



## GST@8 survey: Learning from the past, defining the future

# Table of contents

## Introduction

- Objective and methodology
- Respondent profile

## Deloitte – Point of view

## Executive summary

## Survey findings

1. GST journey: Perception and impact of GST
2. Next phase of GST evolution: GST 2.0 recommendations
3. Ease of doing business under GST: Challenges and recommendations
4. Navigating GST disputes: Progress and asks
5. GST tech evolution: Experience and expectations
6. MSME enablement through GST: Progress and policy imperatives



# Introduction

- Objective and methodology
- Respondent profile





# Introduction

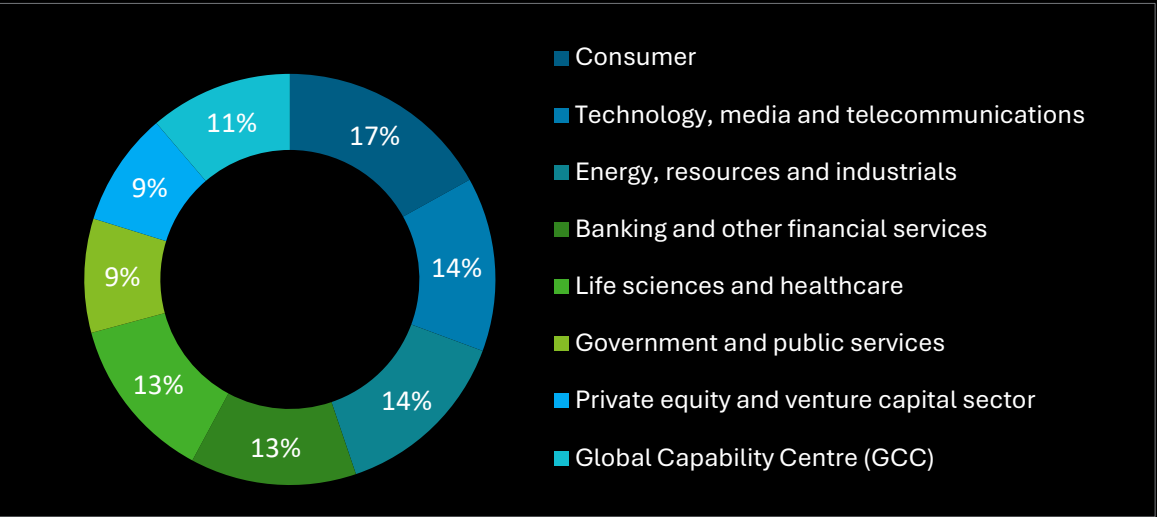
## Objective

- Analyse the effects of recent government measures, such as legal amendments, procedural simplifications and clarifications, on complex GST issues
- Assess stakeholder sentiment and the effect of reforms on efficiency, equity and business-friendliness in the evolving GST ecosystem
- Gather insights for GST 2.0 by assessing eight years of progress and identifying key reforms for a tech-driven system

## Methodology

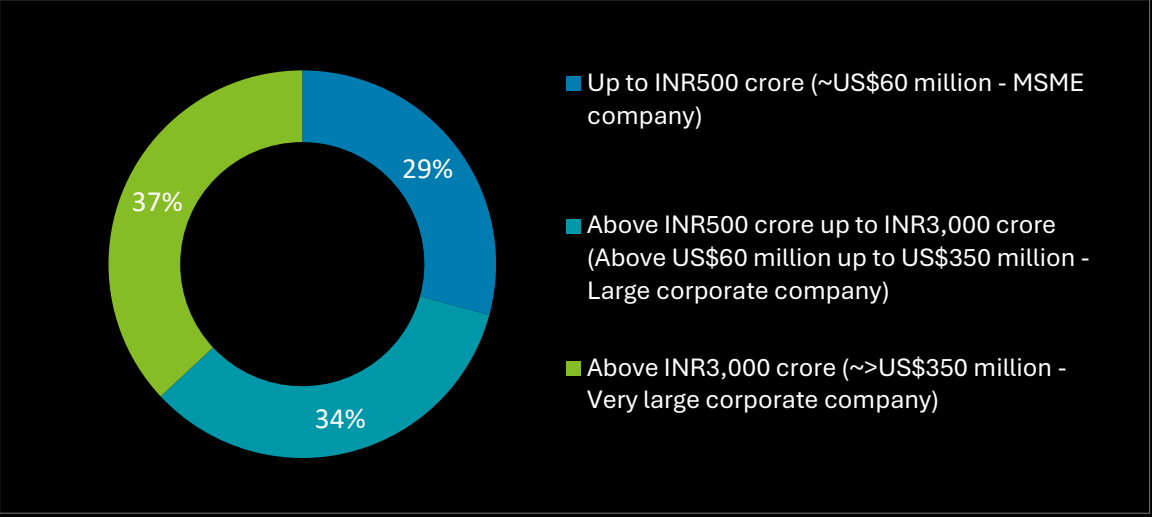
- Conducted online surveys with C-suite and C-1 level executives across various industries and company sizes
- Featured 34 questions on GST implementation and reform, gathering targeted feedback on multiple dimensions of the GST framework
- Received and collated 963 responses from eight industries, using a mix of multiple select, single select, ranking and open-ended questions

### Industry



### Respondent profile

### Turnover



# Executive summary



# Key insights

01

Industry **maintains positive outlook** on the GST journey, primarily due to the digitalisation of compliances and proactive tax policy engagement

02

Widespread **appreciation for technology adoption**; however, **thoughtful refinements are necessary** to further improve the GST portal's efficiency and user functionality

03

Stakeholders advocate for **bold reforms to enhance ease of doing business**, such as liberalised export rules, simplified registration and refund mechanisms, flexible credit utilisation, removal of mandatory cash payment requirements and curbing expansive/rigid interpretations of the law

04

Pressing need for a **more effective dispute resolution** framework. Government should curb hasty assessments, enforce time-bound scrutiny processes and ensure implementation of GST circulars to provide clarity and certainty at ground level

05

Government is listening, and industry is ready to collaborate on **shaping GST 2.0** – a more streamlined, transparent and growth-friendly tax ecosystem

# Executive summary

## 1 GST journey: Perception and impact of GST

- a) Sustained positive industry sentiment reflects the growing acceptance of GST as the mainstream tax framework
- b) GST journey has shown steady and positive momentum, marked by increased confidence, improved compliance maturity and stronger alignment
- c) GST has positively influenced business operations, particularly through compliance digitisation, supply chain optimisation and enhanced pricing competitiveness

## 2 Next phase of GST evolution: GST 2.0 recommendations

- a) **Key priorities:** Strengthening the dispute resolution mechanism, rationalising rates across sectors, ensuring audit uniformity between central and state tax authorities
- b) **Key enablers for the sectors' growth:** Promoting exports by liberalising export rules, rationalising GST rates for the entire supply chain and unlocking working capital measures
- c) **Top priorities to improve working capital:** Enabling cross-utilisation of CGST credit on a PAN level, simplifying credit note provisions and allowing year-end refunds of accumulated input tax credit

## 3 Ease of doing business under GST: Challenges and recommendations for GST 2.0

- a) Persistent impediments to the ease of doing business include challenges in obtaining refunds, a limited understanding of new-age business models and expansive pro-revenue legal interpretations by authorities
- b) **GST registration process:** Pan India standardisation of registration documents, enabling simultaneous amendment and reduced registration timelines were highlighted as key reforms to enhance the GST registration process

# Executive summary

4

## **Navigating GST disputes: Challenges, progress and expectations**

- a) Issuance of streamlined investigation instructions, fixed timelines for appeals/refunds and reduced pre-deposit rates were among the most welcomed reforms
- b) Key challenges in the GST audit/assessment process are hasty demands, lengthy audits and expansive legal interpretations by tax officials
- c) Priority areas to strengthen dispute resolution mechanism include timely audit closures, standardised documentation requirements and fair consideration of taxpayer responses
- d) Challenges in GST appellate proceedings include delays in appeal disposal, orders merely reiterating original adjudications and a lack of consideration for relevant clarifications or instructions

5

## **GST tech evolution: User experience, challenges and expectations from GST 2.0**

- a) User-friendly GST portal features are auto-population of returns based on e-invoicing data, easy information retrieval from the GSTN portal and real-time updates on GST registrations status
- b) AI-based error detection, improved data retrieval process and a unified taxpayer dashboard to monitor compliance ratings emerged as the key recommendations for enhancing the efficiency and functionality of the GST portal (GSTN 2.0)
- c) Key challenges in the Invoice Management System (IMS) include the lack of timely reconciliation alerts, operational challenges due to integration difficulties and unclear deadlines for hard-locking GSTR-3B liability and ITC

6

## **MSME enablement through GST: Progress and policy imperatives**

- a) Key GST measures supporting MSMEs include quarterly returns with a monthly payment scheme and relaxed thresholds for compulsory GST registration
- b) Strong agreement for enabling e-invoicing for B2C supplies to streamline compliance from MSME vendors
- c) Eligibility for ITC relief based on invoice receipt for QRMP taxpayers and rate rationalisation of composition schemes emerged as the key relief measures under GST for MSMEs in India



# Survey findings

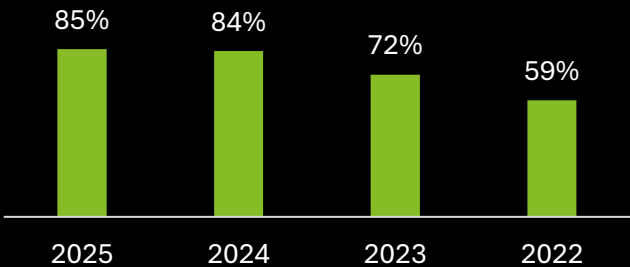
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# India Inc. continues to express a positive sentiment towards its GST journey

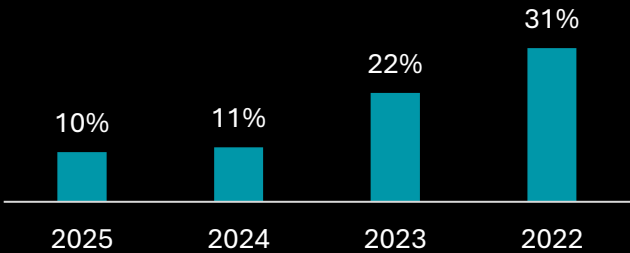
Respondents indicated a remarkable progression in their GST journey, from 59 percent in 2022 to 85 percent in 2025, underscoring increased confidence, compliance maturity and alignment with the tax framework



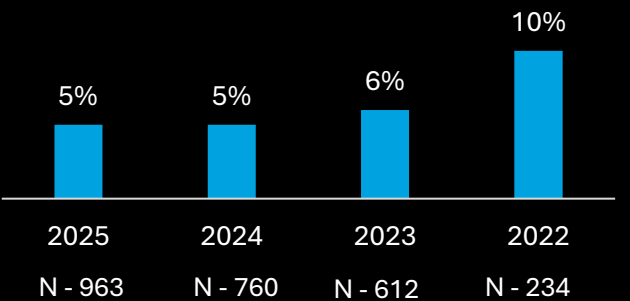
Positive



Neutral



Negative




- Overall, **85 percent of respondents highlighted a positive experience** in their eight-year GST journey – **Fourth consecutive year of growing positive sentiment**, reflecting continued confidence and adaptability with the tax regime
- Positive outlook was attributed to factors such as:
  - Simplifying and making tax processes more transparent
  - Unlocking value through seamless flow of Input Tax Credit (ITC) to reduce overall tax burdens
  - Subsuming legacy taxes, removing state check posts and enabling technological solutions for easier compliance
  - Standardising processes across states, improving refunds and ensuring strong government portal connectivity
- Nearly **10 percent of respondents cited a neutral experience**, highlighting scope for improvement, particularly in expense management and unlocking ITC
- Only **5 percent of respondents reported a negative experience with GST**, citing:
  - Limited clarity on new proposals and the retrospective nature of many pronouncements and judgments
  - Frequent unwarranted notices, disregarding previously submitted or explained facts
  - Conduct of GST audits and the tax authorities’ approach to litigation management

# GST is viewed positively across industries for promoting ease of doing business, improving tax administration and supporting economic growth

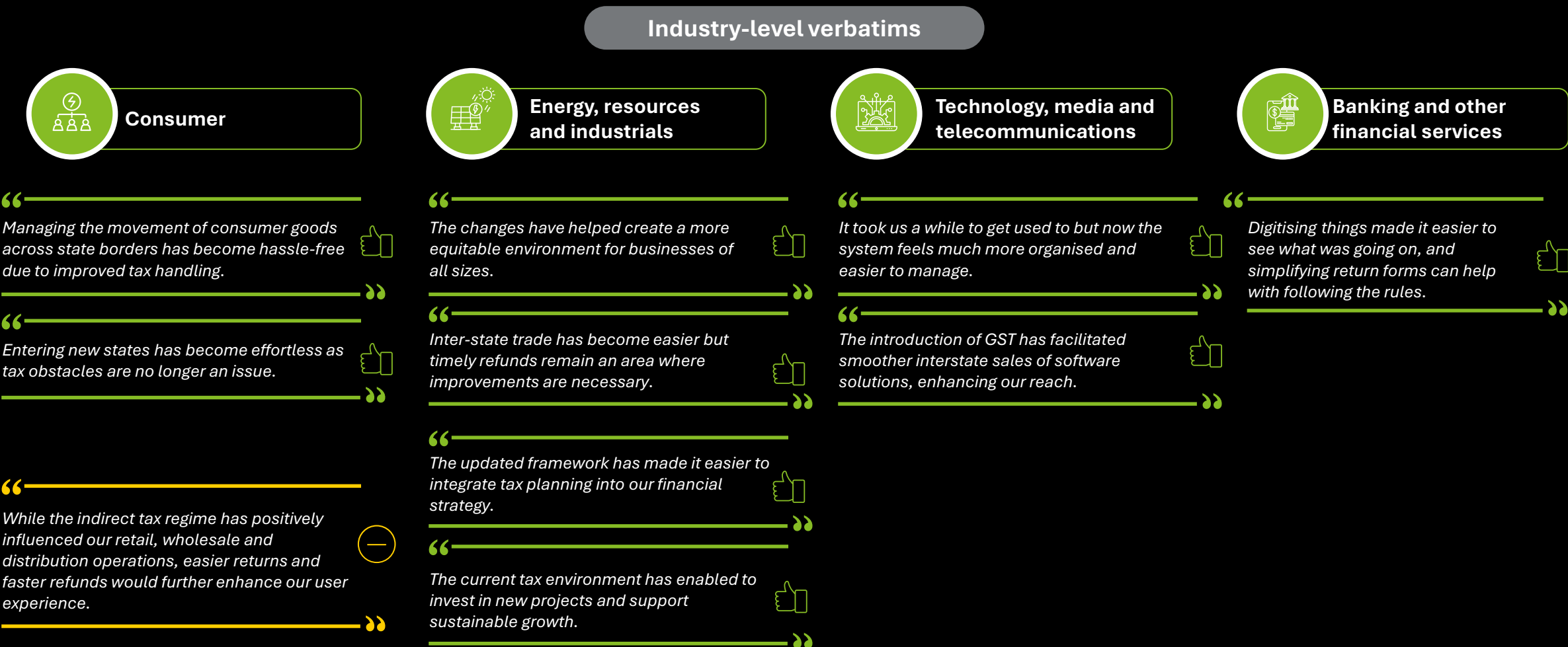
MSMEs’ GST perception improved significantly from 78 percent last year to 82 percent this year

