

Impact of Tally-Based Accounting on GST Compliance and Accuracy in Small and Medium Enterprises (SMEs)

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Abstract

The launch of GST in India changed how indirect taxes work - bringing together many separate charges into one simpler system instead of dealing with multiple central and state levies. Still, even though things are more organized now, there's greater pressure to get numbers right, use automated tools, plus match financial data instantly with the GSTN website. With this setup, programs like Tally ERP 9 or Tally Prime became go-to helpers for CA offices, letting companies auto-calculate GST, stay compliant without hassle, while fixing mismatches quickly.

This study looks into how Tally handles GST reconciliations within real-world accounting work. Its goal is spotting problems accountants run into when aligning their records with what shows up on the GST website - then checking whether Tally ERP actually helps fix those gaps. Data comes partly from firsthand surveys filled out by working professionals and chartered accountant offices; meanwhile, background info pulls from government GST materials, trade publications, alongside internal Tally tech summaries.

Keywords: Practical dimensions of Tally-based GST reconciliation, assessing its accuracy, efficiency, and limitations from the perspective of accounting practitioners.

1. Introduction

The launch of the Goods and Services Tax (GST) on July 1, 2017, reshaped how India handles its indirect taxes. Built to make things easier, this system brought many separate levies together into one clear structure - cutting confusion and boosting openness. Still, even though collecting tax got simpler, businesses now must routinely match their own books with what shows up on the GST website. Matching these numbers matters - it keeps companies within legal lines, allows them to claim credit for taxes paid earlier, while steering clear of fines caused by mismatches.

In old-school bookkeeping, matching up GST details meant doing everything by hand - slow work, full of slip-ups. Switching over to "Tally ERP," then upgrading to "Tally Prime," changed the game through

automated steps, checks baked into the system, along with live updates on reports. With Tally's GST feature, companies can pull in buy-and-sell records, let the software line them up against government site info, pointing out mismatches needing human review. Even with these upgrades, problems still pop up because tech falls short sometimes, people enter data unevenly, plus tax rules keep shifting.

2. Literature Review-

The rollout of GST in India sparked a flood of studies and reports centered on handling compliance, using automated systems, besides sorting out tax data. As noted by Kumar (2022), lining up GST records is key to correct filing along with getting full ITC benefits. He points out that doing reconciliations by hand usually causes invoice mismatches, late submissions, plus mistakes that bring fines. Because of this, software such as Tally ERP has become popular among accountants.

Singh plus Patel (2023) ran a poll across midsize and smaller CA offices - turns out about 80% lean on Tally ERP when handling GST tasks, thanks to how easy it is to reach, its low-price tag, also the way it lines up with India's tax rules. Still, they spotted weak spots in Tally's ability to catch tricky data gaps by itself, which hints at a growing demand for tighter links to the GSTN system.

Mishra (2021) mentions how automated tools in accounting boost speed but may cause reliance issues - particularly if people aren't trained well enough. In line with this, Gupta and Sharma (2020) discovered mistakes like wrong GSTIN inputs or mixed-up transaction types usually come from human slipups, not flaws in the program itself. So far, studies highlight two main hurdles: upgrading system logic alongside building stronger user skill

3. Research Methodology-

Research Design:

The research uses both numbers and personal views, pulling stats from organized surveys sent by Google Forms to accountants. Meanwhile, deeper thoughts came out of free-answer replies along with talks held with workers at chartered accountant offices.

Population and Sampling:

The group includes accountants, folks in auditing, also people handling money matters at smaller CA practices. We gathered answers from 40 individuals in Gorakhpur plus surrounding areas - picked them easily, making sure there was a mix when it came to job history and office scale.

Data Collection Instruments:

The main tool was a quiz with ready-made answers, touching on how often reconciliations happen, what users go through, also problems when using Tally. Each question aimed to check how well things worked, whether people felt happy about it, or ran into tech hiccups.

4. Data Collection Method-

Primary Data:

Primary details came from a Google Form sent to accountants and staff at CA firms using Tally ERP for GST tasks. The form had ten clear questions about how they use the software, how often reconciliations happen, how effective it feels, along with typical issues faced. Instead of just rating satisfaction, participants pointed out frequent errors while also highlighting where the system could get better. From fifty forms shared, forty usable answers were collected - meaning four out of five people responded.

