



International Journal of Advanced Research in Education and Technology (IJARETY)

Volume 12, Issue 5, September-October 2025

Impact Factor: 8.152



A Study on Direct and Indirect Taxation with Special Reference to GST at T N Subramanya and Associates

Shreyas K¹, Dr. Kanchan G. Rajput²

Post Graduate Diploma in Management, Dayanada Sagar Business School, Bengaluru, Karnataka, India¹

Sr. Assistant Professor, Dayanada Sagar Business School, Bengaluru, Karnataka, India²

ABSTRACT: This research provides an in-depth, qualitative analysis of the operational challenges and strategic solutions related to India's direct and indirect taxation systems, with a particular emphasis on the Goods and Services Tax (GST). The study is contextualized through a focused case study of T.N. Subramanya & Associates, a chartered accountancy firm. The methodology employs a descriptive approach, documenting the firm's processes and services, combined with qualitative research techniques such as direct observation and informal discussions. A purposive sampling method was used to select this specific firm due to its extensive experience and active engagement with a diverse client base, which offered rich, firsthand data.

The paper identifies key challenges faced by clients, especially small and medium-sized enterprises (SMEs), including difficulties with the technical and regulatory aspects of GST, such as online filings, e-invoicing mandates, and the complexity of multi-tiered tax rates. A significant finding is the impact of delayed tax refunds on a business's cash flow and working capital. The study concludes that professional firms like T.N. Subramanya & Associates play a crucial role as mediators and facilitators, bridging the gap between intricate legal frameworks and the practical needs of businesses. They provide essential advisory services, ensure regulatory compliance, and help clients optimize their tax positions, thereby enabling economic stability and growth, particularly for the SME sector.

KEYWORDS: Direct Taxation, Indirect Taxation, Goods and Services Tax (GST), Tax Compliance, Input Tax Credit (ITC), Chartered Accountancy Firm.

I. INTRODUCTION

Taxes are necessary to run a country because they support public services such as roads, schools, and hospitals. In India, taxes are classified broadly in two types: direct and indirect. Direct taxes, such as income tax, are paid by individuals or companies and are a proportion of whatever the individual or company earns. Consumers pay for indirect taxes like GST, which are added to the price of products and services. GST, introduced in July 2017, combines various taxes, including value-added tax, excise duty, service tax, and additional excise duty, to create a unified market in India. The structure of GST includes CGST, SGST, IGST and UTGST based on whether their transactions is inter-state or intra-state. This study focuses on how TN Subramanya and Associates, a tax consultancy firm, handles direct and indirect taxes, especially GST.

In terms of law, the GST subsumes taxes such as VAT and service tax into one system and is presided over by the GST Council. Businesses must follow complex rules that can be difficult to understand. Here's how TN Subramanya and Associates is helping clients to understand and comply with these rules.

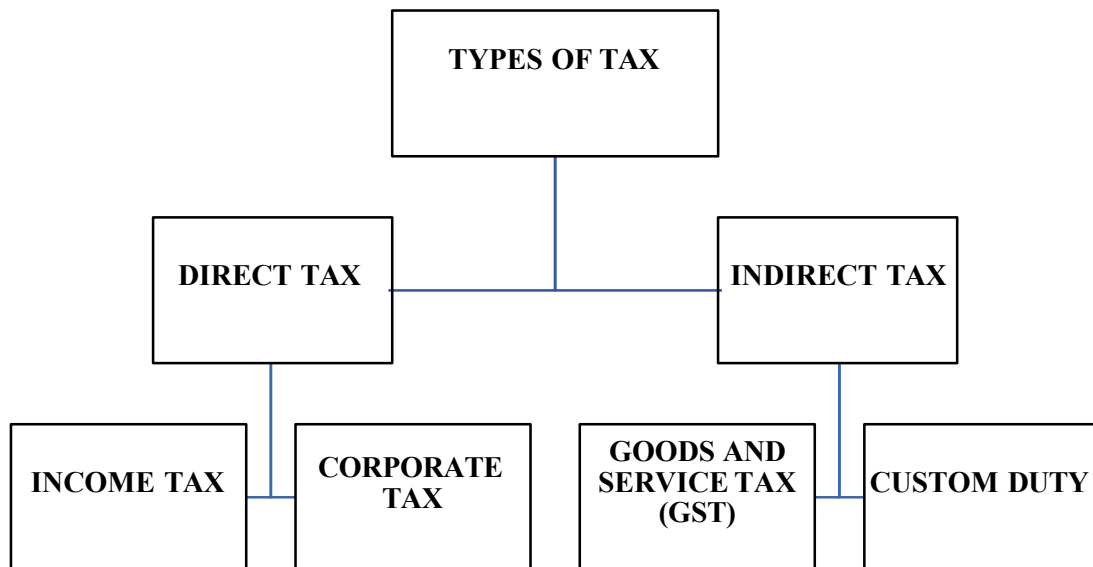
From an economic perspective, GST intends to make taxes more equitable, lower the costs of doing business and stimulate the economy. However, small firms face challenges with GST filings. The company helps clients save money and navigate taxation compliance.

