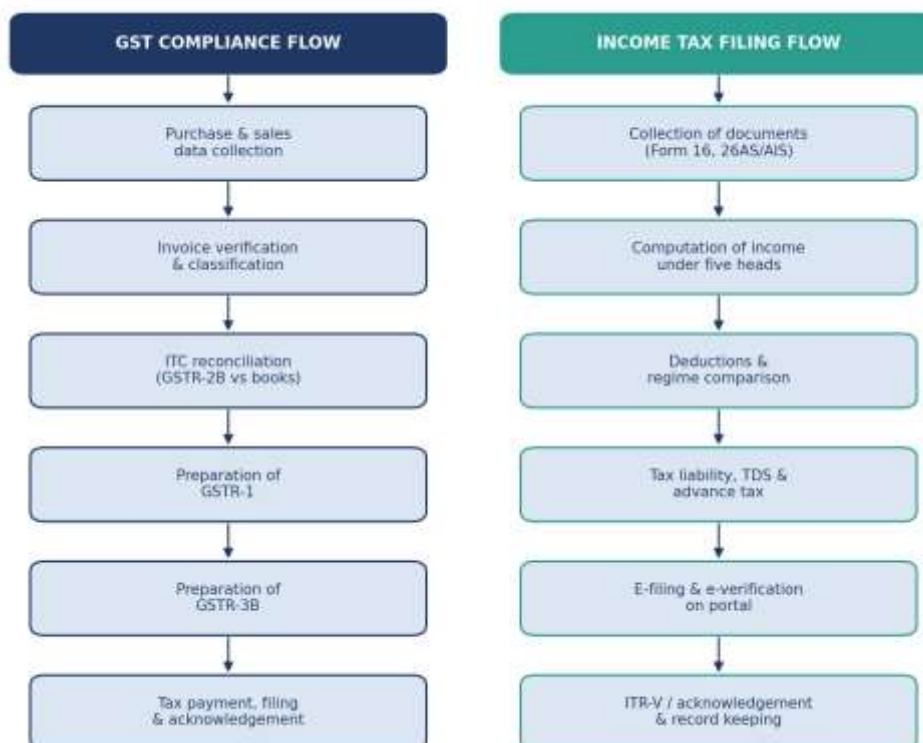


Figure 4.2: GST and income tax filing process flow at the firm



Tasks performed by the author included invoice verification and tax classification, purchase-to-sales register reconciliation, preparation of draft returns for senior review, tax computation sheets, matching of TDS certificates with Form 26AS, bookkeeping in Tally, and collection of documents from clients. Senior chartered accountants reviewed and filed returns, which is consistent with the hierarchical structure of partners, senior CAs and junior associates in the firm.

4.4 Challenges Observed and Mitigation

Four recurring operational challenges were observed in both GST and income tax work: regulatory change, data and reconciliation problems, portal and technology constraints, and deadline pressure. Table 4.3 pairs each with the mitigation practices used at the firm or recommended by senior staff during the internship.

Table 4.3: Challenges observed and mitigation practices

Area	Challenge observed	Mitigation practice
GST	Frequent amendments and, since September 2025, revised rates affecting classification and ITC	Subscription to CBIC and GST Council updates; rate and HSN master revised; internal training
GST	Invoice mismatches and delays in supplier uploads affecting ITC in GSTR-2B	Monthly vendor reconciliation; follow-up with suppliers before the 20th; automated invoice matching
GST	Portal slowdown near due dates; complex purchase-sales reconciliation	Early filing, data backups, reconciliation software, reminders and a dedicated owner for each client
Income tax	Late or incomplete documents (Form 16, investment proofs, bank statements)	Standard document checklist; centralised storage; client follow-up schedule
Income tax	Confusion over ITR form and regime; differences between Form 26AS/AIS and client records	Senior review of form choice; regime comparison; verification of TDS credits before filing
Income tax	Peak-season portal errors and JSON upload failures	File well before the deadline; keep alternate filing utilities available

Source: Internship observations and project report; consolidated by the author.

Table 4.4: Indicative compliance calendar maintained by the firm

Frequency	Compliance	Internal target
Monthly	GSTR-1 (11th); GSTR-3B (20th); TDS deposit (7th of next month)	Draft by 5th; GSTR-2B reconciliation by 12th; filing 2–3 days before due date
Quarterly	GSTR-1/3B for QRMP clients; advance tax (15 Jun, 15 Sep, 15 Dec, 15 Mar); TDS returns	Client reminders 10 days ahead; computation ready 5 days ahead
Annual	ITR (31 July / 31 Aug / 31 Oct as applicable); GSTR-9 (31 Dec); tax audit report	Document collection from April; regime comparison before filing

Source: GST and Income-tax provisions; due dates are general and subject to extension. Internal targets are the author's illustration of good practice.

5. Practical Case Analysis

The two cases below are anonymised and illustrative. Figures are representative of work encountered during the internship and were selected to show common computation steps; they are not reported as results for any named client.



5.1 Case 1: GST Return for a Trading Client

M/s ABC Traders is a proprietorship in electronics trading under the regular GST scheme, selling within Maharashtra and to other states. For the June 2026 tax period it recorded the transactions in Table 5.1, all at 18%.