Secondary Data:

Info came from earlier sources,

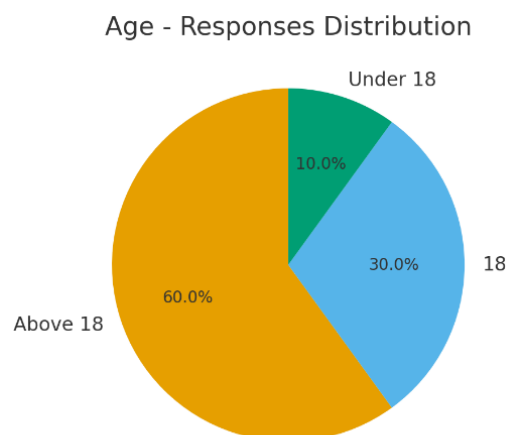
- Proofs from the GST site along with records straight off the system
- Look into academic papers about taxes and automated bookkeeping
- Tally Solutions' official guides plus their update records
- Official memos or inspection findings

Data Analysis-

The survey results from 50 people were checked, then shown using pie charts - this helps spot patterns, views, or how Tally accounting and GST checks are actually used among pros with different job types and backgrounds in tax and finance work

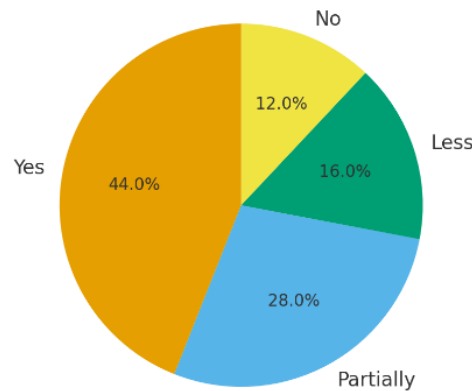
By Google form analysis here are the Pie Chart summarizing the survey responses related to GST factors.

- 1. Age:** Majority (60%) are above 18, showing the respondents are mature professionals or students. Much of those asked were older than eighteen, which shows this poll focused on grown-ups - like learners, trainees, or workers - who know their way around bookkeeping and tax rules under GST.



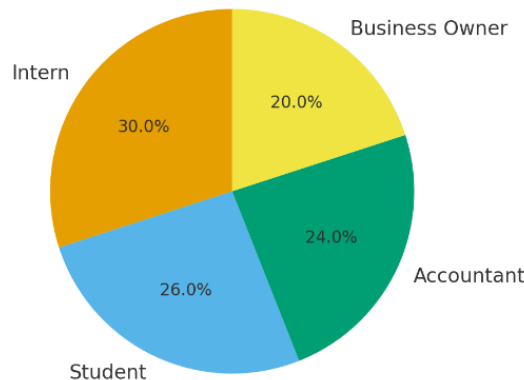
2. Knowledge about GST: A few responders know a bit about GST, while others get it fully - so overall there's some grasp on tax rules that matter for running businesses and handling money stuff. 44% have good GST knowledge, while 28% have partial understanding—indicating moderate awareness.

GST Knowledge - Responses Distribution



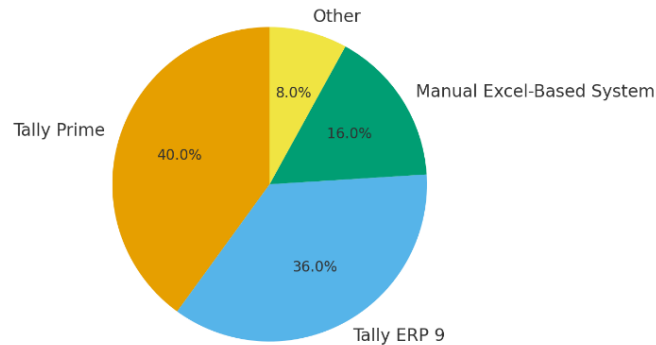
3. Profession: People taking part are mostly accountants, trainees, or learners - this means answers come from those actually doing or studying accounting, tax work, or handling GST tasks. Accountants and interns together form the largest group, suggesting practical accounting insight.

Profession - Responses Distribution



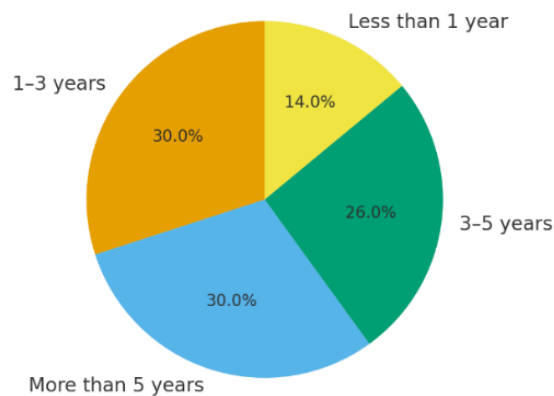
4. Version of Tally Used: Many people picked Tally Prime or Tally ERP 9, showing they lean toward newer tools able to handle online bookkeeping, tax submissions under GST, along with smoother money tracking through automated functions. Tally Prime (40%) is most used, showing modern software preference.