For businesses, GST offers benefits like tax credits but requires accurate filings to avoid penalties. TN Subramanya and associates likely guide clients in filing taxes correctly and planning taxes smartly.

Socially, GST affects prices, which impacts consumers. Some people find the GST confusing. The firm may educate clients to make taxes easier to understand.

Technologically, GST relies on online systems like the GSTN portal. TN Subramanya and Associates likely uses technology to file taxes and to serve clients better.

This study helps to understand and looks out all these aspects – legal, economical, business, social and technological to understand how T N Subramanya and associates manages the direct and indirect taxes.



DIRECT TAX: A direct tax is one that is paid directly by the individual on whom it is levied by the government. In other words, it is the tax that an individual or business pays on their earnings (income tax or corporate tax). A direct tax cannot shift his tax burden onto someone else.

TYPES OF DIRECT TAXES

1. **INCOME TAX:** It is a type of direct tax collected on the income generated by an individual or business after the deductions as per the Income tax act, 1961.
2. **CORPORATE TAX:** According to the Income Tax Act of 1961, businesses and business organizations in India are required to pay taxes on the money they make from international transactions.
- **INDIRECT TAX:** A tax imposed on goods and services rather than on an individual's or business's income is known as an indirect tax. The liability of an indirect taxes, can be shifted to another person. The person, who is liable to pay the tax can collect the tax from someone else and then pay it to the government.

TYPES OF INDIRECT TAXES

1. **GOODS AND SERVICE TAX (GST):** It is a national-level indirect tax imposed on the production, sale, and consumption of goods and services. GST was introduced to combine all indirect taxes (except customs duty and special additional duty (SAD)) into a single uniform tax.
2. **CUSTOM DUTY:** Customs duty is a charge levied on the import and export of commodities. The purpose of this charge is to protect domestic industries, and the rates are levied on imported and exported goods in accordance with the Customs Tariff Act of 1975.

II. REVIEW OF LITERATURE

- Dr. Kishor Bholane (2025): This study on the post-GST era revealed a significant increase in indirect tax collections, suggesting a broader tax base and improved compliance. However, it did not address the operational difficulties at the firm level, which this research aims to explore.
- Menede et al. (2025): Their work with GST practitioners identified key operational bottlenecks. They highlighted

the inefficiency of the GSTN (GST Network) portal, the complexity of compliance for SMEs, and persistent issues with redeeming Input Tax Credits (ITC), which directly affects a business's working capital.

- Aarti (2025): Her analysis found that while GST has succeeded in unifying taxes and fostering economic growth, it has also introduced new challenges. She specifically pointed out the high compliance costs for small businesses and the complex, multi- tiered rate structure that can be confusing for both businesses and consumers.
- Dandona (2025): This research established a strong positive correlation between GST revenue and state-level economic growth (GSDP), suggesting that the unified tax system has a tangible benefit on regional economies.
- Vaish & Chaudhary (2024): Their findings indicated that GST has led to a more consistent and streamlined tax system, improving overall compliance. However, they also noted that the initial implementation led to inflationary expenses for certain sectors due to the new tax calculations and structures.
- Mishika Agarwal (2024): This study focused on direct taxation, highlighting issues such as high compliance costs for individuals and corporations, and the persistent problem of tax evasion. This provides a parallel context to the difficulties seen in the indirect tax system.
- Dr. Omprakash Gupta et al. (2024): This research found a general understanding of GST among the public, but a significant knowledge gap remained within small firms. This finding underscores the vital role of professional firms like T.N. Subramanya & Associates in educating and assisting this segment of the market.