Table 5.1: Transactions and GST for the tax period (₹)

Particulars	Taxable value	Rate	Output / input tax
Sales – B2B, intra-state	10,00,000	18%	1,80,000 (CGST 90,000 + SGST 90,000)
Sales – B2C, inter-state	5,00,000	18%	90,000 (IGST)
Purchases – intra-state supplier	6,00,000	18%	1,08,000 (CGST 54,000 + SGST 54,000)
Purchases – inter-state supplier	2,00,000	18%	36,000 (IGST)

Source: Anonymised client working, summarised by the author.

Total output tax is ₹2,70,000 and total ITC available is ₹1,44,000, giving net GST payable of ₹1,26,000. Set-off follows the statutory order: IGST credit of ₹36,000 reduces IGST liability of ₹90,000 to ₹54,000; CGST credit of ₹54,000 reduces CGST liability to ₹36,000; SGST credit of ₹54,000 reduces SGST liability to ₹36,000. The ITC utilised is 53.3% of output tax, so the effective cash outgo is 46.7% of output tax and 8.4% of the combined taxable sales value of ₹15,00,000.

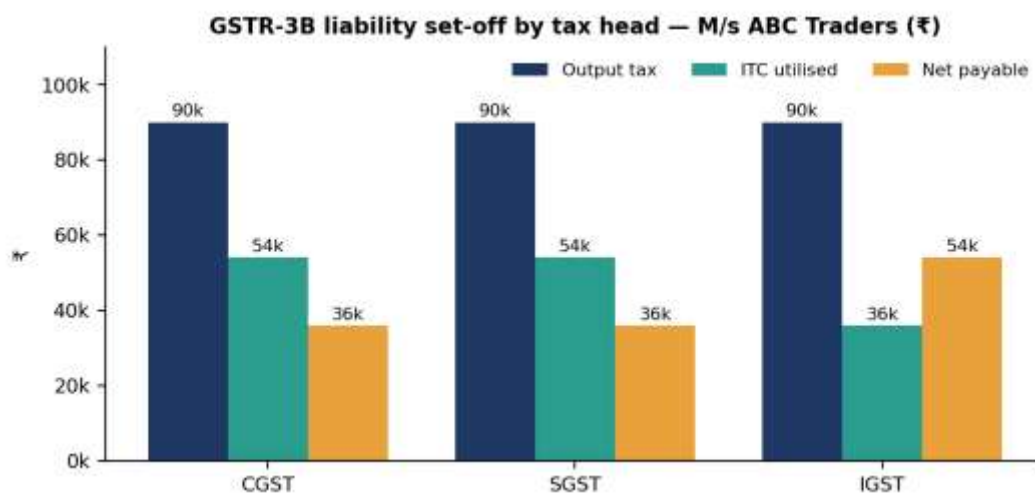


Figure 5.1: Liability set-off by tax head (₹)

Observations. First, the entire ITC of ₹1,44,000 depends on suppliers having reported their invoices; if the inter-state supplier's GSTR-1 were delayed, ₹36,000 of IGST credit would not appear in GSTR-2B and cash liability would rise accordingly. Second, with output tax at ₹2,70,000 the client's monthly cash requirement is substantial relative to margin, so timely payment before the 20th is a working-capital issue as much as a compliance one. Third, any invoice issued after 22 September 2025 for goods whose rate changed must carry the revised rate, so the classification check in the workflow is not cosmetic.

5.2 Case 2: Income Tax Computation for a Salaried Client

The second case is a salaried individual for FY 2024-25 (AY 2025-26) with gross salary of ₹15,20,000, interest on a housing loan for a self-occupied property of ₹2,00,000, short-term capital gain on listed shares of ₹40,000, dividend of ₹25,000 and savings interest of ₹12,000. Eligible deductions are Section 80C ₹1,50,000, 80D ₹40,000 and 80TTA ₹10,000, and TDS deducted by the employer is ₹1,50,000. Table 5.2 compares the liability under the two regimes.



Table 5.2: Tax computation under Old and New Regimes, FY 2024-25 (₹)

Particulars	Old Regime	New Regime
Gross salary	15,20,000	15,20,000
Less: standard deduction	(50,000)	(75,000)
Income from salary	14,70,000	14,45,000
Income from house property (self-occupied interest)	(2,00,000)	Nil
Income from other sources (dividend + interest)	37,000	37,000
Less: Chapter VI-A (80C, 80D, 80TTA)	(2,00,000)	Not allowed
Taxable income at slab rates	11,07,000	14,82,000
Short-term capital gain (Sec. 111A) at 20%	40,000	40,000
Tax on slab-rate income	1,44,600	1,36,400
Tax on STCG	8,000	8,000
Health and education cess @ 4%	6,104	5,776
Total tax liability	1,58,704	1,50,176
Less: TDS by employer	(1,50,000)	(1,50,000)
Balance payable (before rounding u/s 288B)	8,704	176

Source: Author's computation using slab rates applicable for FY 2024-25. Old Regime slabs: nil to ₹2.5 lakh, 5% to ₹5 lakh, 20% to ₹10 lakh, 30% above. New Regime slabs: nil to ₹3 lakh, 5%, 10%, 15%, 20% and 30% above ₹15 lakh at ₹4 lakh, ₹3 lakh, ₹2 lakh and ₹3 lakh steps. Section 87A rebate not applicable at this income.