Industry-wise perception						
	2024	2025	2024	2025	2024	2025
	Positive		Neutral		Negative	
Consumer	81%	89%	15%	8%	4%	3%
Technology, media and telecommunication (TMT)	82%	84%	12%	11%	6%	5%
Energy, resources and industrials	82%	84%	11%	11%	7%	5%
Banking and financial services	83%	85%	12%	10%	5%	5%
Lifesciences and healthcare	91%	82%	6%	13%	3%	5%
Government and public services	91%	89%	5%	7%	4%	4%
Private equity and venture capital	-	76%	-	9%	-	15%
Global Capability Centre (GCC)	-	90%	-	6%	-	4%
Business-size wise						
MSME (Up to INR500 crore)	78%	82%	14%	11%	8%	7%
Large (Above INR500 crore up to INR3,000 crore)	85%	83%	10%	10%	5%	7%
Very large (Above INR3,000 crore)	88%	90%	9%	7%	3%	3%

- GCC sector is the most optimistic about GST, with 90 percent of respondents expressing a positive perception
- Consumer and government & public services sectors also reported strong positive experiences, with 89 percent of respondents expressing satisfaction

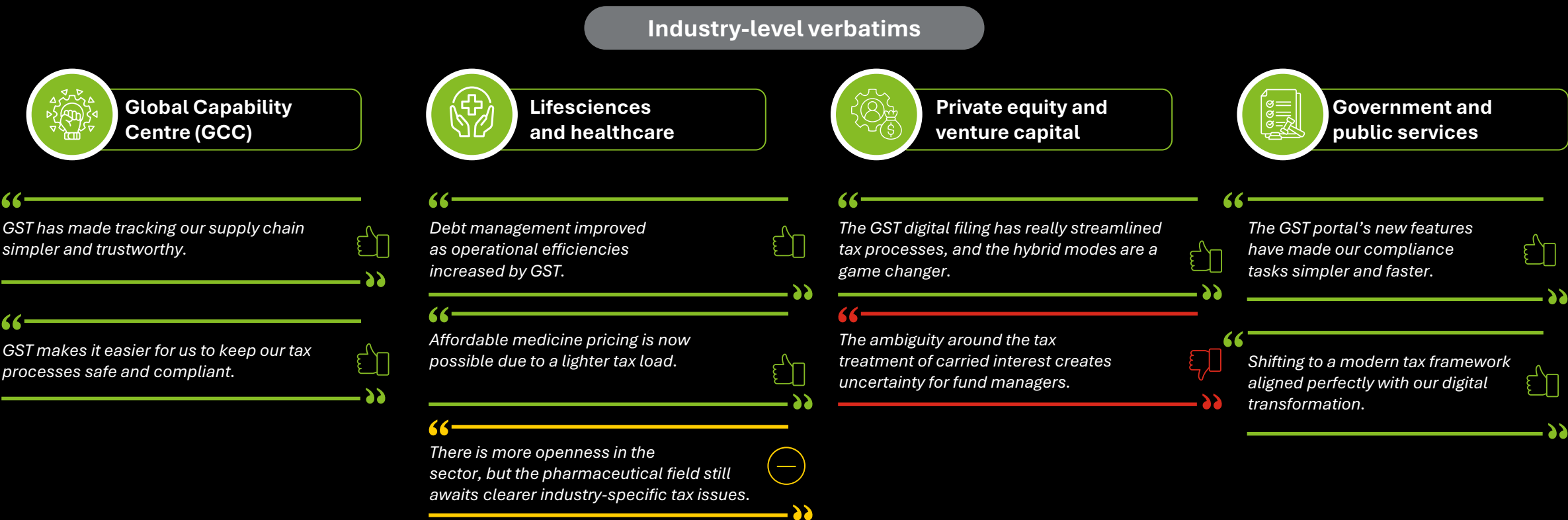
 Increase in positive sentiment from last year

# The new tax regime has simplified compliance and supported business growth, but clarity in rules and better dispute resolution are still essential





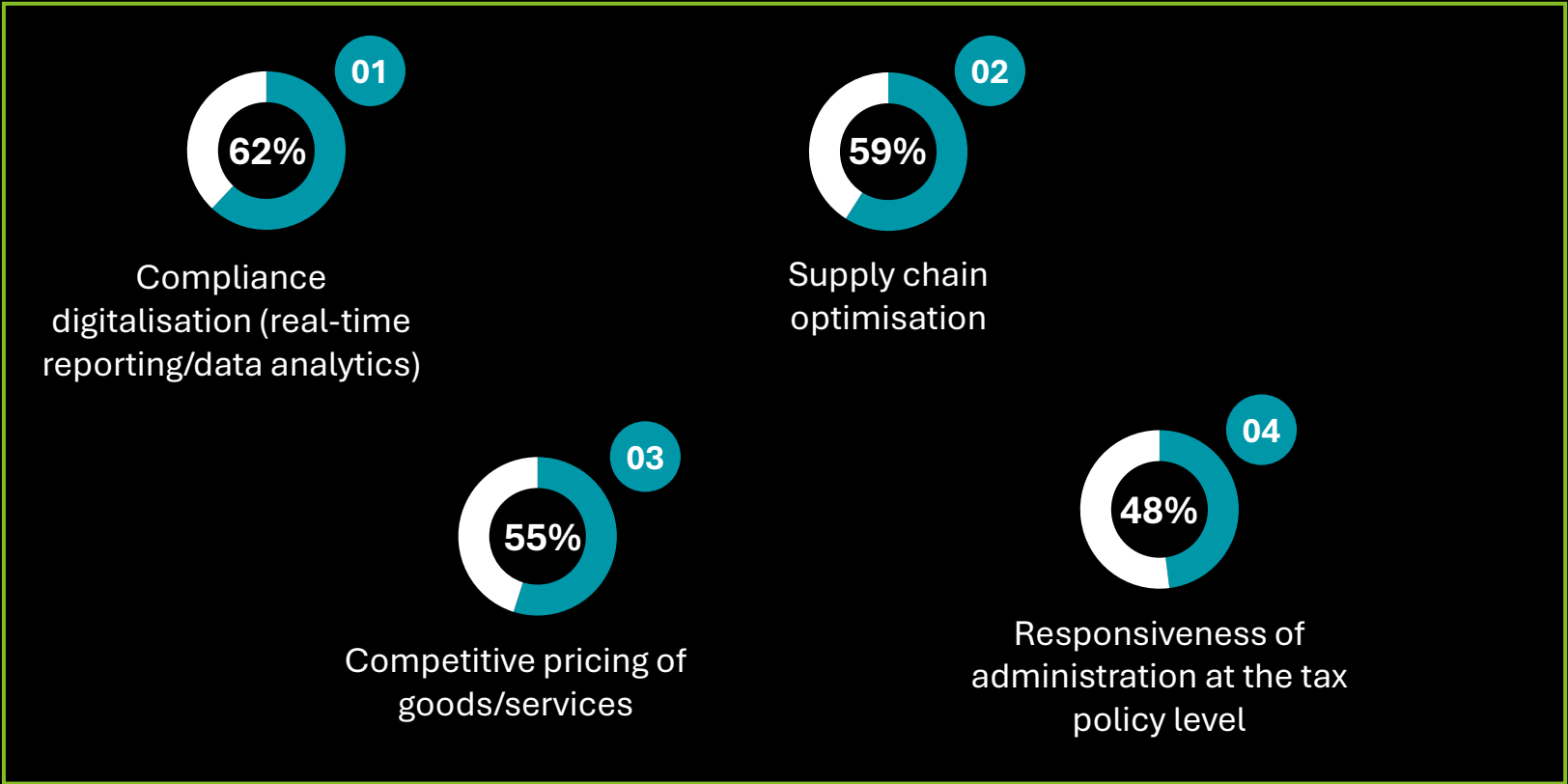
# The new tax regime has simplified compliance and supported business growth, but clarity in rules and better dispute resolution are still essential



# Compliance digitalisation topped this year's impact areas, while supply chain optimisation maintained its position from last year

*Competitive pricing of goods and services is a key driver of positive impact under GST, highlighted by 55 percent of respondents*

## Positive impact areas of GST



Key impact areas sentiment is consistent across industries, with

- **Compliance digitalisation**, being the most impactful
- **Supply chain optimisation** is the top driver for the consumer sector

Nearly half the respondents acknowledged the **administration's responsiveness at policy level as a key positive**

# Respondents across industries shared a similar sentiment, with compliance digitalisation emerging as the most impactful area in the GST journey

*MSMEs reported a stronger impact of GST on supply chain optimisation, while large and very large corporates identified compliance digitisation as the most impactful area in their GST journey*

Industry-wise									Business-size wise		
Measures	Consumer	Technology, media and telecommunications	Energy, resources and industrials	Banking and financial services	Lifesciences and healthcare	Government and public services	Private equity and venture capital sector	Global Capability Centre (GCC)	MSME	Large	Very large
Competitive pricing of goods/services	54%	53%	56%	52%	59%	56%	57%	58%	57%	54%	56%
Supply chain optimisation	67%	57%	59%	56%	65%	56%	60%	51%	64%	62%	53%
Compliance digitisation (real-time reporting/data analytics)	57%	63%	64%	60%	67%	64%	56%	65%	61%	62%	63%
Responsiveness of administration at the tax policy level	45%	49%	43%	51%	40%	49%	62%	54%	48%	45%	52%

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# Respondents highlighted automation of tax compliance, issuance of GST circulars and enhanced stakeholder engagement as the government's top-performing areas

*Automation of tax compliance remains the most positively perceived area for reducing manual errors, speeding up processing and improving filing accuracy*

## Top three areas where government performed well



51%

Automation of tax compliance, including auto-population of returns



46%

Issuance of GST circulars/instructions on contentious tax issues and clarifications based on taxpayer feedback



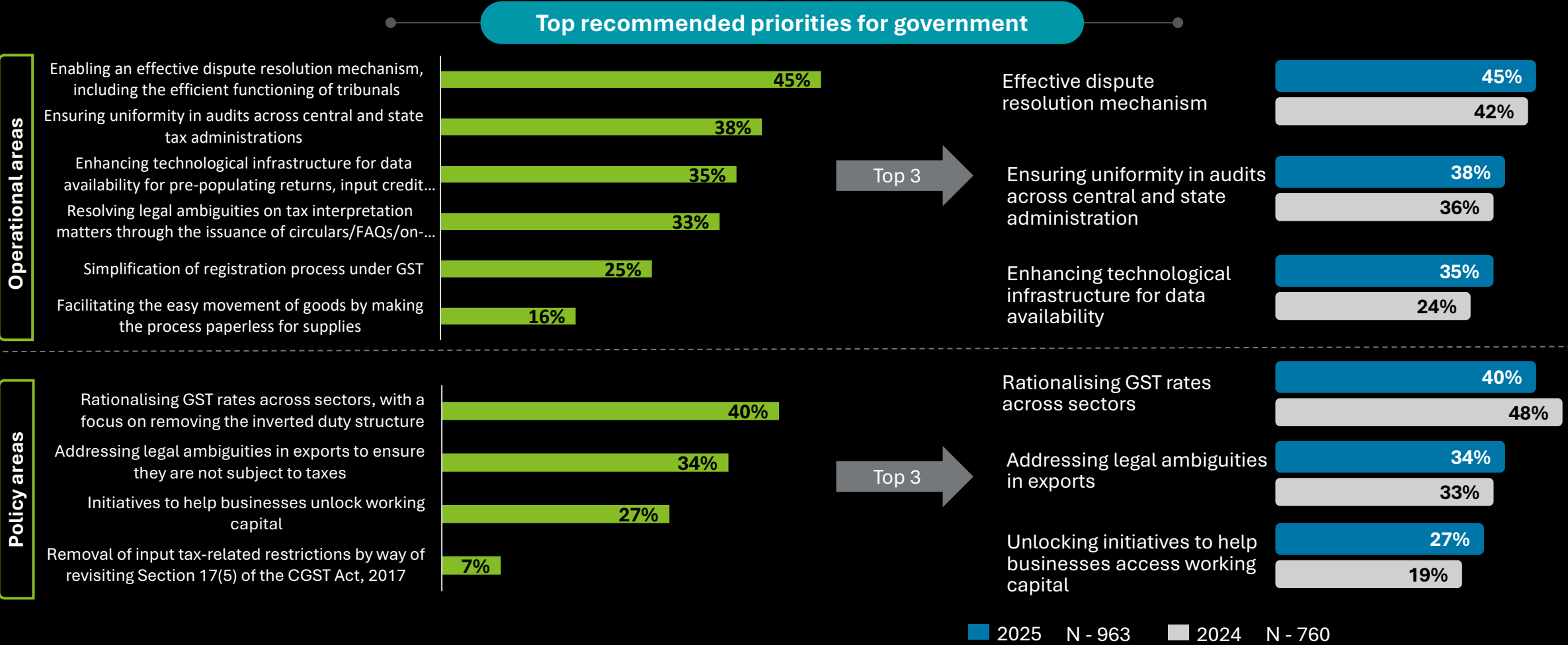
45%

Enhanced engagement with trade bodies and associations on industry-related issues