STATEMENT OF PROBLEM

The issue is that GST has complex rules, such as paying taxes online, making e-invoices, and paying taxes in multiple rates from 0% to 28%. These are difficult for small businesses because they require money and time to implement. They also experience delays in recovering back taxes they have already paid, which impacts their cash flow. GST is even more difficult because these are taxed as services, and the laws are difficult to comply with. Companies such as TN Subramanya & Associates assist companies with these issues, but we don't know much about how they work or how well they work, especially for small companies.

OBJECTIVES OF STUDY

1. To understand the fundamentals and application of direct and indirect taxation in practice.
2. To assist in GST filing procedures and analyse the tax compliance requirements.
3. To observe and participate in the preparation of tax-related documentation and client advisory.
4. To understand the advantages and disadvantages of indirect taxation.

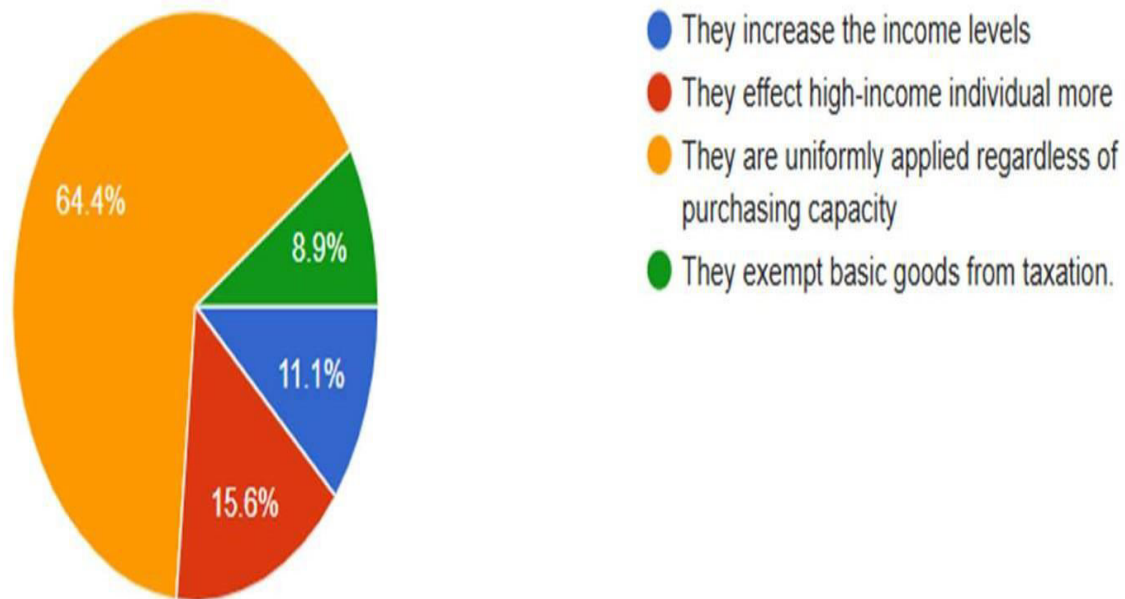
III. RESEARCH METHODOLOGY

The methodology for this study is grounded in a descriptive and qualitative research approach. The primary goal was to provide a detailed, firsthand account of the tax issues faced by clients, with a specific focus on SMEs, as managed by a professional firm. The descriptive component of the study allowed for a thorough documentation of administrative processes, compliance requirements, and operational issues observed at T.N. Subramanya & Associates.

A non-probability purposive sampling technique was employed. The firm was selected not randomly, but specifically because of its extensive experience and active involvement in both direct and indirect taxation. This allowed for the collection of rich, experience-based data, which would not have been possible through a wider, random sample. Data was collected through direct observation of daily operations at the firm and informal conversations with employees and clients. This qualitative approach provided a deeper understanding of the practical struggles and attitudes of clients as they navigate tax compliance. The primary method of data collection was a structured questionnaire which was enacted via Google Forms. Secondary data collection was done through government portals, such as GSTN portal (www.gst.gov.in) and Income Tax Department portal, Research articles, journals and reports on GST and Indian taxation.