The Old Regime computation is built as follows. Gross total income is ₹13,47,000 (₹14,70,000 salary less ₹2,00,000 house property loss plus ₹37,000 other sources plus ₹40,000 STCG). Because the STCG is taxed at the special rate of 20% and Chapter VI-A deductions cannot reduce it, deductions of ₹2,00,000 are set against the remaining ₹13,07,000, leaving ₹11,07,000 at slab rates. Slab tax is ₹12,500 on the 5% band, ₹1,00,000 on the 20% band and ₹32,100 on ₹1,07,000 above ₹10 lakh at 30%.

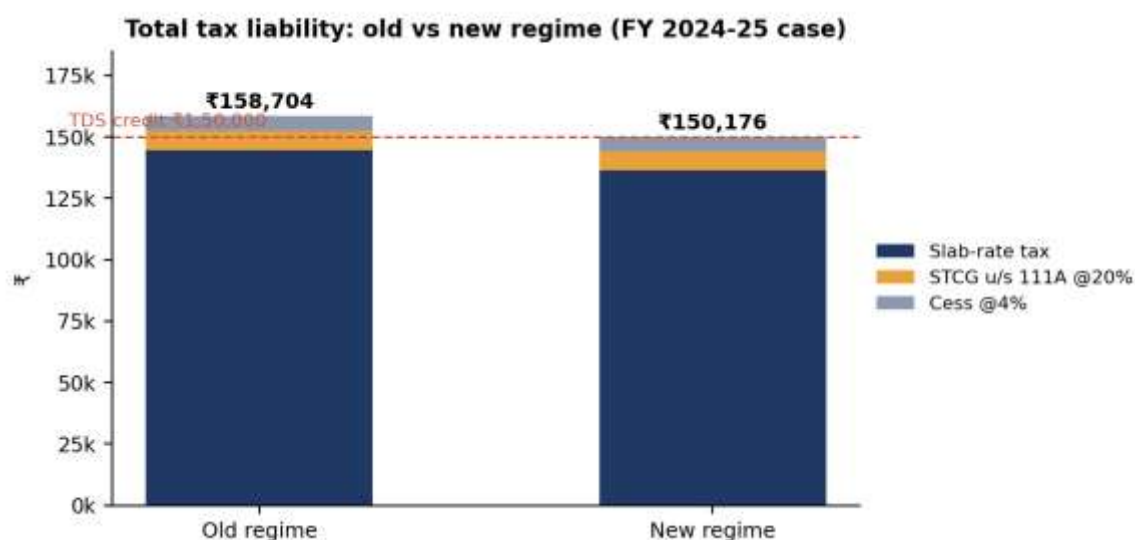


Figure 5.2: Total tax liability under Old and New Regimes (₹)



Interpretation. In this case the New Regime is cheaper by ₹8,528, about 5.4% of the Old Regime liability, even though the client uses ₹4,00,000 of house-property interest and Chapter VI-A deductions. The reason is that the New Regime's wider low-rate bands and higher standard deduction offset the lost deductions at this income. The result is sensitive: a client with higher eligible deductions, such as larger 80C, NPS or education-loan interest claims, could reverse it, which is why the comparison must be computed rather than assumed. It also shows why a client who is unaware of the two regimes (Section 6.3) is exposed to avoidable cost. Finally, a computation that wrongly applies slab rates to short-term equity gains or omits the Section 111A rate would misstate liability; such points are routine checks in the review stage.

6. Survey Data Analysis and Interpretation

6.1 Respondent Profile

Of the 21 respondents, the largest age group is 25–35 years (28.6%), followed by 36–45 (23.8%), while 38.1% have been filing returns for more than seven years and 19.0% are first-time filers (Figure 6.1). By service category, business owners are the largest group (28.6%), followed by individuals and salaried professionals (19.0% each), companies or organisations (14.3%), and self-employed professionals and others (9.5% each) (Figure 6.2). The profile is therefore skewed towards experienced filers with business income, which matches the firm's client base.