- **Tax compliance automation under GST is viewed positively** across industries and business sizes, reflecting strong government success in streamlining and digitising tax processes
  - **Stabilised e-invoicing and e-way bill functionalities (44 percent) and the introduction of IMS (33 percent)** emerged as the stand-out areas
  - **The consumer and TMT sectors reported strong support for stabilised e-invoicing and e-way bill functionalities** at 56 percent and 55 percent, respectively
- **MSMEs (44 percent) acknowledged the progress in stabilisation of e-invoicing and e-way bill functionalities**, while **very large corporates (49 percent) valued the issuance of GST clarifications**
- Support for key tax policy initiatives varied across sectors, highlighting their evolving priorities:
  - **Automation of tax compliance received strong backing from the consumer, GCC and energy sectors** at 58, 53 and 51 percent, respectively
  - About 50 percent of respondents from **the energy** sector appreciated the issuance of GST circulars and clarifications on contentious issues

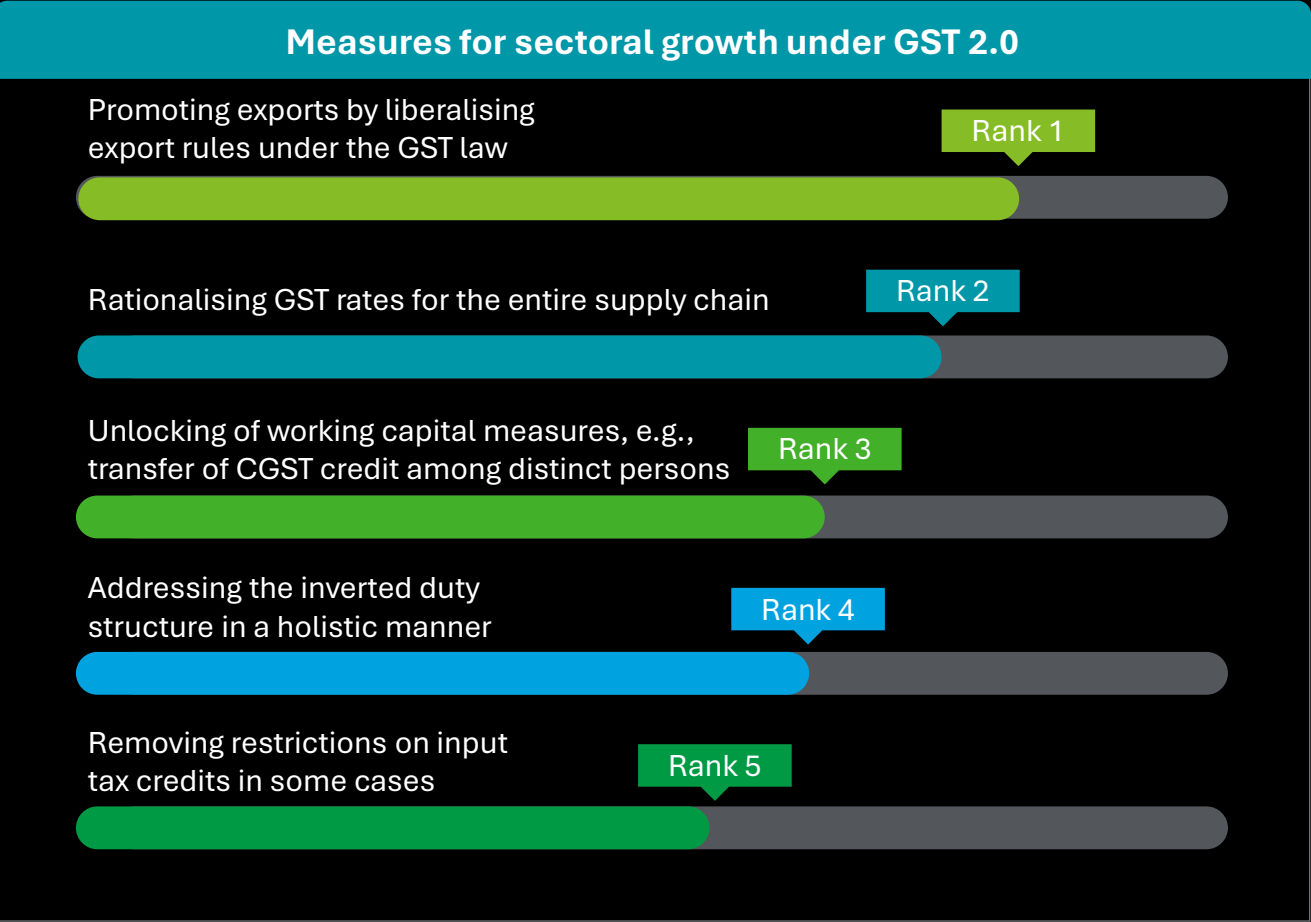
# Priority areas are enabling an effective dispute resolution mechanism, reflecting stakeholders’ demand for timely redressal within the GST framework

*MSMEs (45 percent) preferred rationalising GST rates across sectors, while large and very large corporates (45 and 47 percent, respectively) emphasized on effective dispute resolution mechanisms*



# Respondents strongly favour export liberalisation, GST rate rationalisation and unlocking working capital as the most impactful reforms to boost the sector’s growth in GST 2.0

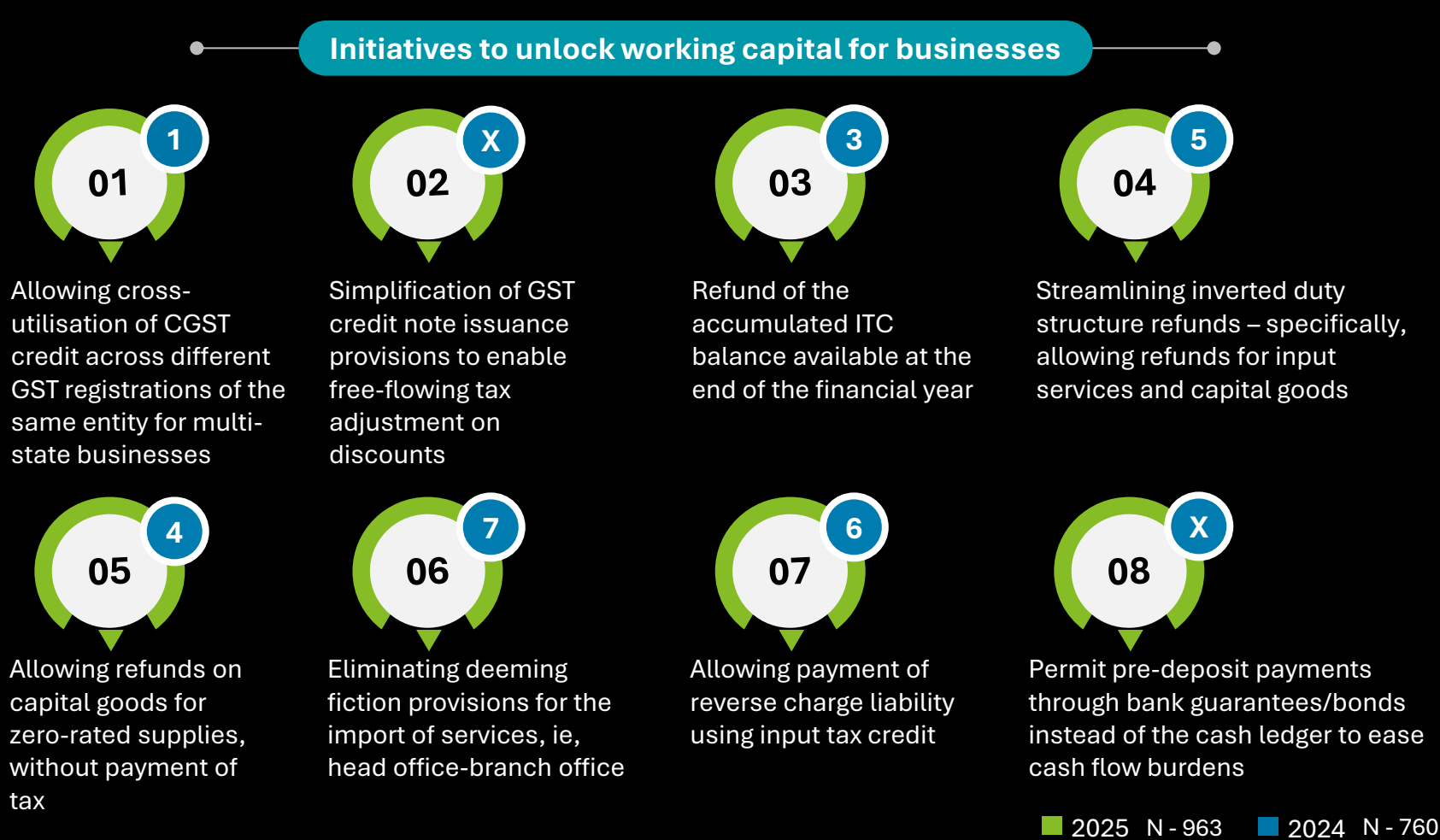
*The key measures are consistent across industries and business sizes, underscoring their significance in driving sectoral growth under GST 2.0*



- **Promoting exports by liberalising GST export provisions has significantly increased in priority**, surging from fourth place last year to the top-ranked reform, reflecting a clear shift in respondent focus
- **GST rate rationalisation** and **unlocking working capital measures**, such as allowing CGST credit transfer among distinct persons, retained their positions from last year, underscoring their sustained importance in driving sectoral growth over the years
- **TMT sector identified unlocking of working capital** as a key priority for improving cost efficiency and accelerating sectoral growth
- **MSMEs focus more on unlocking working capital and removing input credit restrictions** than large and very large corporates, highlighting their relevance for sectoral growth

# Respondents prioritise unlocking working capital by allowing cross-utilisation of CGST credit and refunding accumulated ITC, similar to the last year

*MSMEs expressed the strongest support for enabling cross-utilisation of CGST credit, considering it vital for easing working capital pressure and improving GST efficiency*



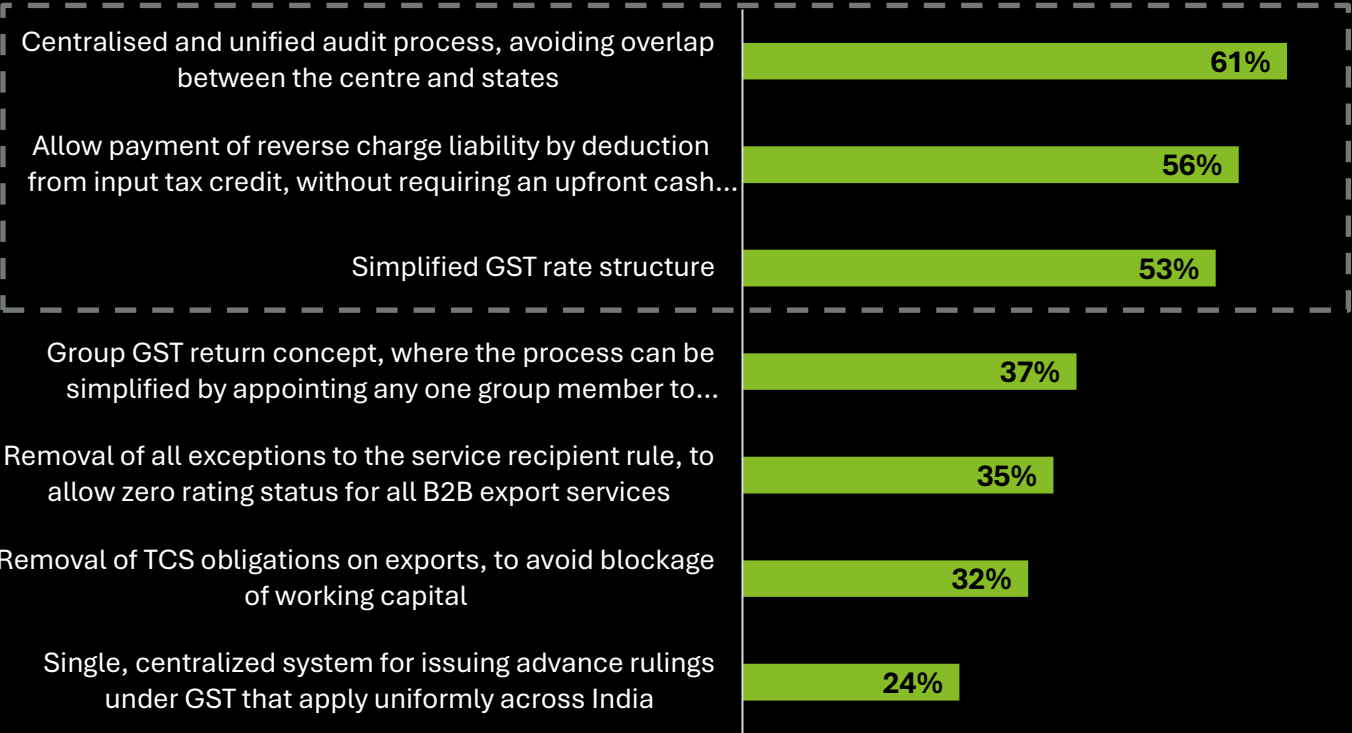
- **Allowing cross-utilisation of CGST credit and refunding accumulated ITC** is among the top three priorities for **unlocking working capital**, highlighting its ongoing significance in ensuring cash flow efficiency and easing financial pressure on businesses
- **Private equity, lifesciences and government sectors identified simplification of GST credit note provisions as a top priority under GST 2.0**, followed by the consumer sector
- **MSMEs** demonstrated a stronger inclination towards **streamlining refunds under the inverted duty structure** than large and very large corporates, underscoring their greater dependency on **timely refund mechanisms for cash flow efficiency**



# A unified audit process across central and state tax administrations emerged as the leading global best practice recommended for India’s GST 2.0.

