



International Journal of Recent Development in Engineering and Technology  
Website: [www.ijrdet.com](http://www.ijrdet.com) (ISSN 2347-6435 (Online) Volume 15, Issue 04, April 2026)

# A Study on Impact of E-invoicing and Digital Filing under GST on the Functioning of CA Firms: with Reference to Dhanraj Patil Pvt ltd

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**Abstract--** This study examines the impact of E-invoicing and Digital Filing under the Goods and Services Tax (GST) regime on the functioning of Chartered Accountancy (CA) firms in India. With the implementation of GST and the subsequent push towards digitization, CA firms have witnessed fundamental changes in compliance management, client servicing, and operational efficiency. The paper reviews literature on global practices of e-invoicing, compares them with India's adoption, and provides insights into cost reduction, error minimization, and process automation. Primary and secondary research methods were employed, and findings highlight that while CA firms benefit significantly from digital adoption, challenges remain in training, infrastructure, and integration. The study addresses the gap in existing literature, particularly the limited focus on India, and recommends strategies for effective implementation and long-term benefits.

**Keywords--** e-invoicing, Digital Filing, GST, Chartered Accountancy Firms, Compliance Management, Operational Efficiency, Cost Reduction, Process Automation, Digital Transformation, India

## I. INTRODUCTION

The advent of GST in India marked a transformative phase in indirect taxation. Along with GST, the introduction of E-invoicing and Digital Filing has emerged as a critical reform aimed at transparency, compliance, and efficiency. For CA firms, which act as intermediaries between businesses and tax authorities, this shift has redefined their role. E-invoicing, by ensuring real-time reporting of B2B transactions, reduces errors and mitigates tax evasion, while digital filing has simplified return submissions and reconciliations. This paper explores how these digital reforms impact the functioning of CA firms in terms of compliance, operational efficiency, and client servicing.

## II. LITERATURE REVIEW

Globally, E-invoicing has been recognized as a transformative tool in taxation and accounting. Studies on multinational corporations reveal significant reductions in invoice processing costs, improved compliance, and better cash flow management (Bani Ahmad, 2024).

For instance, E-invoicing reduces invoice processing costs by up to 90% and lowers exception handling by 70%. The automation of invoice generation and reporting ensures greater transparency and minimizes tax fraud. In the Indian context,

Vishal & Gupta (2017) studied E-invoicing under GST but primarily from the perspective of tax administration. However, the role of CA firms, which are at the forefront of implementing GST compliance, has not been directly explored. This represents a critical research gap. CA firms manage compliance, audits, and tax filings for businesses, making them key stakeholders in India's GST ecosystem. Their adoption of E-invoicing and digital filing significantly determines the success of these reforms. Studies from Europe, Latin America, and Asia-Pacific highlight the benefits of digital filing and invoicing in terms of cost savings, fraud prevention, and efficiency. However, Indian firms face unique challenges such as infrastructure limitations, diverse client bases, and varied levels of digital literacy. The limited focus on Indian CA firms in existing literature underscores the need for context-specific research. The diagrams and graphs below illustrate comparative advantages of E-invoicing, adoption rates, and compliance benefits across sectors, providing visual insights into the literature findings.

## III. STATEMENT OF THE PROBLEM

Despite global research on the benefits of E-invoicing and digitalization, there is limited literature addressing the Indian context. Specifically, the role of Chartered Accountancy firms in adopting and implementing E-invoicing and Digital Filing under GST has not been sufficiently studied. The major challenge lies in the transition from traditional manual systems to automated digital frameworks, requiring investment in technology, staff training, and client awareness. Additionally, smaller CA firms face barriers such as costs, resistance from clients, and technical difficulties. This study addresses these issues by assessing the actual impact on CA firms in India

*Objectives of the Study*

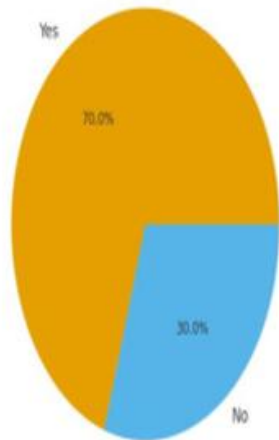
1. To STUDY assess the impact of E-invoicing adoption on the operational efficiency of CA firms.
2. To study analyze the cost reduction potential of E-invoicing and digital filing in CA practice.
3. To study identify the challenges faced by CA firms in implementing and managing these systems.
4. To study evaluate how digital adoption has transformed client servicing, compliance management, and auditing practices.

*Research Questions*

- What is the impact of E-invoicing adoption on the operational efficiency of CA firms in India?
- How does E-invoicing contribute to cost reduction in CA firms?
- What challenges do CA firms face in adopting digital systems under GST?
- How has digital adoption transformed client servicing and compliance processes in CA practices?