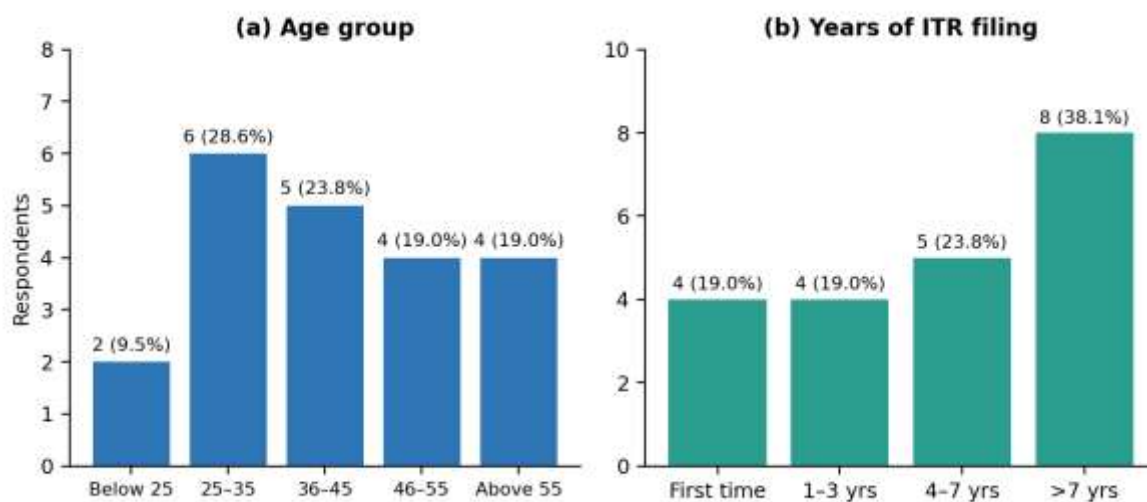


Figure 6.1: Age group and years of ITR filing ($n = 21$)

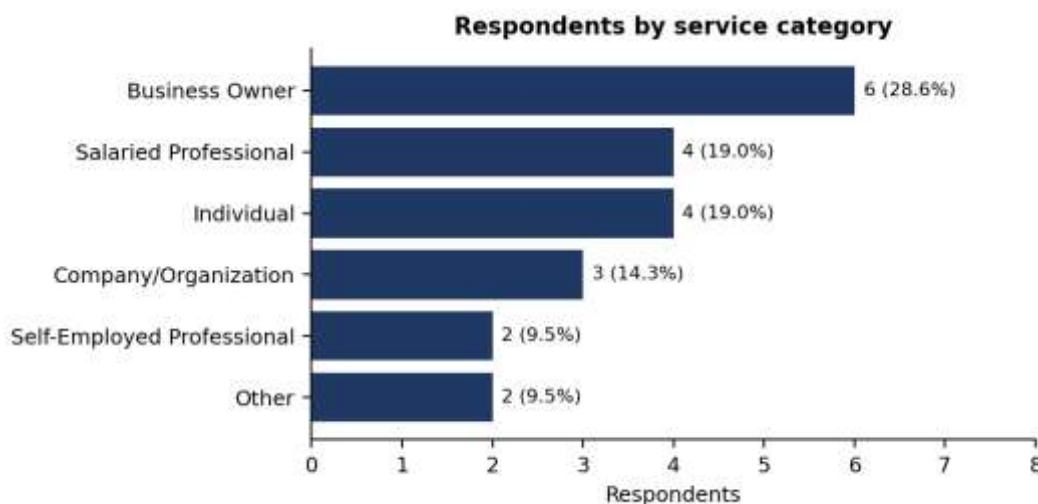


Figure 6.2: Respondents by service category ($n = 21$)

6.2 Filing Behaviour

Seventeen respondents (81.0%) usually file through Synergy Consulting, three (14.3%) use an online platform and one (4.8%) files on their own (Figure 6.3a). ITR-4 is the most frequently filed form (33.3%), followed by ITR-1 (28.6%), ITR-2 (19.0%) and ITR-3 (14.3%) (Figure 6.3b). The prominence of ITR-4 reflects the presence of small business and professional clients who opt for presumptive taxation, while ITR-1 is concentrated among salaried and individual clients.

Figure 6.4 shows the association between category and form: business owners file only ITR-3 or ITR-4, and salaried professionals file mostly ITR-1.

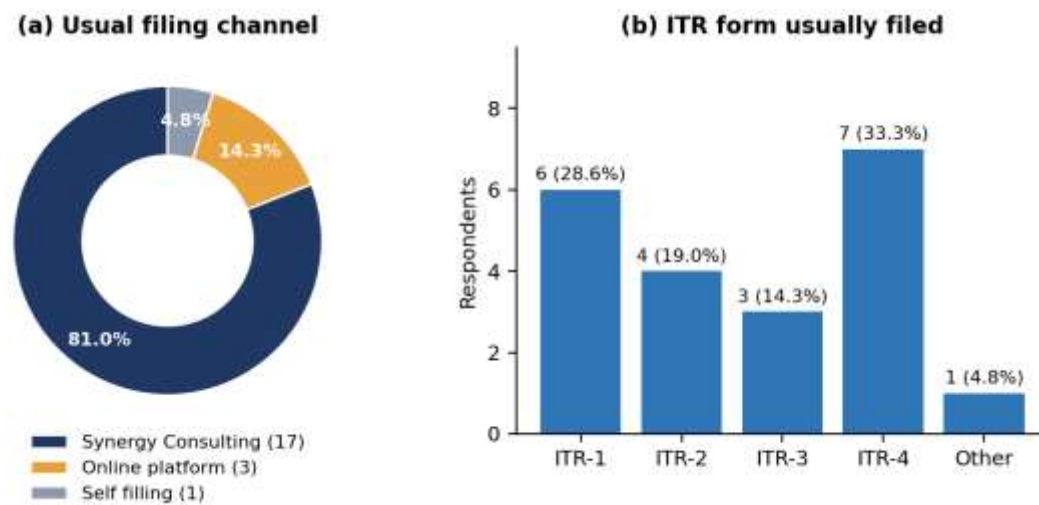


Figure 6.3: Filing channel and ITR form ($n = 21$)