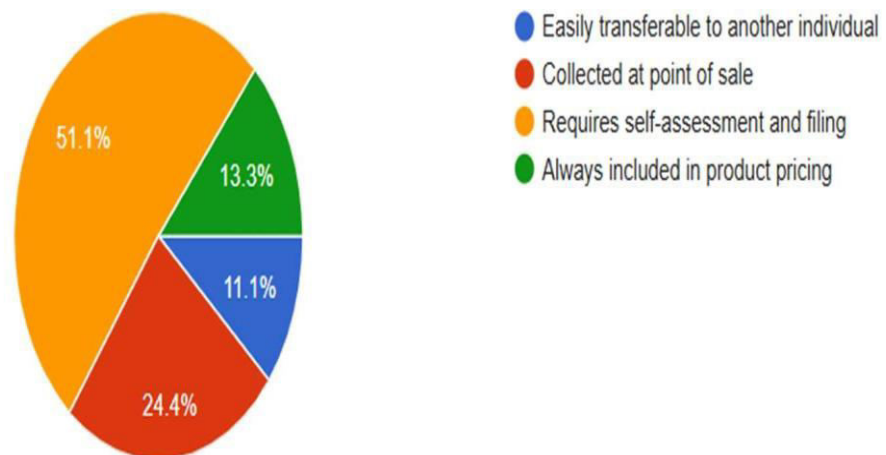
IV. RESULTS AND ANALYSIS

The research focused on understanding the effectiveness of the Goods and Services Tax (GST) and indirect taxation system through 45 responses. The findings revealed a mixed perspective regarding compliance, documentation, challenges, and sectoral benefits under GST.



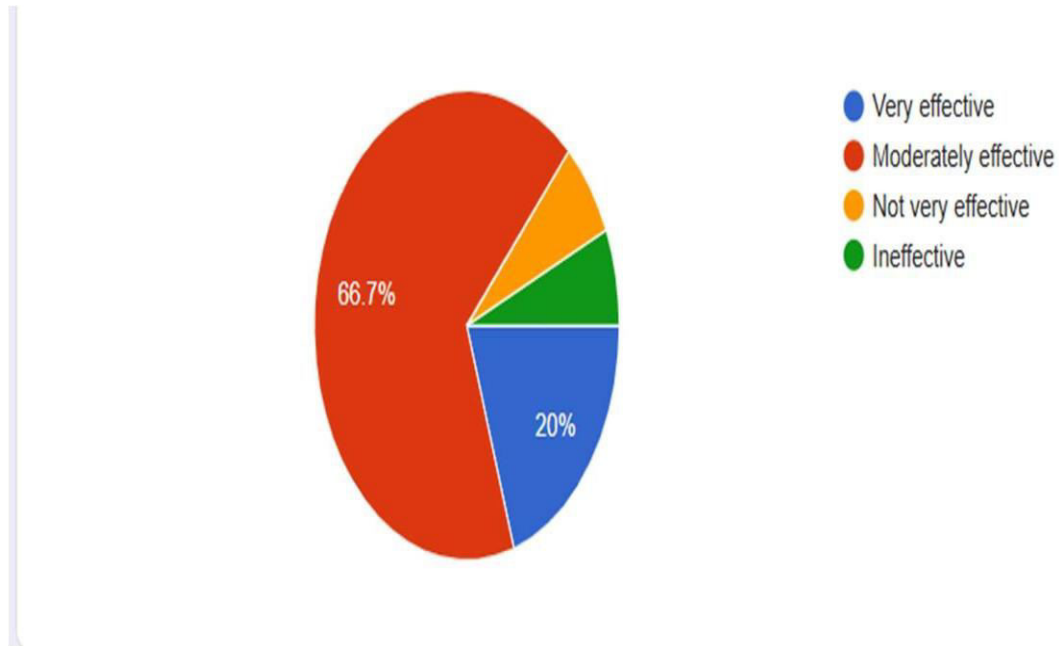
Interpretation

According to the poll results, the majority of respondents (64.4%) believe that indirect taxes are regressive since they are levied consistently on products and services, regardless of the consumer's income. This means that both rich and poor people pay the same tax rate for the same commodity. However, since lower-income individuals spend a larger proportion of their income on the basic necessities, the tax takes up bigger share of their earnings compared to wealthier individuals. Therefore, indirect taxes are reducing the power of purchase of low- income groups disproportionately, making them regressive in nature.