Tally Version - Responses Distribution



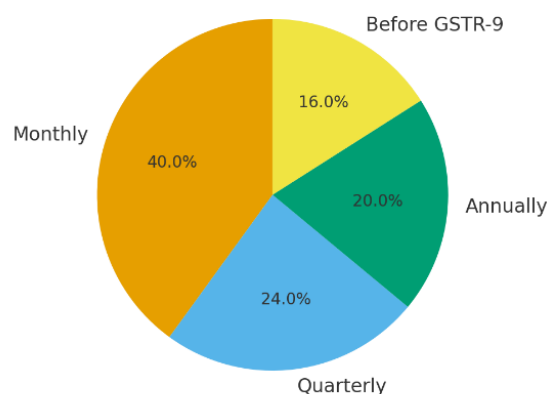
5. Duration of Tally Usage: The poll suggests plenty of companies have been running Tally for more than 36 months, which points to steady trust in the tool when it comes to keeping financial records precise while speeding up balance checks. Most firms (56%) have used Tally for over 3 years, implying strong familiarity.

Tally Use Duration - Responses Distribution



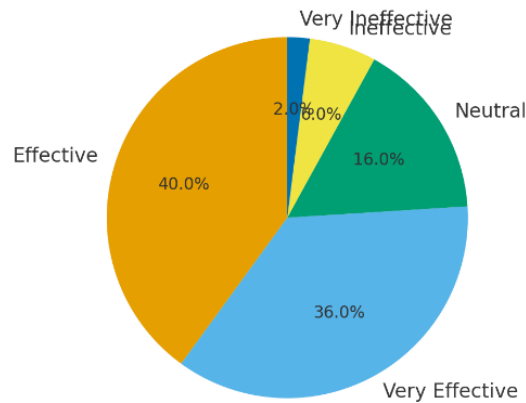
6. Frequency of GST Reconciliation: Many companies handle reconciliation every month, focusing on staying organized with finances while spotting mismatches between their books and GST filings early. Monthly (40%) use shows consistent GST management.

Reconciliation Frequency - Responses Distribution



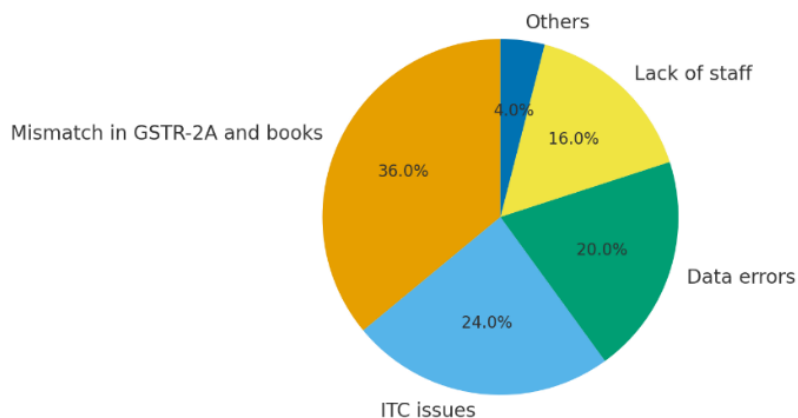
7. Effectiveness of Tally ERP: A big chunk of users think Tally ERP works well for sorting out GST mismatches, which hints they trust it to cut down errors and save effort on repetitive tasks. 76% find Tally effective or very effective, reflecting satisfaction with software performance

Tally Effectiveness - Responses Distribution



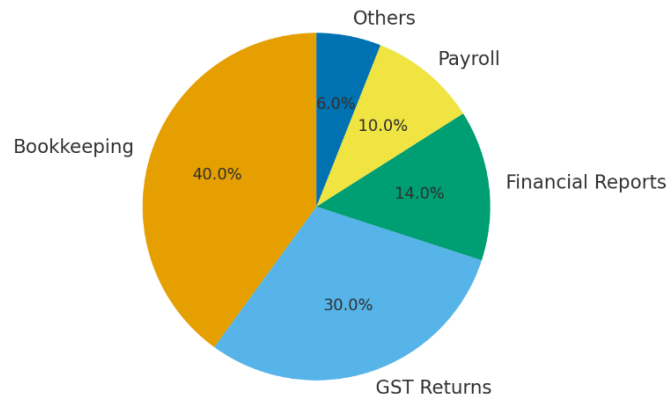
8. Challenges in GST Reconciliation: Folks often run into trouble when GSTR-2A doesn't line up with their ledgers, face hiccups claiming input tax credit, or deal with wrong entries - shows how crucial it is to tighten sync and spotting mistakes inside Tally. GSTR-2A mismatches and ITC issues dominate as main reconciliation difficulties.