*The top recommendations sentiment is consistent across industries and business sizes, underlining their prominence in the GST framework evolution*

## Recommended global practices for GST 2.0



### Top three recommended global practices for GST 2.0

- **GCCs (66 percent)** advocated enabling **reverse charge liability payments using ITC**, identifying it as the most relevant global best practice for GST 2.0
- **Private equity (64 percent)** and **government sectors (56 percent)** supported a **simplified rate structure**, reflecting sector-specific compliance priorities

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Refund-related concerns have become the primary challenge to ease of doing business this year, rising from the fifth position last year

*Expansive pro-revenue legal interpretations by tax officials is expressed as a key barrier to ease of doing business, especially for MSMEs, while large corporates are more affected by the denial of export status*

### Key challenges encountered in ease of doing business

01

Challenges in obtaining refunds

02

Lack of understanding of new-age business models

03

Expansive legal interpretations adopted by tax officials for taxing transactions

04

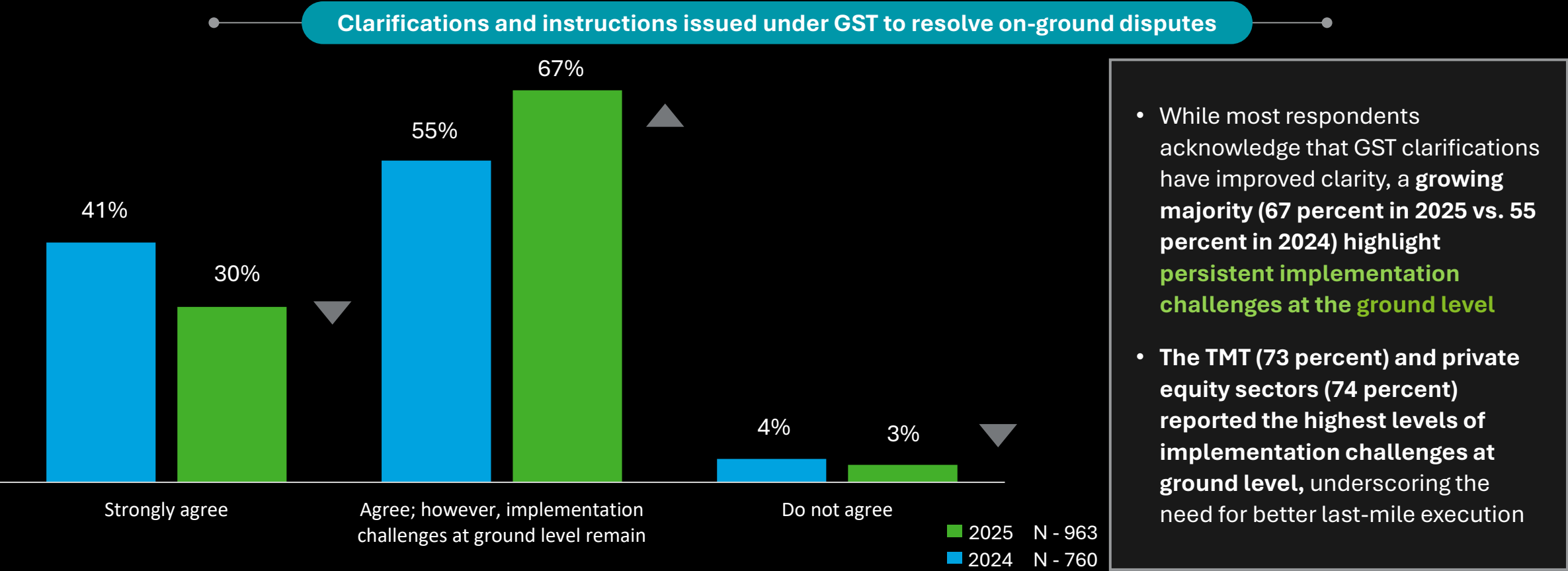
Denial of export status to services

05

Multiple/parallel proceedings by the central and state GST authorities

- Respondents across sectors and business sizes highlighted broadly consistent challenges impacting ease of doing business under GST, underscoring the need for system-wide reforms. However:
  - **GCCs** highlighted the **denial of export status as the most significant challenge encountered from an ease-of-doing-business standpoint**
  - Energy sector respondents identified **audit-related issues** as one of the top five challenges
  - MSMEs highlighted **multiple/parallel proceedings by central and state authorities** as comparatively more pressing challenges than those cited by large and very large corporates

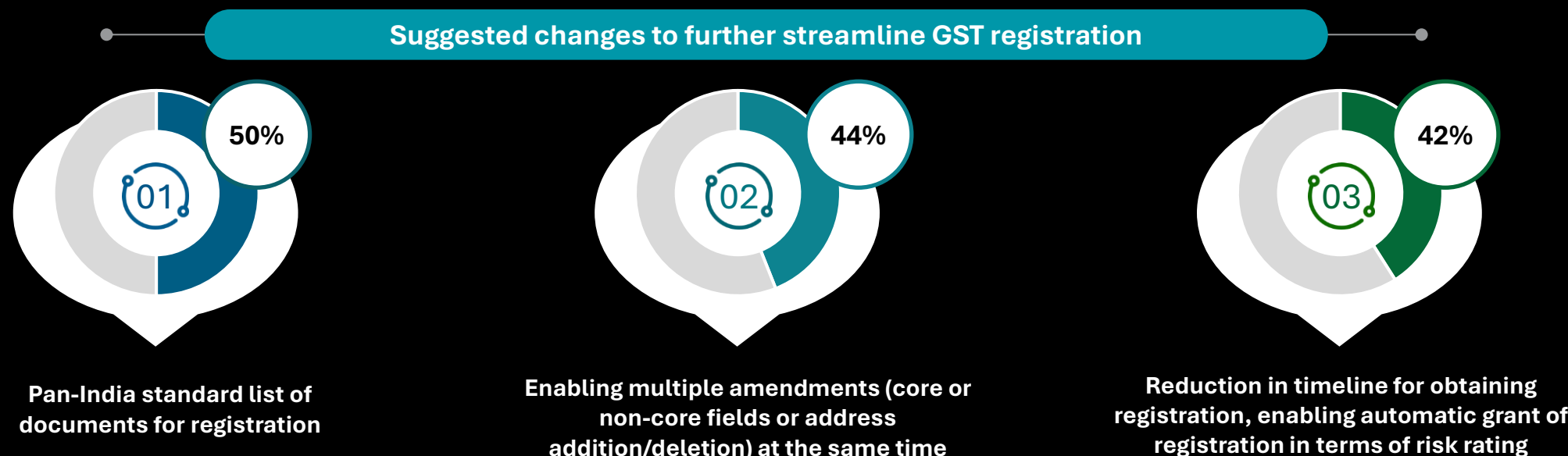
Over 65 percent of respondents acknowledged that clarifications and instructions issued under GST help resolve on-ground disputes, but emphasized persistent implementation gaps  
*MSMEs, reflecting a persistent trend observed from the previous year, expressed more implementation challenges at ground level compared with large and very large corporates*





# A uniform document checklist is essential for simplifying and expediting the registration process across India

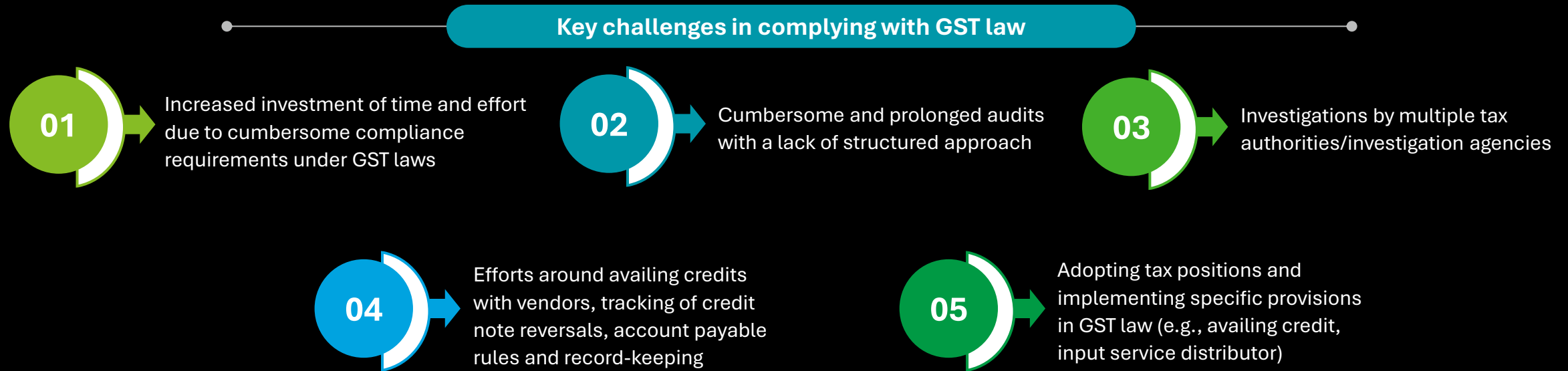
*There is a broad consensus across industries and business sizes on the need for uniform GST registration requirements*



- **TMT sector laid the strongest support (55 percent) for reducing registration timelines** and advocated automatic registration grants based on risk ratings to improve ease of doing business
- **Very large corporates and the banking, energy and government sectors emphasized the need for limiting GST queries** strictly to submitted documents or unresolved past dues to improve procedural efficiency and reduce administrative burden
- **Lifesciences sector (42 percent) underscored the need to streamline the suspension process**, highlighting it as a key area for procedural improvement

The top GST challenge is the significant time and effort involved in compliance, followed by cumbersome audits and overlapping investigations, adding to the burden

*MSMEs cited increased time and effort due to complex compliance requirements, while very large corporates highlighted prolonged and unstructured audits as the key challenges in complying with GST law*



- **Banking sector identified obtaining certifications for credit note adjustments as a key GST challenge**, while the government sector highlighted the effort involved in coordinating input credit with vendors
- **Energy and TMT sectors highlighted cumbersome and prolonged audits, coupled with a lack of a structured approach**, as a major concern in complying with the GST law
- Consumer sector ranked **increased investment of time and effort, and investigations by multiple tax authorities** as the top concern to comply with the GST law
- Investigations by multiple tax authorities and agencies have been among the top challenges over the last years', underscoring ongoing complexities and adverse implications for business operations

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# The issuance of streamlined investigation instructions emerged as the most favourable measure in the GST litigation landscape, highlighting a strong preference for procedural efficiency

*MSMEs identified clarification on GST recovery processes as a key enabler for promoting procedural fairness*

## Favourable measure in GST litigation landscape

01

Issuance of instructions streamlining the investigations by the investigation authorities

02

Introduction of fixed timelines for appeals and refund disposals

03

Reduction in the rate of pre-deposit for filing appeals under GST

04

Clarification on the manner of recoveries under GST, specifically when the intention is to appeal

05

Enabling the filing of paperless replies to notices and appeals on the GST portal

- Large and very large corporates **welcomed streamlined instructions for investigations** in the GST litigation landscape, noting they **enhance clarity and consistency**
- **Consumer sector expressed strong optimism towards the digitisation of litigation processes**, identifying **paperless filing of replies to notices and appeals on the GST portal** as a key for easier compliance
- GCCs identified the **reduction in the pre-deposit rate for filing GST appeals** as a crucial step that eases financial burden in litigation and encourages timely redressal

# GST litigation sentiments: Respondents flagged hasty demands, prolonged audits and pro-revenue legal interpretations as key concerns

*The issuance of hasty demands continues to be a major concern in GST litigation, remaining a top issue for another year*

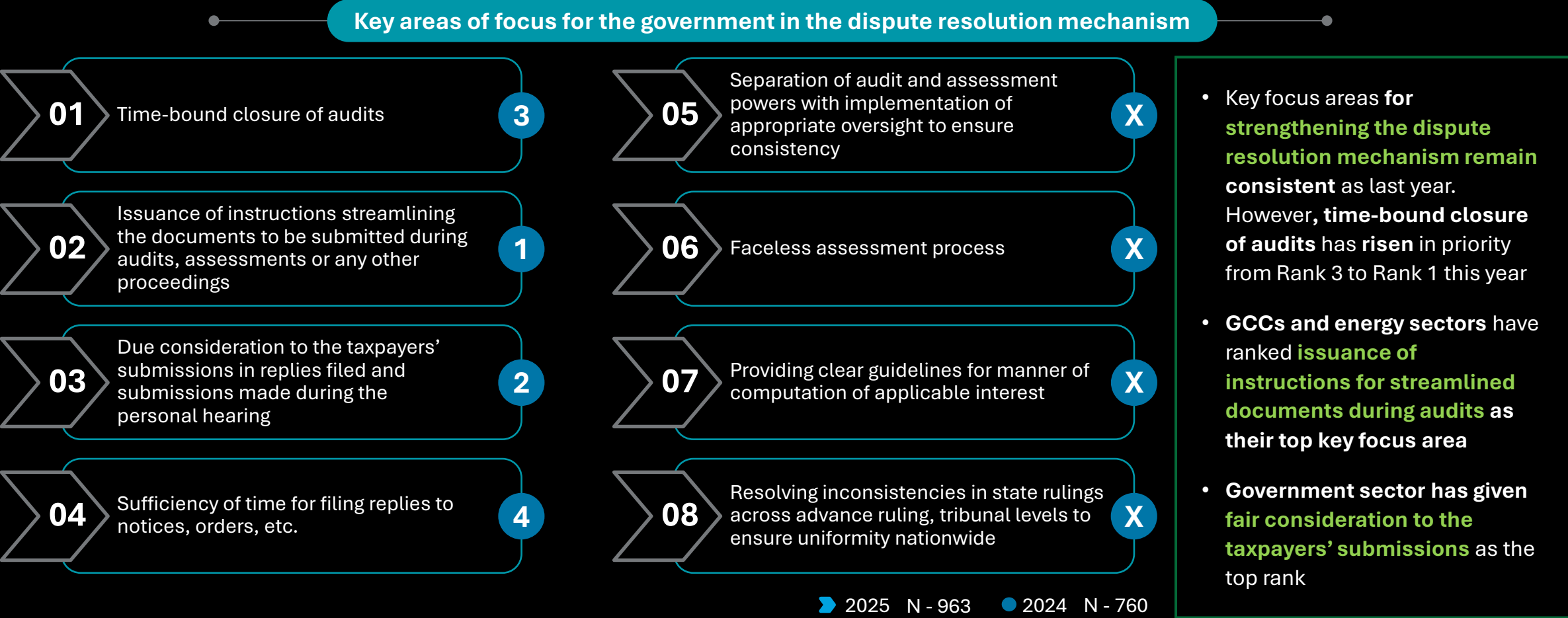
Measures for sectoral growth in GST 2.0	2024	2025	Status
Issuance of hasty demand orders due to the expiry of the limitation period	Rank 2	Rank 1	
Long-drawn audits and a lack of timely conclusion of proceedings, with a lack of oversight from senior officials	Rank 4	Rank 2	
Expansive legal interpretations adopted by tax officials for taxing transactions that are pro-revenue in nature	Rank 5	Rank 3	
Ever-changing tax regulations and reporting demands from tax authorities	Rank 1	Rank 4	
Parallel/multiple investigations by tax authorities/ investigation agencies	Rank 3	Rank 5	

