

# **CASE STUDY**

# **AUTOMATING**

# **THE GST PROCESS**

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## **Speed and accuracy delivered by automating the GST process brought in more control and the needed peace of mind for the accounting team.**

### **Overview:**

Constantly growing organization primarily into designing and manufacturing auto components was working with few hundreds of vendors. Their monthly transactions were overwhelming for the three member accounting team to keep a track of all their accounting function and stay compliant. Importantly managing their payments and tracking the goods and services tax (GST) for all the applicable transactions and paying the taxes on time as well as filing the returns to claims the credits and ensure they stay compliant with the government regulations. As the company need to take into consideration of the location where their customers are serviced, they need to ensure they levy and account the right set of tax components- integrated goods and services tax(IGST) or central goods and services tax (CGST) and state goods and services tax (SGST).

Failing to file the GST on time for the tax levied from the customers can put them out of compliance and attract a hefty penalty. Likewise, if they miss to claim the credit for the taxes paid towards the supplies procured, company might end up in additional payout each month affecting their cashflow. Accounting the taxes properly is critical for their accounting team but multiple lapses lead them to find a fully automated solution that is not dependent on their staff and importantly error free.





## Need:

- Obtain the transactions of all the invoices generated by the company in the preceding month from the accounting software and input them in the prescribed GSTR1 format and account the taxes accurately.
- All the accounted transactions need to be sent to a processor for review and filing
- Validate the following for every transaction accounted by their sales,
  - To ensure the right set of tax is levied and accounted on the invoices (CGST and SGST or IGST) based on the location of the customer where they are served
  - Depending on the type of products or services rendered the right tax percentage is applied and collected
  - Cross check if the GSTIN provided for every customer is valid and they are in active status
- On the scheduled time of every month, directly gather the details of the good and service tax collected by their suppliers from the GST portal (GSTR2B) and reconcile them against the data generated by the company's accounting software (GSTR3B)
- Unique data elements (invoice date, invoice number, GST number, invoice amount) needs to be considered for the reconciliation to identify the missing transactions in GSTR2B
- Upon reconciling, the hundreds of payment transactions need to identify and locate the mismatch and notify the users to follow up with the vendors for timely reporting or internally reach out to the team to account the missing transactions in their accounting books so those could be reported for claiming credit.



## Challenge:

- Since the automation is heavily dependent on the data provided by their accounting system, challenge is to understand the data from the accounting system to successfully process them and prepare the GSTR1
- At times some of the data presented by the accounting system was incorrect which requires the bot to validate most of the details provided to ensure the right amounts are calculated for taxes and avoid any non-compliance
- Inconsistency of the input file formats made the automation challenging
- Mismatch of the data between the GSTR2B and GSTR3B due to data entry error made it hard for the bot to successfully match the transactions





## Benefits:

- **On-time filing of the GSTR1**

Within minutes, from the accounting software, the extracted invoice details are processed to prepare the GSTR1 file in the prescribed format which will be reviewed by the user prior to filing through the GST portal within the stipulated time every month (10th of the following month)

- **Zero Error**

Since there is no human intervention in preparing the GSTR1, there is absolutely zero error

- **Automated reconciliation of data (GSTR2B Vs GSTR3B)**

Irrespective of the volume of transactions presented by the GSTR2B and GSTR3B, the automation process allows the bot to process every transaction and reconcile using the unique data element within minutes and accurately present every single mismatch between two set of data and notifying the accounting team to follow up with the vendor for timely filing.

Average time for preparing the tax data (100 transaction)**		
	Manual	RPA BOT
GSTR1	45 min - 1 hour	5-7 min
Reconciliation of GSTR2B Vs GSTR3B	2.5 hrs - 3 hrs	5-7 min

Average time for preparing the tax data (1000 transaction)**		
	Manual	RPA BOT
GSTR1	6 hrs - 10 hrs	25-35 mins
Reconciliation of GSTR2B Vs GSTR3B	10 hrs - 15 hrs	45 mins

\*\*Considering the transactions are already available in the accounting software (Tally, Tally Prime or Any other) and downloaded for preparing the GSTR files



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