Challenges - Responses Distribution



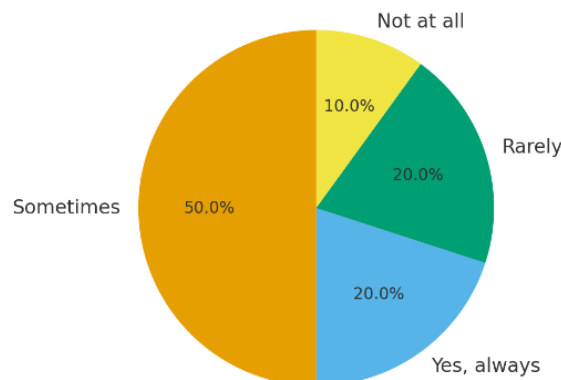
9. Accounting Functions Performed: Keeping track of finances plus sorting out GST paperwork comes up most often - proof that Tally sits at the heart of daily number work, handing taxes, along with managing records people rely on. Bookkeeping and GST return filing are most common Tally functions.

Functions - Responses Distribution



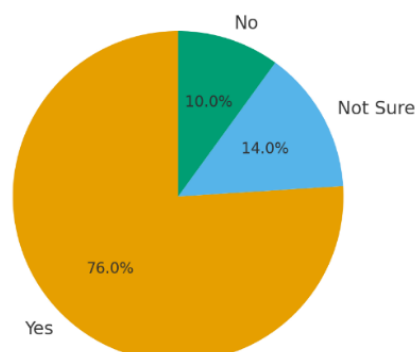
- 10. Automatic Detection of Mismatches:** One out of two people say Tally spots errors just now and then, which shows it doesn't work fully on its own - better matching features are needed to get GST numbers right "Sometimes" (50%) indicates partial automation in mismatch detection.

Auto Mismatch Detection - Responses Distribution



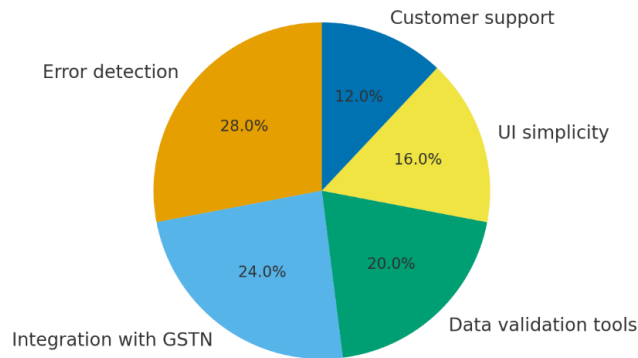
- 11. Reduction of Manual Errors:** Many people think Tally cuts down on mistakes in bookkeeping, which shows it helps keep finances clear, steady, besides accurate. While using this tool, users notice fewer slips happen when tracking money matters across different operations. 76% agree Tally reduces manual errors.

Manual Errors - Responses Distribution



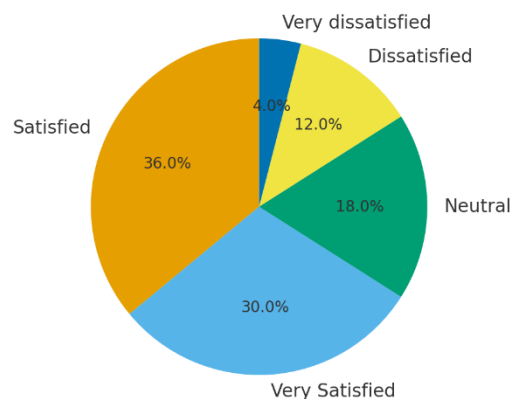
- 12. Areas for Improvement:** Users want tighter links to GSTN sites, along with smarter checks for data accuracy or clearer alerts when mistakes pop up so matching records feels less clunky and takes less time. Error detection and GSTN integration are top suggestions.