- **Core challenges in GST litigation continue to echo past issues**, while shifting priorities signal evolving industry concerns
- **Hasty demand orders have emerged as the top issue** (up from rank 2), while **prolonged audits have also gained prominence** (moving from rank 4 to 2), underscoring the challenges of extended scrutiny
- While still a concern, the rank for **parallel/multiple investigations** dropped to 5 from Rank 2 and Rank 1 in 2022 and 2023, respectively, indicating respondents’ approval of the government’s efforts



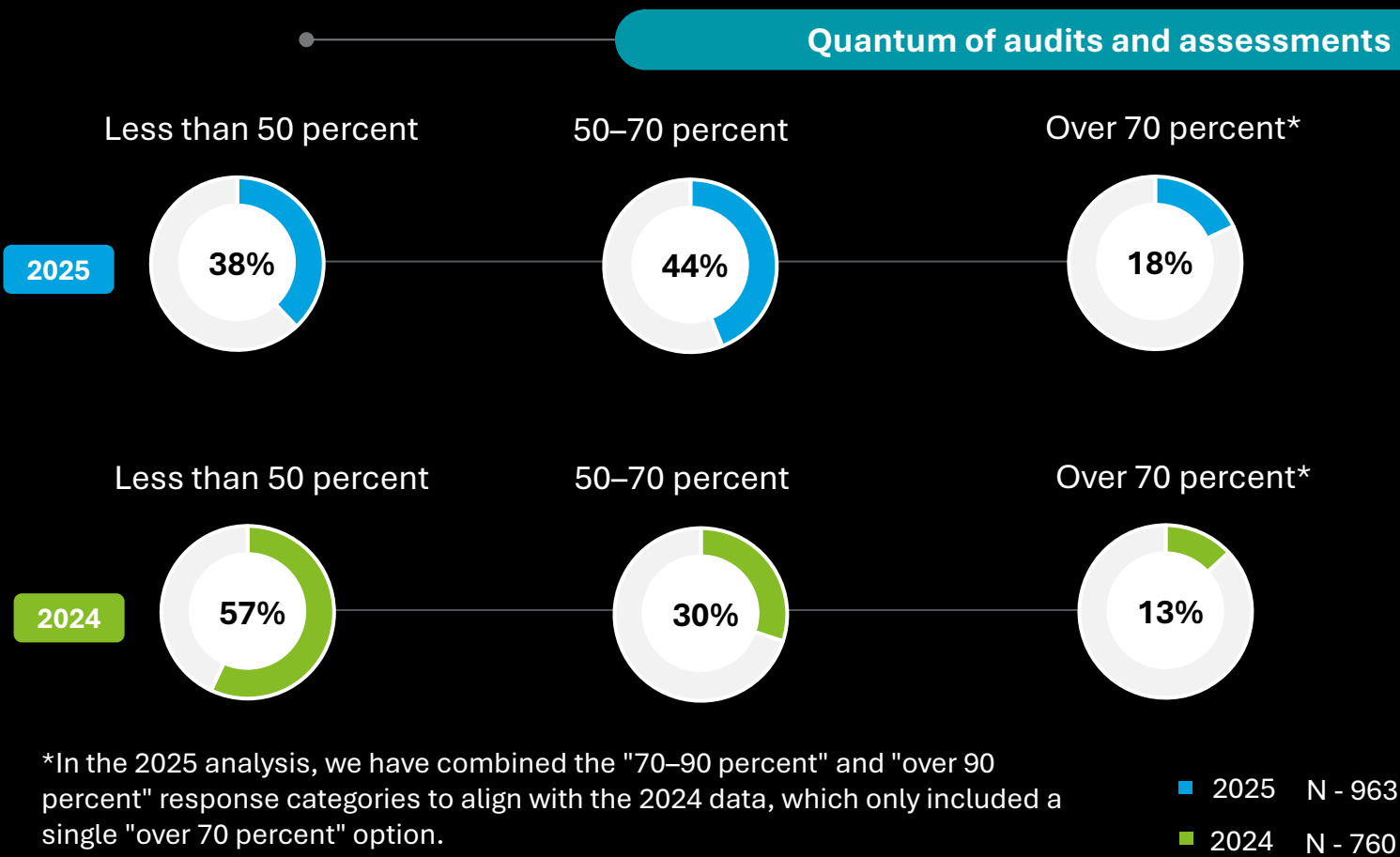
Timely audit closures and streamlined documentation requirements have emerged as the top priorities for strengthening the GST dispute resolution framework

*All industries and business sizes echoed these sentiments, emphasizing key focus areas for the government's dispute resolution mechanisms*



A notable shift in audit outcomes is observed, with a significant rise in the proportion of audits culminating in demand orders, indicating heightened regulatory enforcement

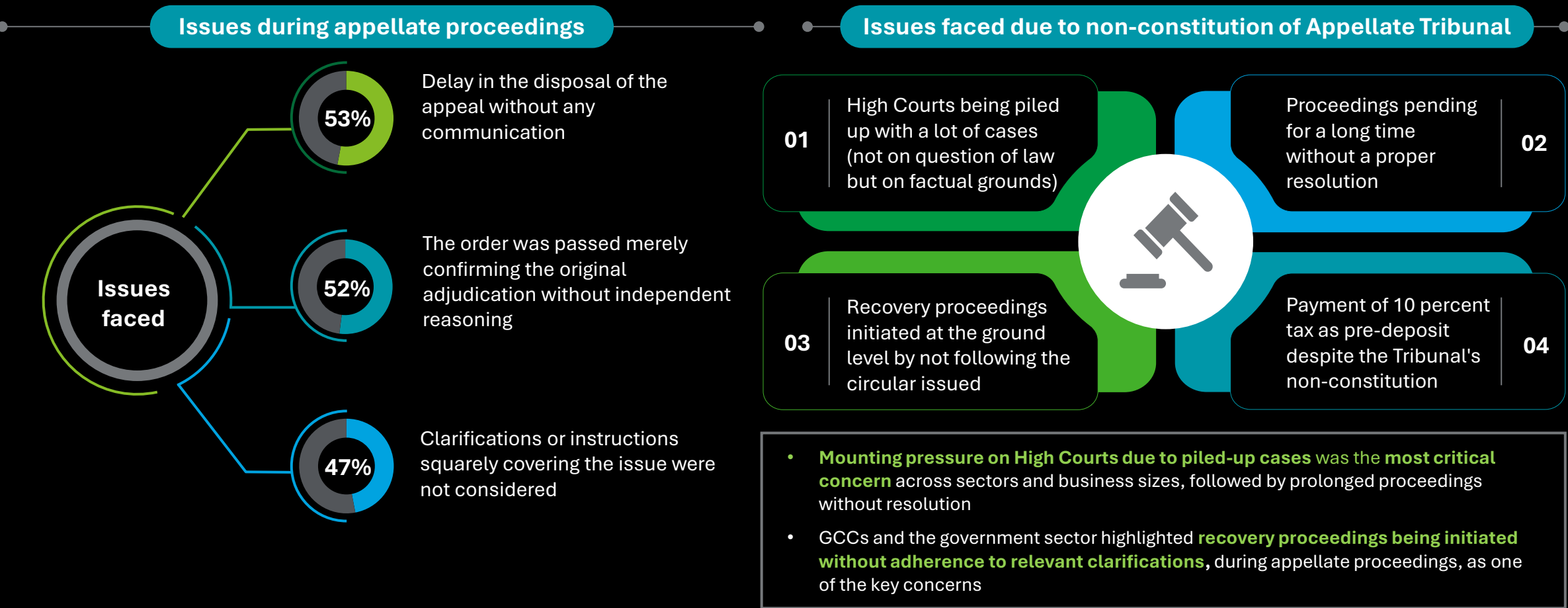
*As GST notices rise, audits culminating in notices or demand orders for 50–70 percent of cases increased from 30 percent in 2024 to 44 percent in 2025*



- The proportion of audits resulting in demand orders under 50 percent declined from 57 percent in 2024 to 38 percent in 2025, suggesting **improved audit precision by authorities or a stricter audit approach**
- About 2 percent of respondents noted that **over 90 percent of audits result in demand and orders**
- **GCCs, private equity and government sector (48, 54 and 45 percent, respectively)** highlighted that less than 50 percent experienced audits and assessments resulting in notices or demand orders
- Higher audit-to-notice conversions were reported by large and very large corporates, compared with MSMEs – 48 percent of large and 44 percent of very large corporates reported quantum rates of 50–70 percent, suggesting **greater scrutiny and possibly more complex compliance environments for larger businesses**

# Most respondents highlighted procedural shortcomings in GST appellate proceedings, particularly delays in disposal and lack of independent reasoning in orders

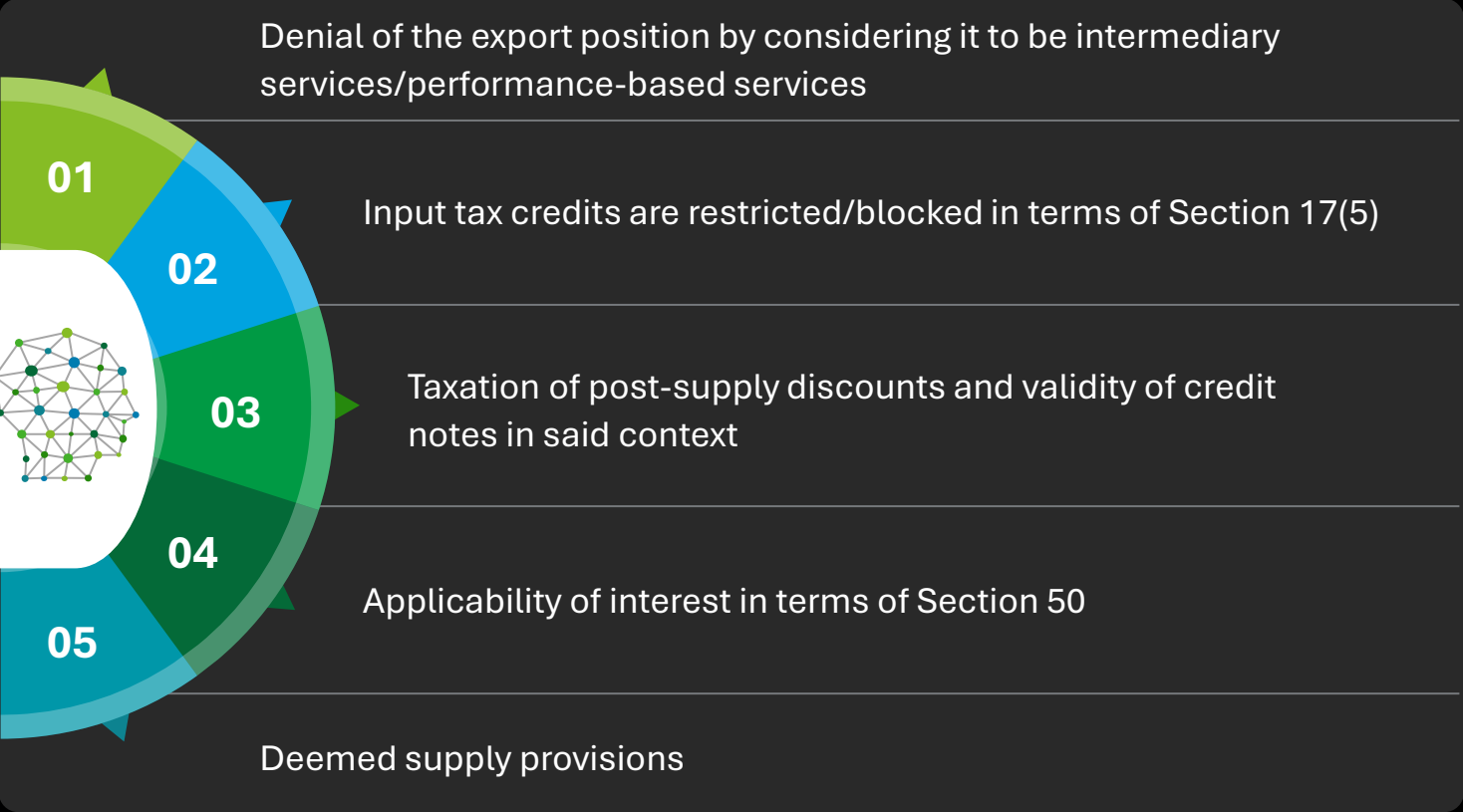
*Very large corporates expressed the strongest concern regarding the order being passed, merely confirming the original decision without providing independent reasoning*



# Denial of “export” status remains a recurring concern, with respondents underscoring the need for better clarity to reduce audit and scrutiny-related uncertainties

*The sentiment is echoed across industries and business sizes, highlighting the need for clarify in GST audit closure and scrutiny*