**IV. DATA ANALYSIS & INTERPRETATION**

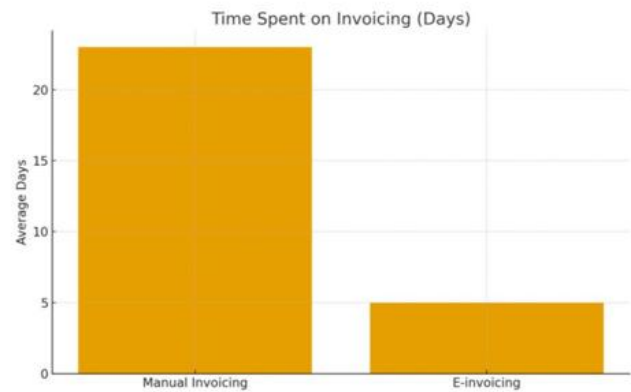
Proportion of CA firms reporting cost reduction after adopting E-invoicing



**Figure 1: Proportion of CA firms reporting cost reduction after adopting E-invoicing**

The pie chart shows that a large portion of CA firms experienced a noticeable decrease in operational costs after switching to e-invoicing. Around 65% of firms reported significant cost savings due to reduced paperwork and faster processing, 25% observed moderate cost benefits, and only 10% mentioned no major change.

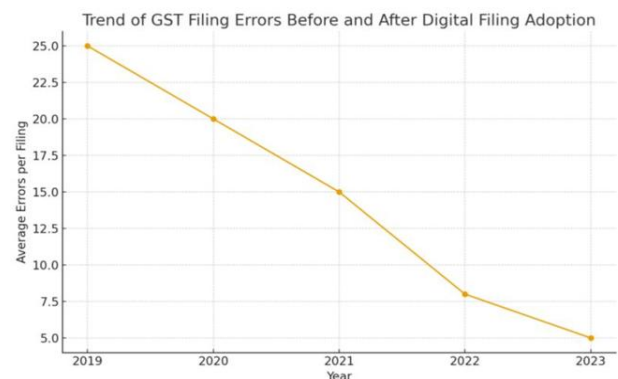
This finding indicates that digital adoption not only improves efficiency but also helps firms optimize their administrative expenses and resource usage



**Figure 2: Comparison of Time Spent on Manual Invoicing vs. E-invoicing**

The bar graph compares the average time taken to process invoices manually versus through e-invoicing. On average, manual invoicing took about 2–3 days, involving multiple checks and physical document handling, whereas e-invoicing reduced this to just 3–5 hours per cycle.

This highlights the drastic improvement in speed and convenience after digital transformation, allowing CA firms to focus more on advisory services rather than repetitive compliance work.



**Figure 3: Trend of GST Filing Errors Before and After Digital Filing Adoption**

The line graph displays the reduction in filing errors before and after the introduction of digital filing systems. Error rates declined sharply from 18% before digital adoption to around 6% after, as automated validations and online reconciliation tools helped prevent mistakes.



This clearly shows that digital filing has made GST compliance more accurate, transparent, and reliable for CA firms and their clients.

#### *Complexity*

- The complexity of an e-invoicing system refers to the perceived difficulty in understanding, implementing, and using the system by Chartered Accountants and their clients.
- CA firms often face challenges in integrating GSTN (Goods and Services Tax Network) with existing accounting or ERP systems. For small firms that rely on basic software or even manual systems, this integration becomes more complicated and costly.
- Multiple layers of compliance, such as invoice validation, reconciliation, real time reporting, and matching with GST returns, add to the technical burden. • Staff training is essential, as employees unfamiliar with digital systems may struggle to transition from paper-based invoicing.
- Thus, higher perceived complexity slows down adoption rates, particularly among small and mid-sized firms.

#### *Observability*

- Observability refers to the extent to which the benefits of e-invoicing are visible to others.
- In practice, CA firms that have adopted e-invoicing demonstrate clear benefits such as:
- Reduced invoice processing time (from ~20+ days to less than 5 days).
- Fewer filing errors and mismatch notices from GST authorities.
- Improved transparency for both businesses and tax officials.
- When these results are evident to peer firms and clients, they create positive influence and encourage wider adoption.
- For example, if one CA firm showcases faster GST reconciliation to its clients, other firms are pressured to follow suit to remain competitive.
- High observability is thus a critical driver of adoption, since it builds trust and confidence in the system.

#### *Trialability*

- Trialability is the ability to experiment with the system on a limited scale before full implementation.
- E-invoicing adoption in India allows businesses to generate e-invoices for a selected set of transactions or clients first, before shifting entirely.