Improvement Area - Responses Distribution

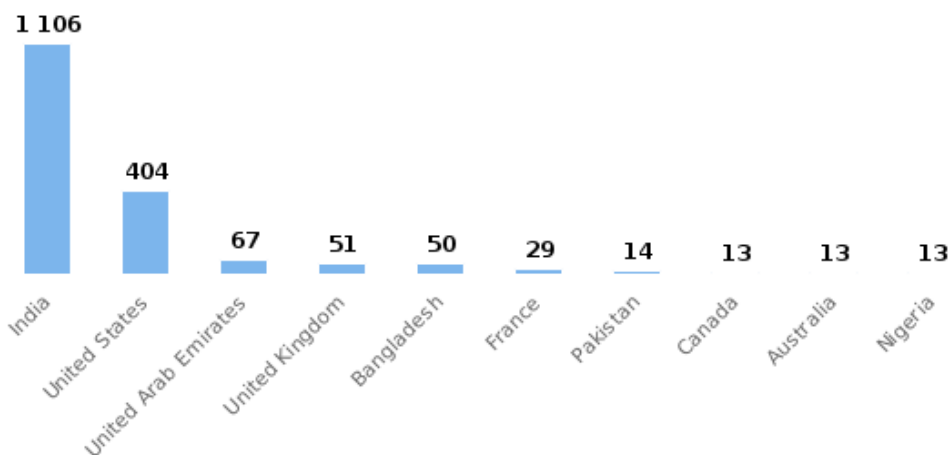


- 13. Overall Satisfaction:** Folks seem pretty happy overall - many say Tally handles GST matching well, which shows it's dependable while still being easy to use for those doing real work. 66% are satisfied or very satisfied, confirming positive user experience.

Overall Satisfaction - Responses Distribution



Distribution of companies using Tally.ERP9 by Country



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The chart above shows how many firms use Tally.ERP9 in various nations. Clearly, India leads by far - home to 1,106 users - which highlights its deep roots in local business practices for handling taxes and money tracking.

Behind it come the U.S., with 404, then UAE at 67, hinting that more regions are starting to trust this tool. Places like UK, Bangladesh, and France have a decent number too, whereas Pakistan, Canada, Australia, and Nigeria are just beginning to adopt it. Altogether, the data points to broader worldwide appeal, even though India still holds the biggest share when it comes to running finance tasks through this platform.

Recommendations.

From what we found, here's what should come next to make Tally-driven GST matching work better:

1. Regular Training and Certification:

CA practices need frequent workshops so bookkeepers learn new Tally and GSTN updates. Teaming up with approved Tally schools boosts skill levels across the board.

2. Enhanced Software Integration:

Tally Solutions could aim for stronger live links with the GSTN site, so errors drop while data pulls happen faster through smoother connections.

3. Advanced Automation:

Using smart tools that spot differences plus forecast fix mistakes cuts down on needing people so much.

4. User Interface Simplification:

Easy-to-use dashboards along with step-by-step processes help small companies handle reconciliation when tech help is scarce.

5. Data Security and Audit Trails:

Using blockchain for records plus clear tracking could boost trust and precision in money reports.

Challenges.

Even though lots of people use it, some problems keep Tally's GST matching from being fully automatic or dependable - issues like data mismatches slow things down; outdated formats cause errors too

1. Technical Limitations:

Tally's automatic tools keep changing but usually miss errors caused by mismatched data formats.

2. Human Error:

Wrong info added by mistake, GSTIN numbers that don't match up, or taxes sorted the wrong way pop up a lot - particularly in smaller businesses where oversight is light.

3. Portal Synchronization:

The GSTN website keeps changing how forms look and rules work - so matching records often runs into

glitches.

4. Lack of Skilled Users:

Most number-crunchers don't get solid tech practice, so they fumble high-end matching tools.

5. Infrastructure Barriers:

In small towns, spotty broadband plus outdated tech systems make auto-reconciliation tougher.

Conclusion.

This research shows Tally ERP changes how GST matching is handled in Indian accounting. Because it handles routine jobs automatically, cuts down on human effort, while delivering clear summary outputs, performance improves along with correct rule adherence. Still, even with those benefits, the findings indicate issues like software constraints, lack of proper staff coaching, or shifting tax policies continue to create real challenges.

To unlock Tally's true capabilities, CA companies need ongoing training - meanwhile, Tally Solutions ought to boost auto-functions and sync more smoothly with GSTN. Regular improvements, tighter connections, along with stronger data insights could turn Tally into a seamless GST handling system.

So, getting GST right with Tally doesn't just depend on the tool - what matters more is how skilled people are at using it. With digital change reshaping finance across India, blending smart features, precision, and proper learning into automated accounting systems will decide how well firms handle audits and stay compliant.

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