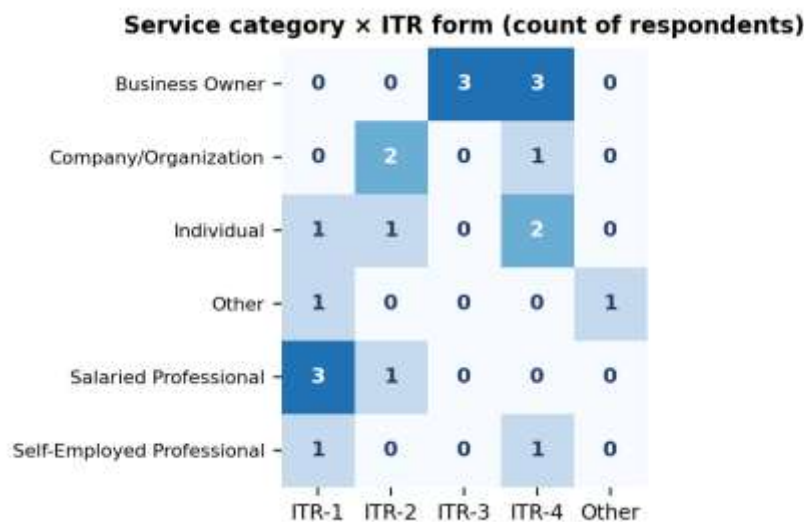


Figure 6.4: Service category by ITR form (count of respondents)

Data-quality observation. Some combinations look inconsistent with the statutory eligibility rules in Table 4.2: two respondents describing themselves as “company/organisation” reported ITR-2, which is a form for individuals and HUFs, and one self-employed professional reported ITR-1, which is not available for professional income. These may reflect respondents answering about a personal return rather than the entity’s return, or ambiguity in the category label. They are flagged as a questionnaire-design limitation (Section 9) and as a reminder that form selection is an area where clients do rely on professional confirmation.

6.3 Awareness of Tax Regimes

Awareness of the Old and New Tax Regimes is low. Of the 20 respondents answering the item, only five (25.0%) said they are fully aware, five (25.0%) are partially aware and ten (50.0%) are not aware (Figure 6.5a). Experience does not appear to close the gap: among the eight respondents with more than seven years of filing history, only one is fully aware, four are partially aware and three are unaware (Figure 6.5b). The Spearman correlation between experience and awareness is $\rho = 0.09$ ($p = 0.69$), so H2 is not supported. The two respondents under 25 were both fully aware, while five of the six respondents aged 25–35 were not, but the cell sizes are too small to draw age conclusions.

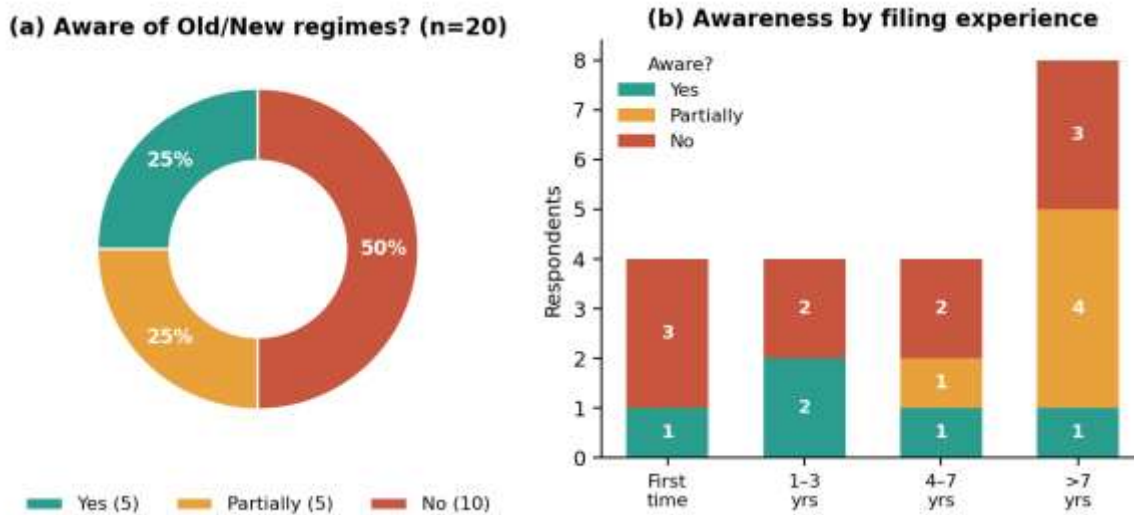


Figure 6.5: Awareness of Old and New Tax Regimes ($n = 20$)

Awareness is also low within the firm's own client base: of the 16 Synergy clients who answered, five (31.3%) are fully aware, three (18.8%) partially aware and eight (50.0%) unaware. Since the firm files these returns, regime selection is presumably being handled on the client's behalf; the survey nevertheless shows that the client does not participate in, or understand, the decision. This is simultaneously a risk (limited client ownership of a decision with financial consequences, as Case 2 shows) and an opportunity (a visible advisory service).