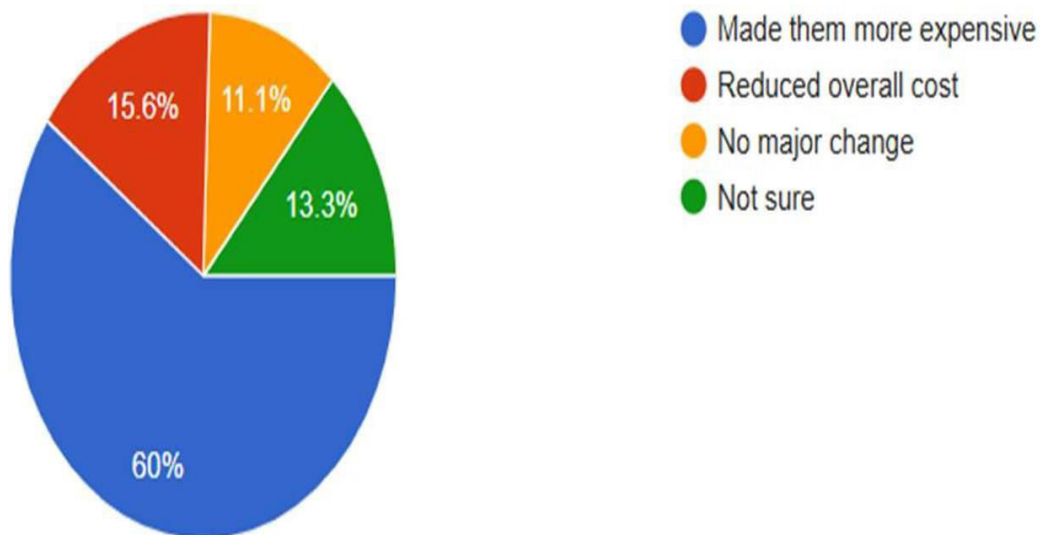


Interpretation:

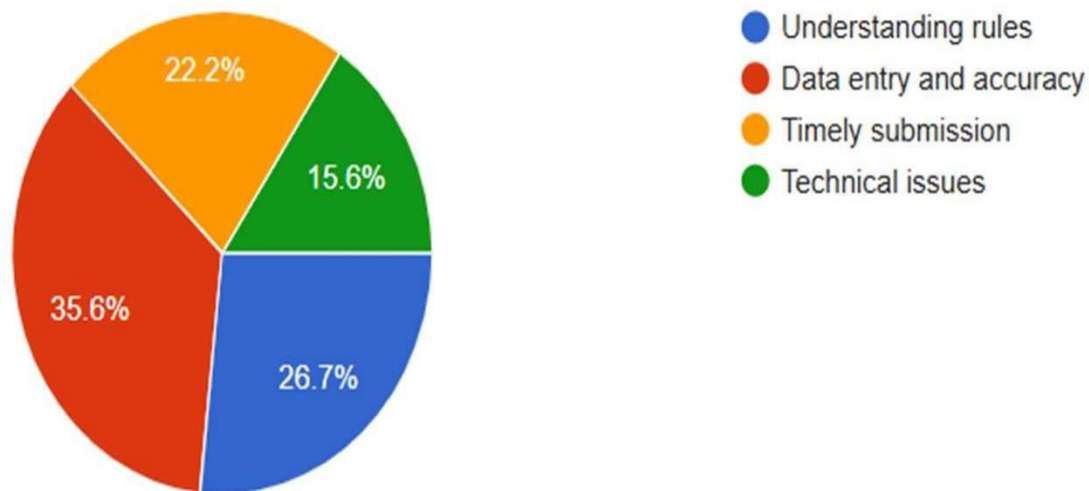
From the chart, it is clear that the majority of respondents around 51.1% correctly identifies that direct taxation requires self-assessment and filing. This reflects the essential nature of direct tax, where individuals or organisations are responsible for declaring their income and paying tax directly to the government. On the other hand, 24.4% respondents believed that direct taxes are collected at the point of sale, which is actual feature of indirect taxes like GST or VAT. 11.1% of respondents stated that direct taxes are easily transferred to another individual, which is also wrong because direct taxes are fully accountable for the person or business on whom they are levied and cannot be shifted. 13.3% respondents believed that the direct taxes always included in product pricing.

**Interpretation:**

According to the findings, a clear 66.7% of respondents believe that indirect taxes are moderately successful at fostering economic growth. This demonstrates that, while indirect taxes such as GST and VAT are acknowledged for their role in producing income and supporting government expenditure, they are not regarded as a particularly effective instrument for stimulating growth on their own. The opinion that indirect taxes can increase consumption, broaden the tax base, and streamline revenue collection is reflected in the 20% of respondents who thought they were extremely effective. However, 4.4% thought they were ineffective, and a smaller percentage (8.9%) thought they were not very successful, raising worries about their regressive nature and the burden they lay on lower-income groups.