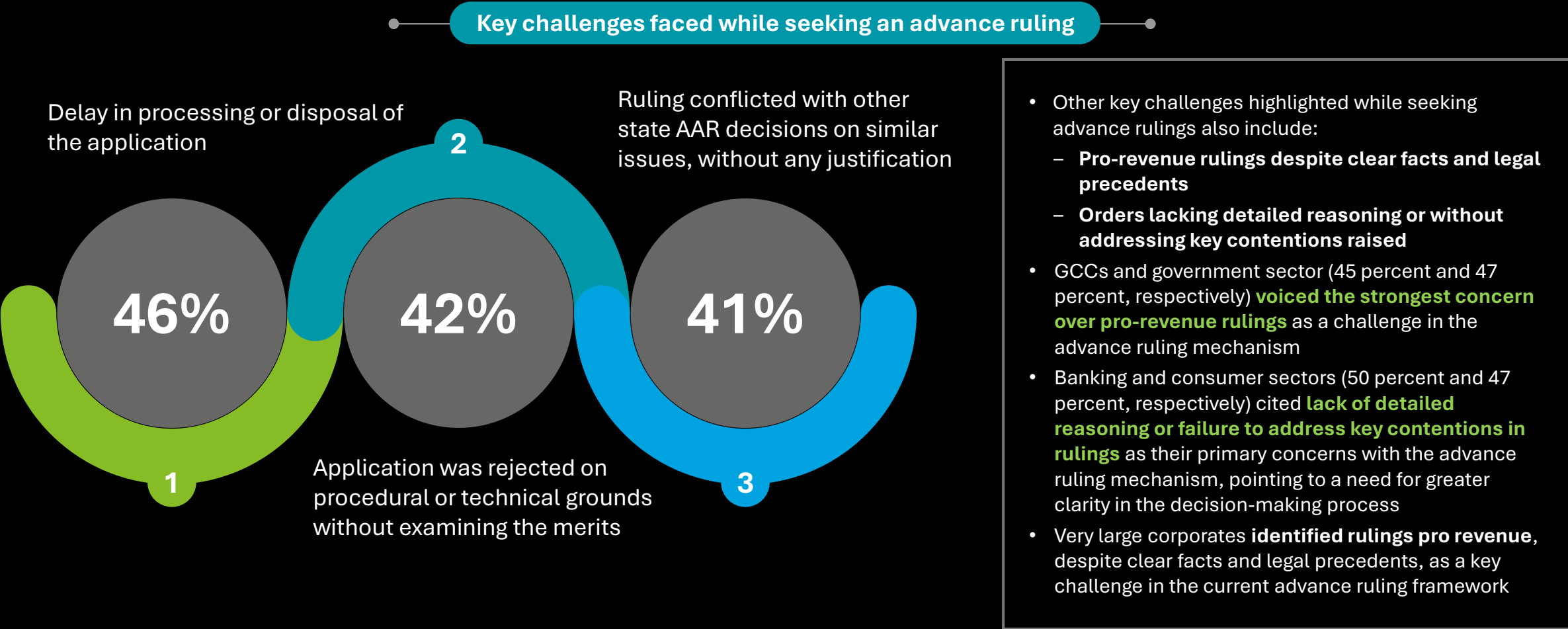
## Key challenges in GST audit closure and scrutiny



- Top key challenges persist in GST audit closure and scrutiny across industries and business sizes, indicating ongoing difficulties
- Large and very large corporates cited **taxation of post-supply discounts as a key challenge**, while MSMEs highlighted concerns over **interest applicability under Section 50**, emphasizing the need for clarity to facilitate efficient GST audit closures
- Respondents ranked deemed supply as Rank 5, a notable decline from being the biggest concern in FY 2023, evidently accepting the recent clarifications on this issue

# Delays in processing or disposal of applications emerged as a widespread challenge, reported across industries and business sizes

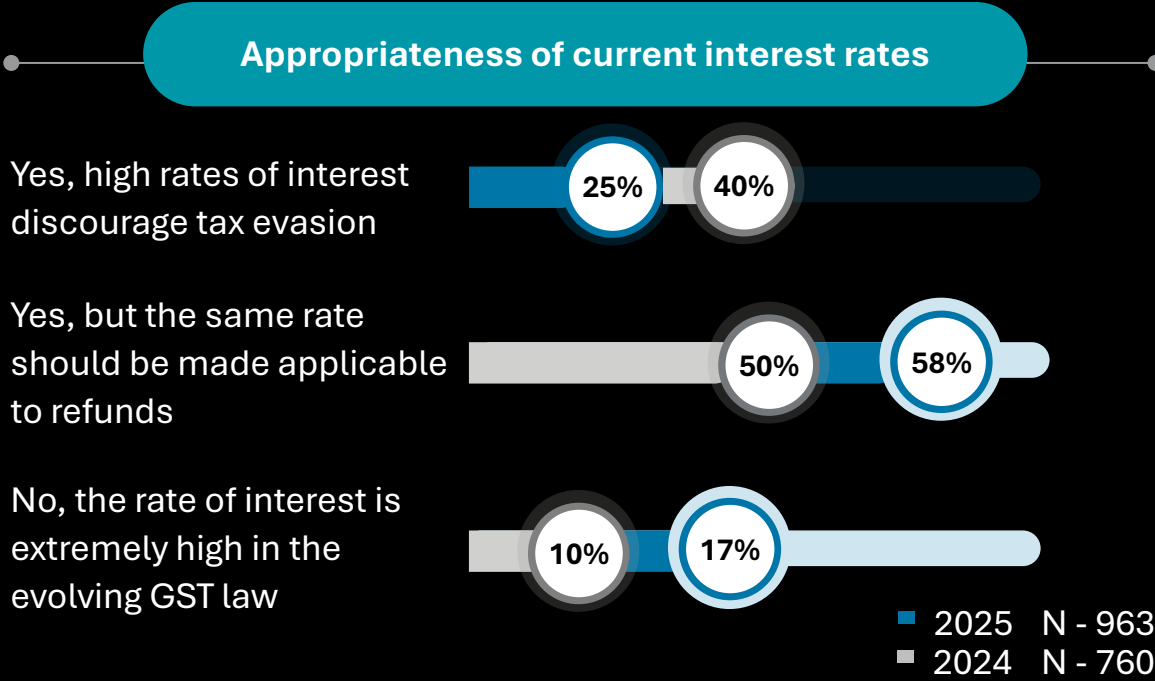
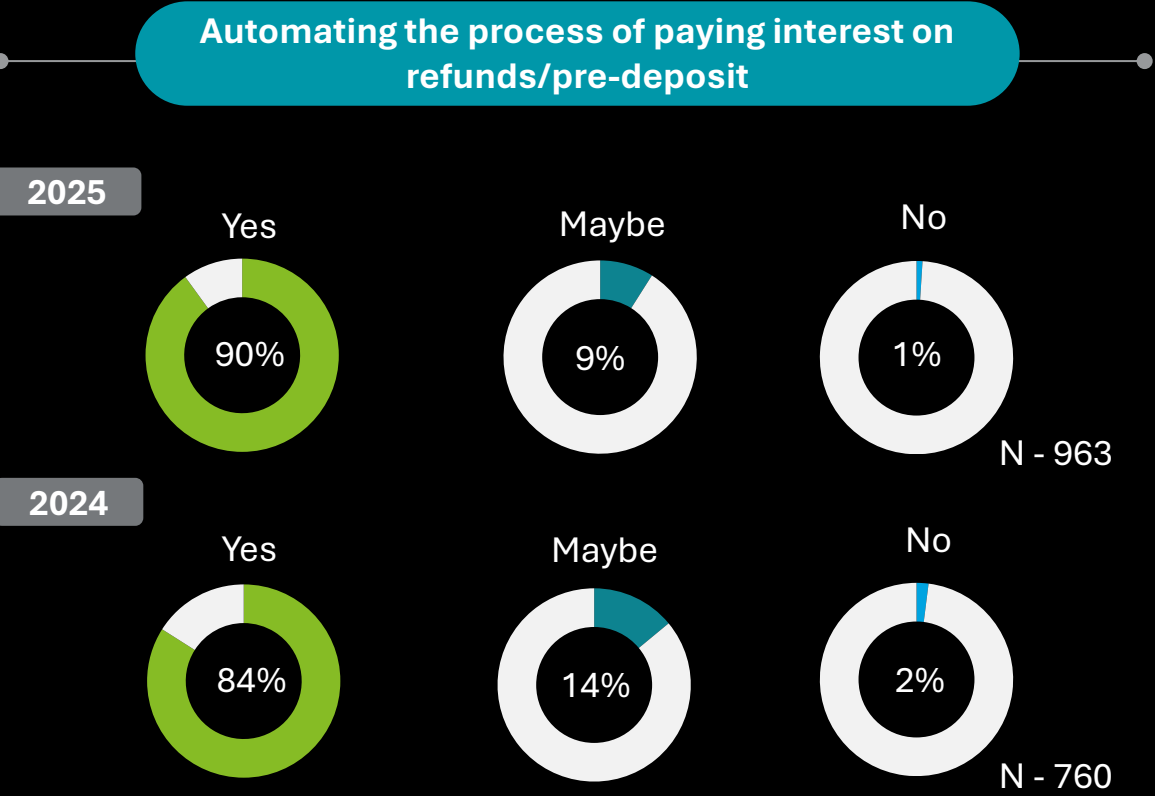
*For MSMEs, the primary challenge is the ruling conflicting with other state AAR decisions on similar issues, without any justification*





# About 90 percent of respondents strongly suggest automating interest payment on refunds/pre-deposits instead of manual computations

Large corporates (94 percent) supported the need for automating the process of paying interest to the taxpayer



- **Support for applying a uniform interest rate on government demands and return of refunds/pre-deposits** has grown from 50 percent last year to 58 percent this year, highlighting a rising demand for equitable and consistent interest practices
- At 64 percent, MSMEs show the strongest support for applying a uniform interest rate

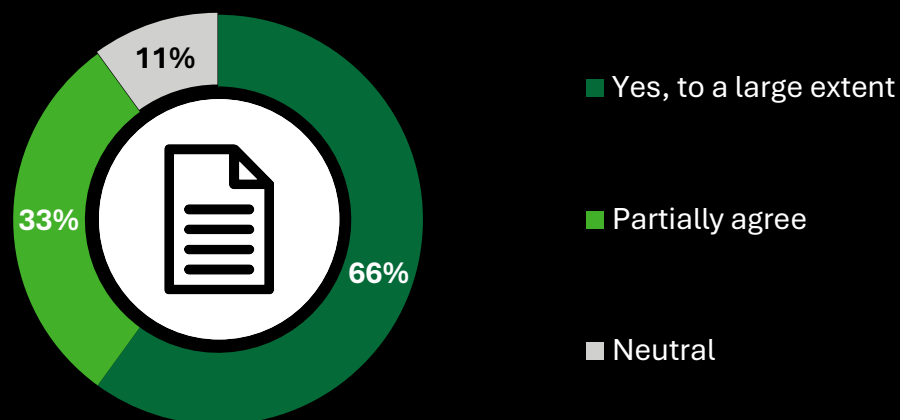
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About 99 percent of businesses have IT systems partially ready / ready for GST audits and notices, demonstrating strong digital resilience

*Auto-population of returns using e-invoicing data emerged as the most user-friendly feature of the GST portal, reflecting the industry's preference for automated compliance*

### Industry readiness from IT systems perspective to comply with evolving GST regulations



- Large and very large corporates reported **stronger IT readiness for GST compliance**, with over 70 percent expressing full satisfaction
- Only 50 percent of MSMEs **reported full satisfaction, mirroring last year's trend** of the weakest IT preparedness among business sizes
  - This gap underscores the need for tailored digital enablement initiatives for smaller businesses

### User-friendly features of the GST portal

- 01 Auto-population of returns based on e-invoicing data
- 02 Easy retrieval of information from the GSTN portal
- 03 Live and updated status of GST registrations and associated details of the taxpayers
- 04 GST registration and amendment application process
- 05 Central system for notices and submission of responses to the notices

- The banking and government sectors highlighted **easy information retrieval as the most user-friendly feature** of the GST portal, highlighting the importance of **accessible data in driving compliance efficiency**
- The TMT sector identified **the ease of managing GST registrations and amendments** as a key user-friendly feature of the portal

# Respondents emphasised the need to prioritise AI-driven tools and improved data retrieval for extended tax periods to improve the GST portal’s efficiency

*A unified taxpayer dashboard to monitor compliance rating, ITC mismatches and notices will be introduced on the GST portal to improve its effectiveness*

## Features to be introduced on the GST portal



- Other key improvement areas included **enhanced system stability and return filing capacity (27 percent)**, **AI-driven support such as virtual assistants (24 percent)** and **options to refile refund applications (21 percent)**
- Additionally, **demand for dedicated APIs for refunds and registrations (20 percent)** and **a single-window interface for e-invoicing, e-way bills and returns (13 percent)** underscores the need for an integrated and intuitive platform

- The **banking (43 percent) sector** emphasized **more efficient grievance helpdesk** as a top feature to be introduced on the GST portal
- The **consumer (34 percent) sector** highlighted **the need for the GST portal to handle higher volumes and ensure smooth return filing during peak periods** for enhanced user experience
- **The energy sector (39 percent)** underscored **the need for a facility enabling simultaneous registration application filing** as one of the key features to enhance the GST portal’s functionality
- **Large corporates** prioritised **enhanced grievance helpdesk support**, while **MSMEs** highlighted **a unified taxpayer dashboard** as the key feature to make the GST portal more effective

# Respondents ranked automatic re-credit of rejected refunds and automatic refund approval of cash ledger balances as key changes required

*MSMEs show the strongest support for automatic re-credit of rejected refunds, while large and very large corporates prioritise automatic approval of cash ledger refunds after the 60-day limit*

## Changes required on the GST portal for refunds

**01** Automatic re-credit of rejected refund on filing of undertaking

**02** Automatic approval of cash ledger balances for refund after the statutory time-limit of 60 days, subject to a notice by tax officers