6.4 Advocacy

Sixteen of 21 respondents (76.2%) would probably or definitely recommend a reliable ITR filing service, including 38.1% who would definitely do so; 9.5% are not sure and 14.3% would probably or definitely not (Figure 6.6). The mean score is 3.95 out of 5 (standard deviation 1.16). As the item asks about a reliable service in general rather than about Synergy specifically, it should be read as a measure of attitude towards professional filing support and, for the 81.0% who use the firm, as a proxy for loyalty.

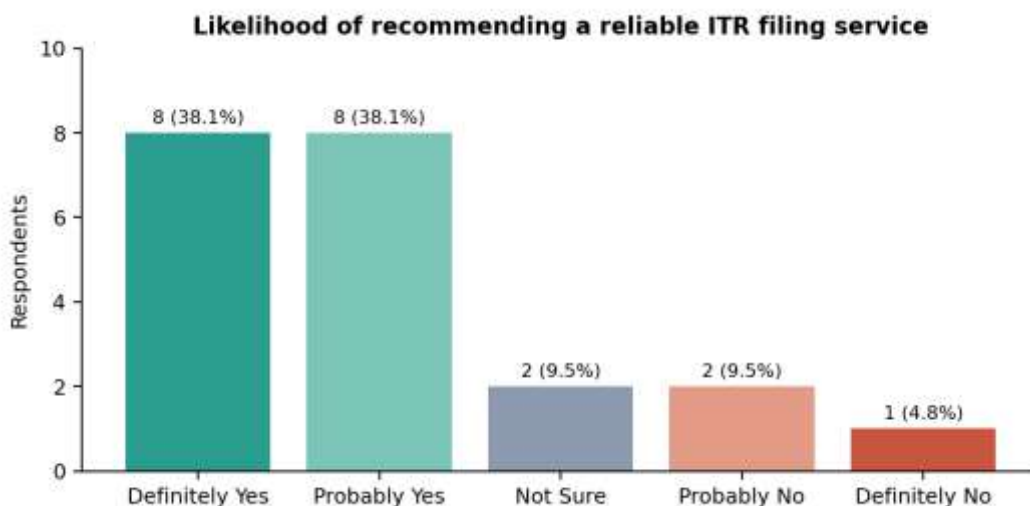


Figure 6.6: Likelihood of recommending a reliable ITR filing service ($n = 21$)

6.5 Cross-Tabulation and Hypothesis Testing

Figure 6.7 shows that the mean recommendation score rises with regime awareness: 3.40 for those not aware ($n = 10$), 4.20 for those partially aware ($n = 5$) and 4.80 for those fully aware ($n = 5$). The association is moderate and statistically significant (Spearman $\rho = 0.53$, $p = 0.017$, $n = 20$), supporting H1; a three-group Kruskal–Wallis test gives $H = 5.38$ ($p = 0.068$), which is marginal and consistent in direction. Clients who file through Synergy have a mean score of 4.18 ($n = 17$) compared with 3.00 for all other channels ($n = 4$); the difference is significant on a Mann–Whitney test ($U = 57$, $p = 0.033$), supporting H4, although the comparison group is very small. A chi-square test of category against ITR form is significant ($\chi^2 = 31.88$, $df = 20$, $p = 0.045$, Cramér's $V = 0.62$), supporting H3, but most expected cell counts are below



five and the result should be treated as exploratory. Experience is not associated with the recommendation score ($\rho = -0.11$, $p = 0.63$).