**Interpretation:**

The chart shows that a vast majority, 60% of respondents, felt that GST has made goods and services more expensive, suggesting a perception that GST has added to the cost burden of consumers. On the other hand, 15.6% believed that GST has reduced the overall cost, showing that some sections recognise its benefits in reducing cascading taxes. Meanwhile 13.3% reported no major change, indicating a neutral impact on prices for certain categories of goods and services. Finally, 11.1% of respondents were not sure, highlighting a lack of clarity or awareness about GST's effect on pricing.

**Interpretation:**

From the chart, the largest share 35.6% of respondents stated that data entry and accuracy is most challenging aspect of GST filing. This highlights the difficulty in maintaining precise records and avoiding errors in reporting from taxpayers. Another 26.7% of respondents pointed to understanding rules as the hardest part, this indicates that frequent updates and complexity in GST compliance difficult for many. Additionally, 22.2% of respondents felt that timely submission poses a challenge, reflecting the pressure of meeting strict deadlines and avoiding penalties. The remaining 15.6% respondents reports that the technical issues are their main difficulty, which likely relates to the problems faced with the online GST portal, system glitches or internet connectivity.

When asked whether GST has improved tax compliance, 62.2% of respondents agreed that it has improved “to some extent,” while 28.9% felt it had “significantly improved.” However, 6.7% felt improvement was minimal, and 2.2% believed there was no improvement at all. This suggests that while GST has positively influenced compliance, its impact is not yet fully uniform. On understanding GST legal requirements, 46.7% claimed to understand them well, 33.3% moderately, 15.6% extremely well, and 4.4% poorly. This indicates a majority of respondents have adequate knowledge, but a section still struggles with the complexity of GST laws.

Regarding documentation tasks, 44.4% reported working mainly on GST returns, while 22.2% were engaged in income tax filings and another 22.2% on client summaries. Only 11.1% had not worked on any tax documentation. Skills required in documentation were also evaluated, with 62.2% emphasizing accuracy as most important, followed by 17.8% each for time management and legal knowledge, while communication skills received no weightage. This highlights the highly technical nature of GST work, where precision is valued over soft skills.

Challenges in taxation were also explored. The majority (40%) considered “collecting data from clients” the biggest challenge, followed by “understanding tax laws” at 37.8%. Meanwhile, 11.1% each cited “filling correct forms” and “timely submission” as difficulties. This clearly shows that practical obstacles like client coordination and legal complexity are more pressing than procedural issues. On the question of whether GST has simplified indirect taxation, 57.8% agreed it had, while 24.4% were neutral and 17.8% disagreed, suggesting that simplification has been significant but not absolute.

The research further assessed the impact of GST on business sectors. A large proportion (64.4%) believed **large businesses** benefited the most, compared to 20% for small businesses, 11.1% for the service sector, and 4.4% for government agencies. This points toward an uneven distribution of GST benefits. On pricing impact, 60% of respondents felt that GST increased the cost of goods and services, while 15.6% believed it reduced costs, 13.3% saw no change, and 11.1% were unsure. This shows that consumers perceive GST as inflationary.

In terms of economic growth, 66.7% of respondents rated indirect taxes as “moderately effective,” 20% as “very effective,” while 6.7% considered them less effective and another 6.7% ineffective. This reflects moderate confidence in GST’s role in supporting the economy. Additionally, 71.1% felt that GST had promoted transparency in the taxation system, while 28.9% disagreed, indicating that although GST has improved visibility, doubts about loopholes remain.

V. FINDINGS

- The survey found that respondents had a reasonable comprehension of taxation concepts, but there were significant misconceptions, indicating a need for more tax literacy.
- Respondents appreciated the regressive nature of indirect taxes as applied equally to each individual, and the overall burden would grow for low-income groups due to their lower opportunities for disposable income.
- Some respondents struggled to distinguish between direct and indirect taxes, indicating a lack of basic information.
- The majority of respondents (66.7%) said they would consider indirect taxes to be "moderately effective" at fostering economic growth.
- Indirect taxes like GST are recognized as important sources of revenue to the government, doubts remain about their long-term ability to support inclusive and sustainable development.
- Some respondents believed that indirect taxes were very effective, while others indicated that would be sceptical of even indirect taxes overall, pointing to the limitations of what indirect taxes can achieve.
- The analysis also drew attention to perception regarding who actually benefits from GST. The majority (64.4%) thought that large enterprises benefit the most from GST because they are better suited to comply and maximize input tax credits.