**03** Introduction of APIs for refund claims

**04** Extending inverted duty structure refunds to input services and capital goods

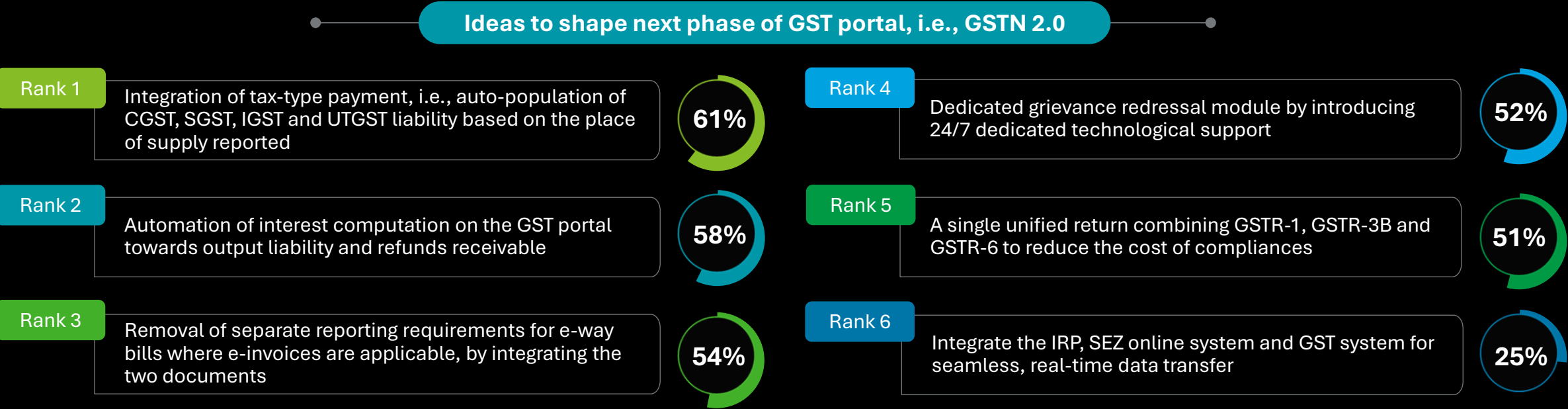
**05** Extending the refund of the accumulated input tax credit pertaining to exports to capital goods

- Top refund-related priorities varied notably across sectors, reflecting their distinct operational challenges:
  - **Lifesciences sector** identified **the introduction of APIs for refund claims** as the most critical enhancement to streamline the refund process
  - **Banking, consumer and GCC sectors** prioritised the **automatic approval of cash ledger refunds** as the key change needed for timely refunds
  - **Energy, TMT, government and private equity sectors** underscored the **importance of automatic re-credit of rejected refunds** as the top reform required to improve the refund process



# GSTN 2.0 focus areas include integrating tax-type payments, automating interest computation and removing separate reporting requirements

*Very large corporates have ranked dedicated grievance redressal module with 24/7 dedicated tech support as key for the next phase of the GST portal*

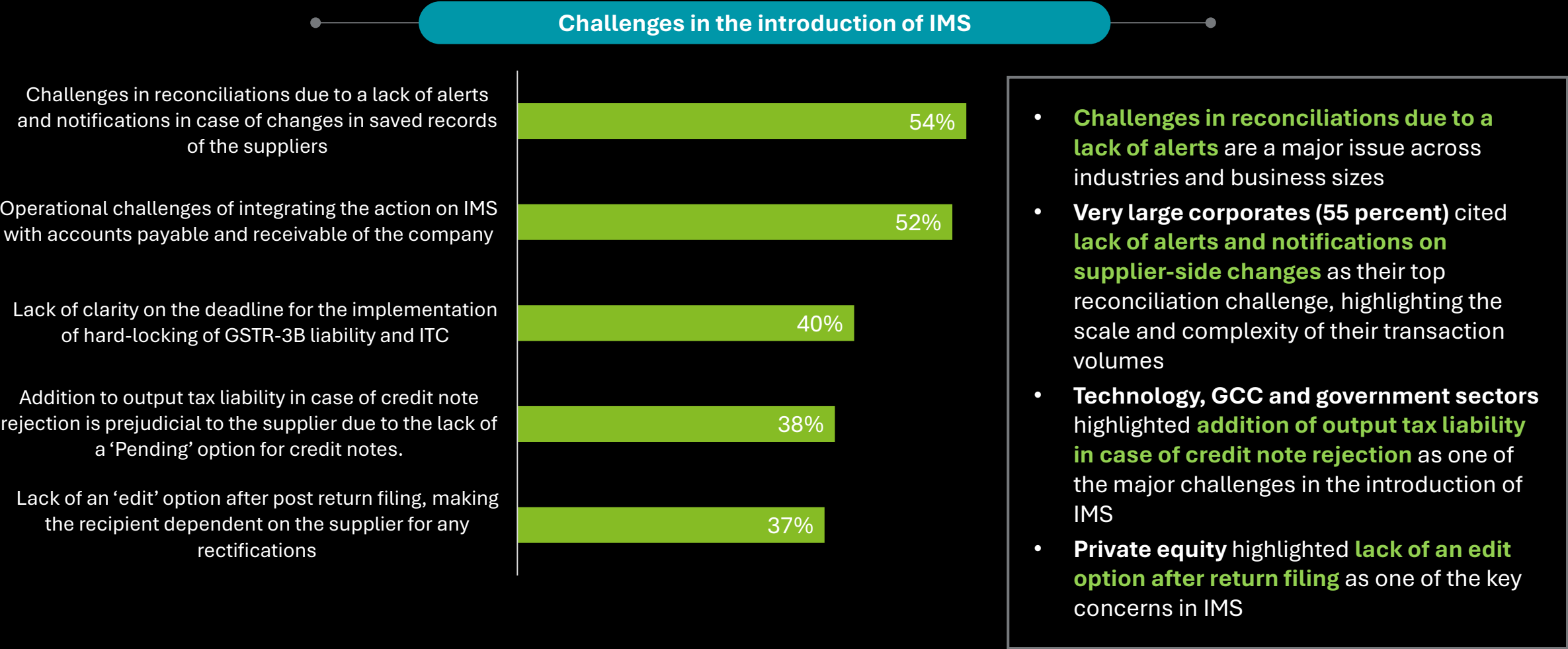


**MSMEs** (61 percent) showed the highest interest in **automating interest computation** while large and very large corporates (60 and 62 percent, respectively) prioritised **the integration of tax-type payment as key focus areas for the next phase of the GST portal**

**The energy and TMT sectors** identified the introduction of a **single unified return** as one of the key areas for improving the GST portal, aiming to reduce compliance costs, whereas **GCCs, private equity sector and government sector** focused on more **effective and dedicated grievance redressal module**

# Key challenges from the IMS include a lack of alerts, operational hurdles in integration and unclear compliance deadlines

*MSMEs (54 percent) reported the highest concern around operational challenges in integrating IMS actions with their accounts payable and receivable systems, indicating constraints in internal resources and tech adaptability*



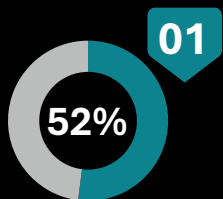
# Survey findings

1. GST journey: Perception and impact of GST
2. Next phase of GST evolution: GST 2.0 recommendations
3. Ease of doing business under GST: Challenges and recommendations
4. Navigating GST disputes: Progress and asks
5. GST tech evolution: Experience and expectations
6. **MSME enablement through GST: Progress and policy imperatives**

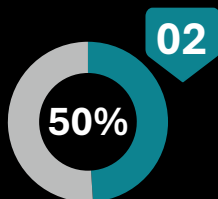
The measures benefiting MSMEs varied by industry and business size, indicating distinct priorities

*MSMEs (52 percent) and large corporates (55 percent) favoured quarterly returns with monthly payments, while very large corporates (53 percent) preferred threshold adjustments and reduced restrictions as the top MSME relief under GST*

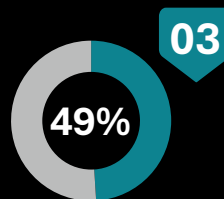
Key GST initiatives that benefited MSMEs



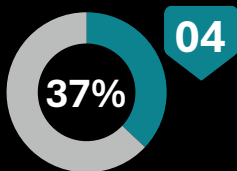
Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers



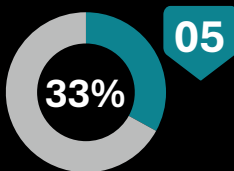
Relaxation of thresholds and reduction of restrictions for availing of composition schemes



Threshold relaxation for compulsory GST registration



Invoice financing solutions launched by various providers based on invoices reported under GST

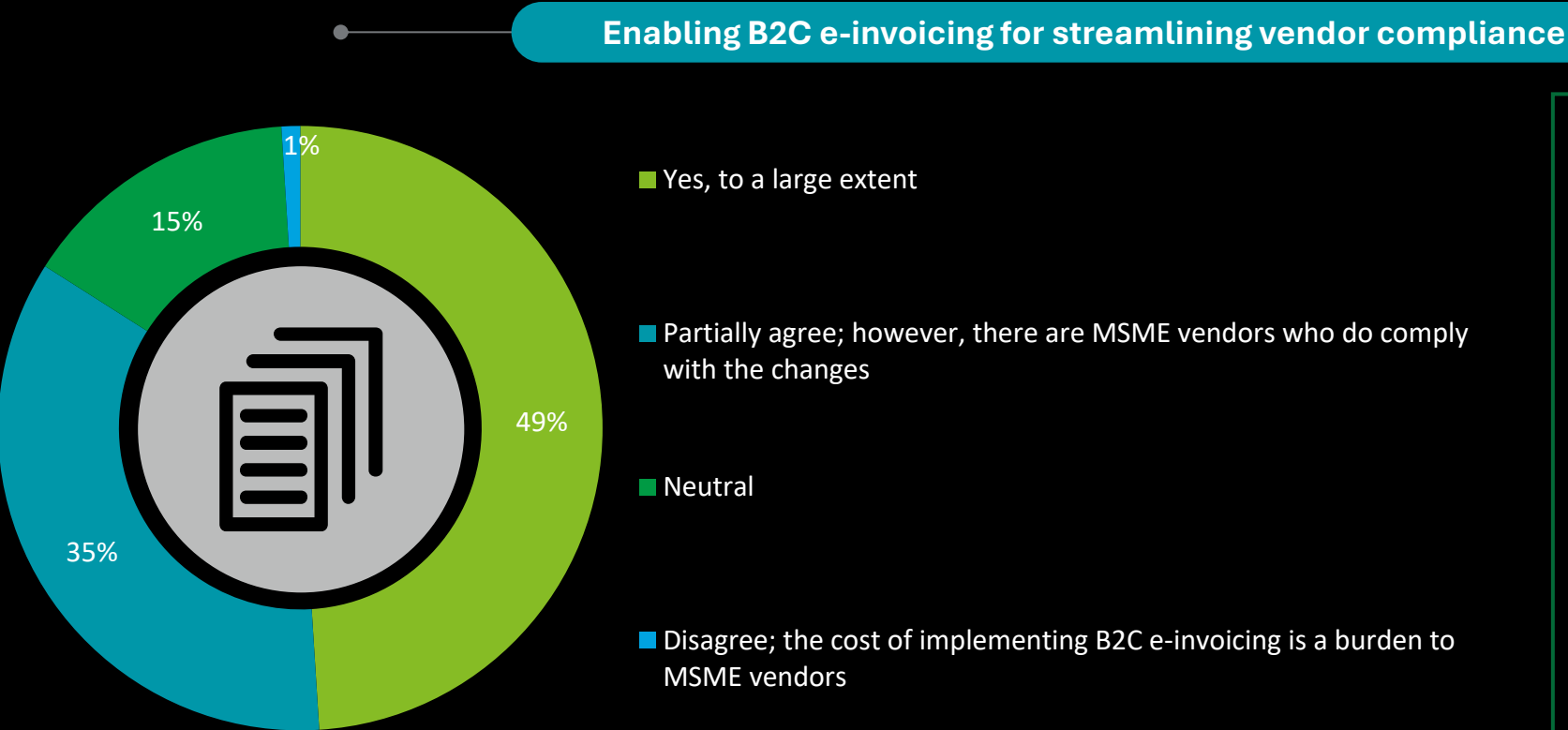


Offline option provided for raising e-invoices without any cost incurred on technology

- **Quarterly returns rose sharply in favour** moving from fourth to first, highlighting a shift in industry leaders' perception of MSME-friendly GST provisions  
Respondents across industries highlighted sector-specific GST benefits for MSMEs:
  - While the consumer sector valued threshold relaxation for composition schemes, the banking sector prioritised higher thresholds for compulsory GST registration
- **Invoice financing solutions saw a decline in priority**, slipping from the top-ranked measure last year to fourth place this year, indicating a shift in MSME focus on more pressing compliance and liquidity-related enablers under GST

# Nearly half of the respondents strongly agreed that B2C e-invoicing is crucial in streamlining vendor compliance and enhancing transparency

*Very large and large corporates consistently support B2C e-invoicing for enhancing small vendor compliance, while the MSME sector demonstrates partial support*