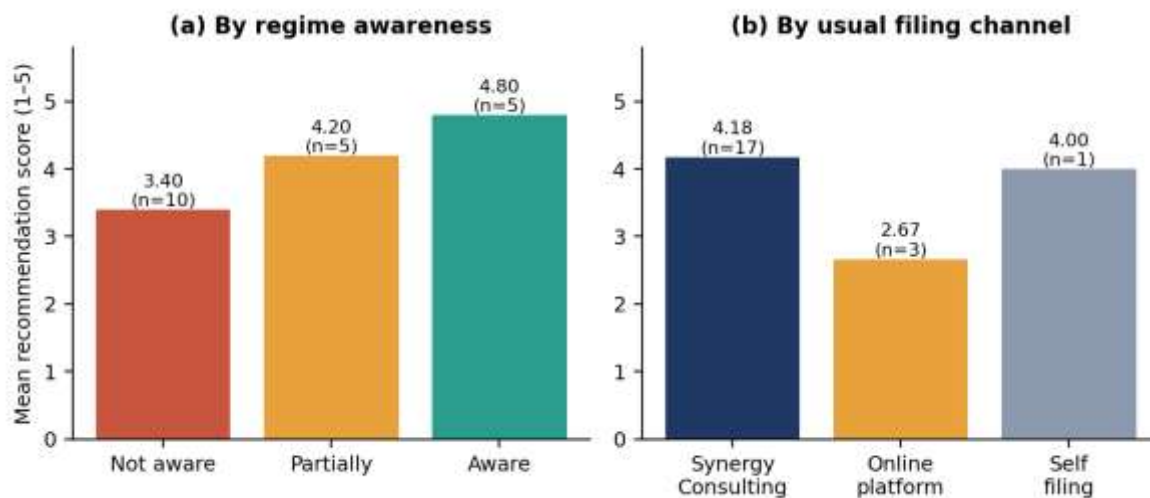


Figure 6.7: Mean recommendation score by regime awareness and by filing channel

Table 6.1: Summary of hypothesis tests

Hypothesis	Test statistic	p-value	n	Decision
H1: Regime awareness $\leftrightarrow$ advocacy	$\rho = 0.53$	0.017	20	Supported
H2: Experience $\leftrightarrow$ regime awareness	$\rho = 0.09$	0.693	20	Not supported
H3: Service category $\leftrightarrow$ ITR form	$\chi^2 = 31.88$; $V = 0.62$	0.045	21	Supported (exploratory)
H4: Synergy vs other channels, advocacy	$U = 57$	0.033	21	Supported (indicative)

Source: Author's analysis of primary survey data. ρ = Spearman rank correlation; U = Mann-Whitney; V = Cramér's V .

7. Findings and Discussion

Five findings emerge from the combined practical and survey evidence.

- 1. Compliance is channelled through the firm, and clients are largely positive.** 81.0% of respondents use the firm and 76.2% are favourably disposed to recommending a reliable service. This is consistent with the view in the service-quality literature that credence services depend on trust and reliability.
- 2. A regime-awareness gap exists, and it is not explained by experience.** Half the respondents are unaware of the two regimes and only a quarter are fully aware. Long-standing filers are no better informed than newer ones, which suggests that awareness is not accumulating through the filing process itself; it needs to be delivered by the adviser.
- 3. Awareness and advocacy move together.** Better-informed clients give materially higher recommendation scores. The data cannot establish causation, since satisfied clients may simply be more engaged, but the direction supports investing in client education as a relationship strategy.
- 4. Regime choice has measurable financial consequences.** Case 2 shows a difference of ₹8,528 on a single return and demonstrates that the right regime depends on the client's deduction profile. A systematic comparison is therefore both a value-adding service and a risk-control measure.
- 5. Process control points are where errors arise.** In GST, the control points are classification at the correct post-September-2025 rate and ITC reconciliation with GSTR-2B; in income tax, they are form selection, special-rate income such as Section 111A gains, and TDS matching with Form 26AS and AIS. The apparent form-category mismatches in the survey underline the same point.



The findings align with the compliance literature. Where rules are complex and change frequently, as with the 2025 GST rate overhaul and the transition to the 2025 Act, unintentional error and passive reliance on intermediaries become the practical compliance risks. For a small CA firm, the response is not only technical accuracy but also visible, structured communication.

8. Recommendations

The recommendations in Table 8.1 follow directly from the findings and from the challenges observed during the internship, namely frequent regulatory change, portal congestion near deadlines, invoice mismatches, coordination delays and documentation gaps.

Table 8.1: Recommendations, actions and indicators

Issue	Recommended action	Indicator
Low regime awareness	Provide every individual client a one-page Old vs New Regime comparison before filing, with the computed saving, and record the client's acknowledgement of the choice	% of clients with signed comparison; target 100% of individual filers
Advocacy depends on understanding	Run short annual client briefings and a post-filing explanation note covering form used, regime selected and deductions claimed	Recommendation score; share "Definitely Yes"
ITC and classification risk	Monthly vendor reconciliation against GSTR-2B before GSTR-3B; HSN/rate master updated for the 2025 slab changes	Mismatch value; number of ITC reversals
Form-selection errors	Standard form-selection checklist keyed to income heads and entity type, checked at the senior-review stage	Number of returns needing revision
Deadline pressure and portal congestion	Firm-wide compliance calendar with internal deadlines set 3–5 days ahead of statutory dates; early filing for large clients	Late filings; penalties paid
Documentation gaps	Centralised digital checklist and document portal for Form 16, bank statements, investment proofs and AIS/26AS extracts	Days from request to complete document set
Transition to the Income-tax Act, 2025	Internal training and a mapping guide to renumbered provisions and "tax year" terminology ahead of the July 2027 filing season	Staff trained; mapping guide issued

Source: Author's recommendations based on survey findings and internship observations.

Automation should be adopted selectively. Accounting software and GST reconciliation tools reduce manual errors, but they do not replace the judgement involved in regime advice or classification. Finally, the firm should extend its survey into a regular feedback instrument covering satisfaction, turnaround time and perceived advisory value so that advocacy can be tracked over time.

9. Limitations and Scope for Further Research

- **Sample size and sampling.** With 21 responses obtained by convenience sampling, results cannot be generalised to all clients of the firm or to the wider CA market. Inferential tests are indicative, and some results rest on very small groups (for example, four non-Synergy respondents).
- **Selection effect.** 81.0% of respondents are the firm's own clients, so recommendation scores may overstate attitudes of the general public.
- **Instrument limitations.** The questionnaire has eight closed items and does not measure satisfaction with specific service dimensions, turnaround time, fees or the client's own understanding of deductions. The



recommendation item refers to a “reliable service” generally rather than to the firm. One respondent skipped the regime-awareness item. Category and ITR form labels were ambiguous for organisation-type clients.