VI. RECOMMENDATION

This study suggests a number of recommendations to increase tax awareness, enhance compliance, and assist in making GST equitable and effective. The most imperative necessity is improving tax literacy for citizens and businesses. Possible actions include, structured awareness campaigns, workshops, and training sessions to help clarify basic differences between direct and indirect taxation while explaining the regressive nature of indirect taxes towards people with lower-income groups.

Second, given that compliance with GST remains a concern., the government could consider streamlining the process of filing, lowering the frequency of amendments, and providing simplified guidelines when amendments are made. Improving the capability and stability of the GST portal and responding to queries for technical support would further eliminate possible issues in filing GST. Lastly, allowing flexible submission timelines or grace periods would relieve pressure on businesses to meet the filing deadline.

Thirdly, more support is needed for small businesses and the service industry, identified as less advantaged within the GST framework. GST could be structured to be more inclusive through simplified decision-making processes, reduced compliance costs, making compliance simpler, and letting policy allow incentives such as tax credits and rebate programs for low-income earners and small businesses, and capitalizing on the efficiency of technology through electronic accounting or automated accounting software can assist eliminate data entry errors and improve accuracy.

Lastly, there should be skill-development programs for tax professionals and students, more attention being focused on accuracy, time management, and legal things continued; installing in proper skill behaviour will produce better outcomes. The best exposure comes from real practice, such as internships, simulations and clients, through real case studies will improve student development, and for professionals there are established guidelines in developing a planned development program. With the steps to implement and apply be recommended GST will be better enforced, compliance expectations will be more realistic, and the efficiency of the system should be improved.

VII. CONCLUSION

The study makes it clear that Goods and Services Tax (GST) has been a fundamental and transformational change in India's system of taxation, by replacing a complicated system of indirect taxes with a set of commodities that are far more integrated. There has also been an improvement in revenue collection, revenue transparency, and following a concrete process for making this advice systemically stronger. Participants acknowledged these benefits, but at the same time, they felt GST was still moderate and partly effective because GST's implementation remains problematic. Moreover, the regressive nature of indirect tax is still a major theme, and increasingly burdening lower-income groups. Because large businesses and government agencies benefit tremendously due to their access to resources and ability to comply with new regulations, small businesses provide a different narrative - compliance is costing time and effort to comply; compliance costs, the bureaucracy of constantly changing regulations, standards, The criteria

governing access to the GST system (portal) will continue to put pressure on a wide range of entities.

REFERENCES

1. Rao, M. G., & Kumar, S. (2023). GST and Fiscal Federalism: Impacts on State Revenues. Economic and Political Weekly,58(15),33–40 <https://www.epw.in/journal/2023/15/special-articles/gst-and-fiscal-federalism.html>
2. Paramashivaiah, P., & Suresh, B. (2022). Goods and Services Tax (GST) in India: An Overview and Impact International Journal of Research in Commerce and Management,13(3),45–52
3. https://ijrcm.org.in/article_info.php?article_id=2022 - 03-45
4. Jain, R. K. (2024). GST Compliance Challenges for SMEs in India. Journal of Taxation and Regulatory Compliance, 10(2), 22–30.<https://www.jtrc-india.org/articles/2024/gst-compliance-smes>
5. Bangar, Y., & Bangar, V. (2025). Comprehensive Guide to Indirect Tax Laws (18th ed.). Aadhya Prakashan
6. Singhanian, V. K., & Singhanian, M. (2025). Direct Taxes: Law and Practice (67th ed.). Taxmann Publications.
7. Gupta, S. S. (2024). GST Laws Manual: Acts, Rules and Forms (12th ed.). Taxmann Publications.
8. Purohit, M. C., & Purohit, V. K. (2023). Goods and Services Tax in India: An Economic Analysis (2nd ed.). Foundation Books.
9. Kumar, A., & Sharma, R. (2023). Taxation in India: Direct and Indirect Taxes. New Delhi: Atlantic Publishers.

International Journal of Advanced Research in Education and Technology

ISSN: 2394-2975

Impact Factor: 8.152