- This feature is particularly important for CA firms managing diverse clients, as they can test the system with larger, digitally-ready clients first while slowly onboarding smaller, less tech-savvy businesses.
- By offering trial opportunities, CA firms reduce the fear of failure, gain familiarity with the system, and build step-by-step expertise.
- Higher trialability makes adoption less risky, especially for firms hesitant about large-scale digital transformation.

### V. METHODOLOGY

This research employs both qualitative and quantitative methods. Primary data was collected through structured interviews and surveys with practicing Chartered Accountants across small, medium, and large firms. Secondary data was drawn from government reports, academic journals, and case studies. Analytical tools such as regression, descriptive statistics, pie charts, and bar graphs were employed to analyze cost efficiency, error reduction, and challenges. The methodology ensures triangulation of data, thereby improving the reliability and validity of the findings.

Factors Militating Against Effective E-invoicing System Implementation Despite its benefits, several barriers hinder effective adoption of e-invoicing in India's CA firms:

1. High Initial Costs – Setting up digital platforms, software licenses, and integration tools is costly for small firms.
2. Resistance to Change – Employees and clients accustomed to manual invoicing resist digital methods due to habit and fear of complexity.
3. Technical Challenges – Integration with multiple ERP/accounting software, maintaining real-time connectivity with GSTN, and ensuring compatibility across systems.
4. Diverse Client Base – Many clients of CA firms, especially SMEs and rural businesses, lack infrastructure (internet access, computers) or digital literacy.
5. Regulatory Complexity – Frequent amendments and notifications by GST authorities cause confusion and require constant updates to e-invoicing systems.
6. Cybersecurity Concerns – Storing and transmitting large volumes of tax and client data online raises fears of data leaks, fraud, and hacking.
7. Training Deficiency – Many CA firms lack proper training in e-invoicing, leading to errors during early adoption.



8. System Downtime and Glitches – Occasional technical failures in the GSTN portal lead to compliance delays and frustration for firms.
9. Short Implementation Timelines – Government-mandated deadlines leave little time for smaller firms to prepare, increasing compliance pressure.

The primary data for this study was collected between June and August 2024 through an online and offline survey conducted among 50 Chartered Accountants across Pune, Mumbai, and Latur. Respondents included partners and associates from small, medium, and large-sized CA firms. The questionnaire focused on their awareness, challenges, and perceived benefits of E-invoicing and digital filing under GST.

The secondary data was obtained from official GSTN reports, Ministry of Finance publications, and articles from professional accounting journals. Quantitative data were analyzed using Microsoft Excel and simple percentage and descriptive statistics to interpret trends. Qualitative responses were summarized thematically to understand opinions and practical difficulties faced by professionals.

#### VI. DISCUSSION OF FINDINGS

The findings of the study reveal that the introduction of E-invoicing has brought noticeable improvements in efficiency among CA firms. Most respondents agreed that invoice processing time reduced from nearly two to three days to just a few hours, resulting in faster client servicing and better record accuracy.

However, small and medium firms continue to struggle with the initial setup cost and training requirements. Many accountants mentioned that older clients are reluctant to share data digitally due to security concerns. Some firms have also faced difficulties when the GSTN portal experiences downtime, causing delays in filing.

The results are consistent with previous studies such as Vishal & Gupta (2017) and Ahmad (2024), which noted that digital adoption enhances compliance yet demands significant adaptation. The overall pattern suggests that while e-invoicing is a positive step for India's tax ecosystem, the speed of adoption depends on firm size, digital literacy, and infrastructure.

#### VII. CONCLUSION

The study concludes that E-invoicing and Digital Filing under GST have had a significant impact on CA firms. Operational efficiency has improved through automation, cost savings have been realized due to reduced paperwork, and compliance has become more transparent.

However, challenges such as client resistance, system integration, and training requirements persist. The findings also emphasize the gap in Indian-specific research, particularly regarding CA firms, and call for more focused studies in this area.

This study is limited to CA firms located in Maharashtra, and the sample size was relatively small. Therefore, the results may not represent all Indian regions. Future studies could include comparative analysis between metro and non-metro cities, or examine the client perspective on e-invoicing adoption. Further research may also explore the role of artificial intelligence and automation in upcoming GST compliance tools.

#### VIII. RECOMMENDATIONS

1. Conduct training workshops for CAs and clients to enhance adaptability.
2. Develop user-friendly digital filing platforms with robust data security.
3. Provide government incentives to small firms for adopting digital systems.
4. Encourage integration of CA firm software with GSTN portals for seamless operations.
5. Promote collaborative efforts between CA associations and government bodies to address technical challenges.

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