- **Self-reported data.** Awareness was self-assessed and not verified through knowledge questions.
- **Illustrative cases.** The two cases are anonymised illustrations and are not a statistically representative sample of client work. Tax rates and due dates are those applicable at the time of writing and may change by notification.

Further research could use a larger, stratified sample across several firms, include knowledge-based questions on regime choice, link advocacy to measurable outcomes such as retention and referrals, and examine how the Income-tax Act, 2025 and GST 2.0 affect compliance cost for small businesses.

10. Conclusion

This paper examined GST and income tax compliance from both sides of the CA firm’s desk: the procedures followed by the firm and the awareness and attitudes of its clients. The practical cases show how output tax, ITC, slab rates and regime choice jointly determine tax liability, and that a small error in classification, set-off or form selection has a direct financial effect. The survey shows a client base that is largely loyal to the firm, yet half of whom do not know the basic choice between the Old and New Tax Regimes, a gap that experience alone does not close.

For an MBA finance audience the main managerial lesson is that compliance accuracy is necessary but no longer a differentiator; the differentiator is the quality of explanation and advice around it. By converting the regime decision, the ITC reconciliation and the deadline calendar into visible, repeatable client-facing services, a firm of Synergy Consulting’s size can strengthen trust, reduce compliance risk and generate referrals. Subject to the limits of a small sample, the evidence supports that strategy.

Declarations

Conflicts of interest. The author completed a summer internship at Synergy Consulting, the firm that served as the study setting, and survey respondents were reached through its client network. The author has no financial or other interest in the firm and declares no other conflict of interest.

Funding. This research received no specific grant or funding from any public, commercial or not-for-profit agency.

Ethical approval. Participation in the survey was voluntary, and respondents were informed that their responses would be used for academic purposes and reported in aggregate (Appendix A). Names collected for verification were removed before analysis, respondents are identified only by codes R01–R21, and the practical cases are anonymised. No personally identifiable information is reported.

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Appendix A: Survey Questionnaire

Title: Client survey on income tax return filing practices (Google Form). Respondents were told that responses would be used for academic purposes and reported in aggregate.

1. Name of client/respondent (verification only; removed before analysis).
2. Age group: Below 25 / 25–35 / 36–45 / 46–55 / Above 55
3. How many years have you been filing Income Tax Returns? First time / 1–3 years / 4–7 years / More than 7 years
4. Service category: Individual / Salaried Professional / Self-Employed Professional / Business Owner / Company-Organization / Other
5. How do you usually file your ITR? Synergy Consulting / Online platform / Self filing
6. Which ITR form do you usually file? ITR 1 / ITR 2 / ITR 3 / ITR 4 / Other
7. Are you aware of the Old and New Tax Regimes? Yes / Partially / No
8. Would you recommend a reliable ITR filing service to others? Definitely Yes / Probably Yes / Not Sure / Probably No / Definitely No

Appendix B: Anonymised Response Data

Table B.1: Coded survey responses (n = 21)

ID	Age	Experience	Category	Channel	ITR form	Regime aware	Recommend
R01	Below 25	1–3 yrs	Individual	Synergy	ITR-2	Yes	Definitely Yes
R02	36–45	>7 yrs	Business owner	Self	ITR-3	Partially	Probably Yes
R03	25–35	4–7 yrs	Self-employed	Online	ITR-4	No	Probably No
R04	36–45	>7 yrs	Business owner	Synergy	ITR-4	Partially	Definitely Yes
R05	46–55	1–3 yrs	Individual	Synergy	ITR-4	No	Definitely Yes
R06	25–35	1–3 yrs	Salaried	Synergy	ITR-1	Yes	Definitely Yes
R07	Above 55	>7 yrs	Company/Org.	Synergy	ITR-4	No	Probably No
R08	25–35	First time	Salaried	Synergy	ITR-1	No	Probably Yes
R09	36–45	4–7 yrs	Other	Online	Other	Partially	Not Sure
R10	Below 25	First time	Individual	Synergy	ITR-1	Yes	Definitely Yes
R11	Above 55	>7 yrs	Business owner	Synergy	ITR-4	Partially	Definitely Yes
R12	25–35	4–7 yrs	Company/Org.	Synergy	ITR-2	No	Probably Yes



ID	Age	Experience	Category	Channel	ITR form	Regime aware	Recommend
R13	36–45	4–7 yrs	Business owner	Synergy	ITR-4	Yes	Definitely Yes
R14	46–55	>7 yrs	Business owner	Synergy	ITR-3	No	Definitely No
R15	36–45	1–3 yrs	Salaried	Synergy	ITR-2	No	Probably Yes
R16	25–35	First time	Individual	Online	ITR-4	No	Not Sure
R17	46–55	>7 yrs	Other	Synergy	ITR-1	Partially	Probably Yes
R18	Above 55	>7 yrs	Self-employed	Synergy	ITR-1	No	Definitely Yes
R19	46–55	>7 yrs	Business owner	Synergy	ITR-3	Yes	Probably Yes
R20	25–35	First time	Salaried	Synergy	ITR-1	No	Probably Yes
R21	Above 55	4–7 yrs	Company/Org.	Synergy	ITR-2	No response	Probably Yes

Source: Primary survey, 19 October 2026. Names removed; respondents coded R01–R21.