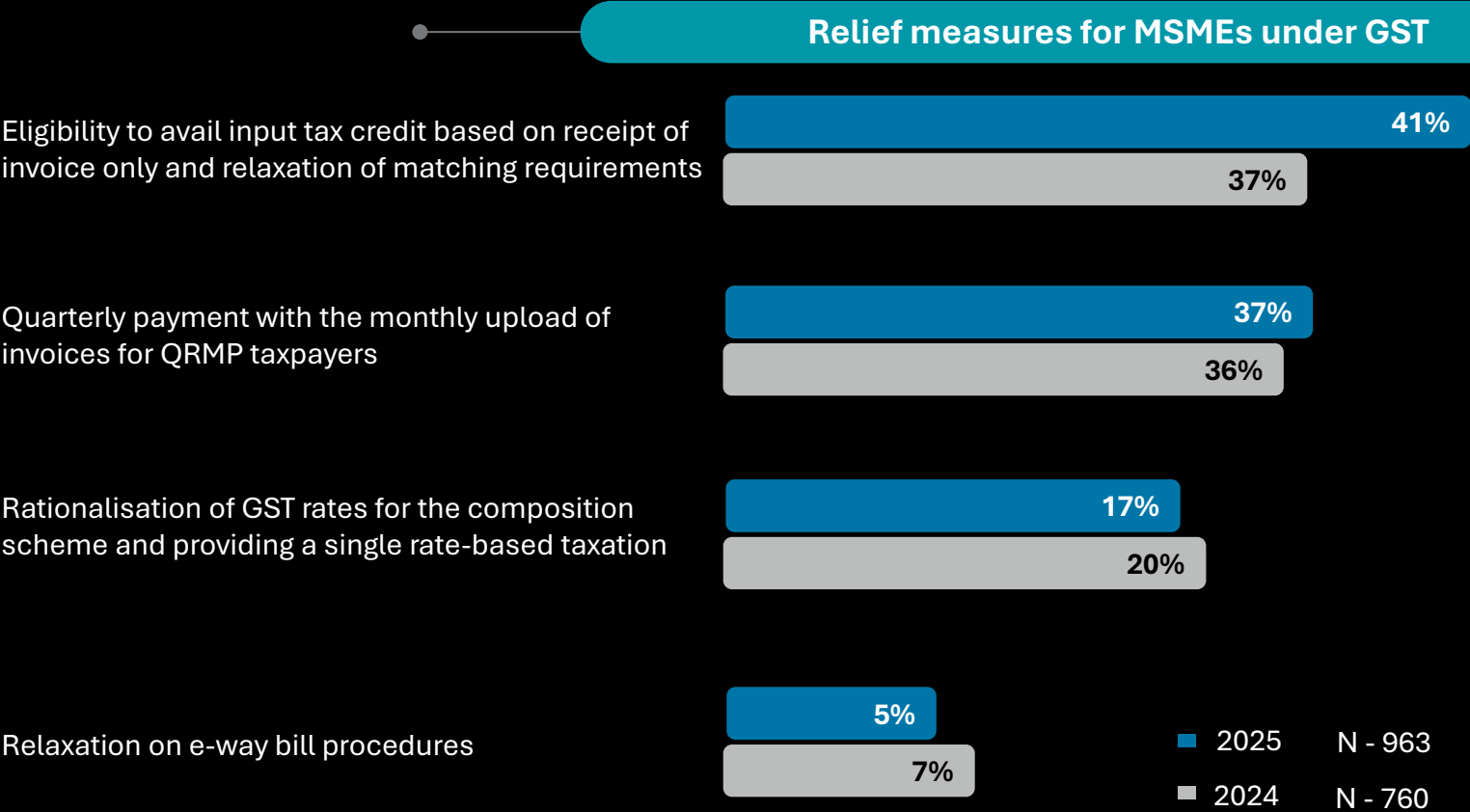


- **MSMEs** exhibited higher partial agreement (**46 percent**), possibly due to the sentiment of increased time and effort in GST compliance
- Fully agreed for the **role of e-invoicing for streamlining vendor compliance** showed strong and constant alignment across industries
- The proportion of respondents neutral about e-invoicing’s role in streamlining vendor compliance rose from **8 percent in 2024 to 15 percent in 2025**, indicating a rise in uncertainty of its impact



# Availing ITC based on invoice receipt and quarterly payment with monthly invoices upload emerged as top relief measures for MSMEs under GST

*GST relief priorities for MSMEs remain consistent year-on-year, reflecting the continued need for simplified input credit eligibility, flexibility in payment schedules and procedural easing to support small businesses in meeting GST compliance requirements*



- **Availing ITC based on invoice receipt remains the most valued GST relief measure** for MSMEs, with 44 percent of respondents ranking it first for the second consecutive year
- **The GCC and the consumer sector** showed the **strongest support for quarterly payments with monthly invoice uploads** highlighting a clear preference for flexible compliance options under the QRMP scheme
- **Quarterly payment with monthly invoice uploads for QRMP taxpayers** remains a consistent second-highest relief measure for MSMEs, with **37 percent** support this year, closely aligned with **36 percent** last year

# Annexure



# Weighted average methodology

**The weighted average methodology** has been applied to **ranking questions** and to those where respondents were asked to indicate their **top three or top five preferences in order**.

Weighted average has been used to analyse responses for questions, including Q9, Q10, Q12, Q15, Q16, Q17, Q18, Q20, Q21, Q27 and Q29, where participants were asked to rank or rate options.

## **Methodology for weighted average**

- **Assign weights to ranks:** Weights are assigned inversely proportional to the rank positions. For example, in a 5-rank question:
  - Rank 1 = 5 points
  - Rank 2 = 4 points
  - Rank 3 = 3 points
  - Rank 4 = 2 points
  - Rank 5 = 1 point
- **Calculated the total score for each option**
  - Multiplying the number of responses for each rank by its corresponding weight, and the sum across ranks
- **Calculated the weighted average score**
- **Ranking based on scores**
  - Higher weighted average score = higher priority

## Weighted average methodology – Example

Option	Rank 1 (5 pts)	Rank 2 (4 pts)	Rank 3 (3 pts)	Rank 4 (2 pts)	Rank 5 (1 pt)	Total Score	Weighted average score	Calculated rank
Parameter 1	30	25	20	15	10	$(30 \times 5) + (25 \times 4) + (20 \times 3) + (15 \times 2) + (10 \times 1)$ $= 150 + 100 + 60 + 30 + 10 = 350$	$350 / 100$ respondents = <b>3.5</b>	<b>Rank 1</b>
Parameter 2	20	20	30	20	10	<b>320</b>	$320 / 100$ respondents = <b>3.2</b>	<b>Rank 2</b>
Parameter 3	15	20	30	20	15	<b>310</b>	$310 / 100$ respondents = <b>3.1</b>	<b>Rank 3</b>
Parameter 4	10	10	15	30	35	<b>235</b>	$235 / 100$ respondents = <b>2.35</b>	<b>Rank 5</b>
Parameter 5	20	15	10	25	30	<b>265</b>	$265 / 100$ respondents = <b>2.65</b>	<b>Rank 4</b>

N - 100

# Industry perceptions

Key themes	Consumer	Technology, media and telecommunications	Energy, resources and industrials	Banking and financial services	Lifesciences and healthcare	Government and public services	Global capability centres	Private equity and venture capital
<b>Perception of GST's 8-year journey</b>	Positive – 89% Neutral – 8%	Positive – 83% Neutral – 11%	Positive – 84% Neutral – 11%	Positive – 85% Neutral – 10%	Positive – 82% Neutral – 13%	Positive – 89% Neutral – 7%	Positive – 76% Neutral – 9%	Positive – 90% Neutral – 6%
<b>Positive impact areas</b>	Supply chain optimisation	Compliance digitalisation	Compliance digitalisation	Compliance digitalisation	Supply chain optimisation	Supply chain optimisation	Compliance digitalisation	Responsiveness of administration at the tax policy level
<b>Key areas of government's performance</b>	Automation of tax compliance	Stabilised e-invoicing and e-way bill functionalities	Automation of tax compliance	Automation of tax compliance	Automation of tax compliance	Automation of tax compliance	Automation of tax compliance	Issuance of GST circulars/instructions
<b>Key priorities of government</b>	Effective dispute resolution mechanism	Effective dispute resolution mechanism	Effective dispute resolution mechanism	Rationalising GST rates	Rationalising the GST rates/ensuring uniformity in audits	Effective dispute resolution mechanism	Effective dispute resolution mechanism	Effective dispute resolution mechanism/rationalising GST rates
<b>Growth measures in GST 2.0</b>	Promoting exports by liberalising export rules	Promoting exports by liberalising export rules	Promoting exports by liberalising export rules	Promoting exports by liberalising export rules	Promoting exports by liberalising export rules	Removing input tax credit restrictions	Promoting exports by liberalising export rules	Promoting exports by liberalising export rules

# Industry perceptions

Key themes	Consumer	Technology, media and telecommunications	Energy, resources and industrials	Banking and financial services	Lifesciences and healthcare	Government and public services	Global capability centres	Private equity and venture capital
<b>Recommended global practices for GST 2.0</b>	Centralised and unified audit process	Centralised and unified audit process	Centralised and unified audit process	Centralised and unified audit process	Centralised and unified audit process	Simplified GST rate structure	Allow payment of reverse charge liability	Simplified GST rate structure
<b>Challenges in ease of doing business</b>	Challenges in obtaining refunds	Challenges in obtaining refunds	Challenges in obtaining refunds	Challenges in obtaining refunds	Challenges in obtaining refunds	Challenges in obtaining refunds	Denial of export status to services	Challenges in obtaining refunds
<b>Key focus areas in dispute resolution mechanism</b>	Time-bound closure of audits	Time-bound closure of audits	Issuance of instructions	Time-bound closure of audits	Time-bound closure of audits	Due consideration to the taxpayers' submissions	Due consideration/issuance of instructions streamlining	Time-bound closure of audits
<b>Key challenges complying with GST law</b>	Increased investment of time and effort	Cumbersome and prolonged audits	Cumbersome and prolonged audits	Obtaining certifications	Increased investment of time and effort	Adopting tax positions/efforts around availing credits with vendors	Increased investment of time and effort	Increased investment of time and effort



# Industry perceptions

Key themes	Consumer	Technology, media and telecommunications	Energy, resources and industrials	Banking and financial services	Lifesciences and healthcare	Government and public services	Global capability centres	Private equity and venture capital
Key challenges of GST audit closure and scrutiny	Denial of the export position by considering it to be intermediary services/performance-based services							
User-friendly features of GSTN portal	Auto-population of returns based on e-invoicing data	Auto-population of returns based on e-invoicing data	Auto-population of returns based on e-invoicing data	Easy retrieval of information from the GSTN portal	Auto-population of returns based on e-invoicing data	Easy retrieval of information from the GSTN portal	Auto-population of returns based on e-invoicing data	Auto-population of returns based on e-invoicing data
Features to be introduced on the GST portal	AI-based error detection in return filing, specifically highlighting discrepancies based on previous period data	Enhancement of data retrieval for longer tax periods, without restriction on the period and size of the data	Enhancement of data retrieval for longer tax periods, without restriction on the period and size of the data	More efficient resolution of issues by the grievance helpdesk	AI-based error detection in return filing, specifically highlighting discrepancies based on previous period data	AI-based error detection in return filing, specifically highlighting discrepancies based on previous period data	AI-based error detection in return filing, specifically highlighting discrepancies based on previous period data	AI-based error detection in return filing, specifically highlighting discrepancies based on previous period data

# Industry perceptions

Key themes	Consumer	Technology, media and telecommunications	Energy, resources and industrials	Banking and financial services	Lifesciences and healthcare	Government and public services	Global capability centres	Private equity and venture capital
<b>Automating the process of paying interest on refunds/pre-deposit</b>	Yes, the government should automate the process of paying interest on refunds/pre-deposits							
<b>Challenges with introduction of IMS</b>	Challenges in reconciliations due to a lack of alerts and notifications in case of changes in the saved records of the suppliers	Operational challenges of integrating the action on IMS with accounts payable and receivable of the company	Challenges in reconciliations due to a lack of alerts and notifications in case of changes in the saved records of the suppliers	Challenges in reconciliations due to a lack of alerts and notifications in case of changes in the saved records of the suppliers	Challenges in reconciliations due to a lack of alerts and notifications in case of changes in the saved records of the suppliers	Operational challenges of integrating the action on IMS with accounts payable and receivable of the company	Operational challenges of integrating the action on IMS with accounts payable and receivable of the company	Lack of clarity on the deadline for the implementation of hard-locking of GSTR-3B liability and ITC
<b>Key GST initiatives that benefited MSMEs</b>	Relaxation of thresholds and reduction of restrictions for availing of composition schemes	Threshold relaxation for compulsory GST registration	Threshold relaxation for compulsory GST registration	Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers	Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers	Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers	Threshold relaxation for compulsory GST registration	Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers

# Industry perceptions

Key themes	Consumer	Technology, media and telecommunications	Energy, resources and industrials	Banking and financial services	Lifesciences and healthcare	Government and public services	Global capability centres	Private equity and venture capital
Relief measures for MSMEs under GST	Quarterly payment with the monthly upload of invoices for QRMP taxpayers	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements	Quarterly payment with the monthly upload of invoices for QRMP taxpayers	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements

# Perceptions by business size

Key themes	Above INR3,000 crore (~>US\$350 million – Very large corporate company)	Above INR500 crore up to INR3,000 crore (Above US\$60 million up to US\$350 million – Large corporate company)	Up to INR500 crore (~US\$60 million – MSME company)
Perception of GST's 8-year journey	Positive – 90% Neutral – 7%	Positive – 83% Neutral – 10%	Positive – 82% Neutral – 12%
Positive impact areas	Compliance digitisation (real-time reporting/data analytics)	Compliance digitisation (real-time reporting/data analytics)	Supply chain optimisation
Key areas of government's performance	Automation of tax compliance, including auto-population of returns		
Key priorities of government	Enabling an effective dispute resolution mechanism, including the efficient functioning of tribunals	Enabling an effective dispute resolution mechanism, including the efficient functioning of tribunals	Rationalising GST rates across sectors, with a focus on removing the inverted duty structure
Growth measures in GST 2.0	Promoting exports by liberalising export rules under the GST law		
Recommended global practices for GST 2.0	Centralised and unified audit process, avoiding overlap between the centre and states		
Challenges in ease of doing business	Challenges in obtaining refunds		

# Perceptions by business size

Key themes	Above INR3,000 crore (~>US\$350 million – Very large corporate company)	Above INR500 crore up to INR3,000 crore (Above US\$60 million up to US\$350 million – Large corporate company)	Up to INR500 crore (~US\$60 million – MSME company)
Key focus areas in dispute resolution mechanism	Time-bound closure of audits		
Key challenges complying with GST law	Cumbersome and prolonged audits with a lack of a structured approach	Increased investment of time and effort due to cumbersome compliance requirements under GST laws	Increased investment of time and effort due to cumbersome compliance requirements under GST laws
Key challenges of GST audit closure and scrutiny	Denial of the export position by considering it to be intermediary services/performance-based services		
Automating the process of paying interest on refunds/pre-deposit	Yes, government should automate the process of paying interest on refunds/pre-deposit		
User-friendly features of GSTN portal	Auto-population of returns based on e-invoicing data		
Features to be introduced on the GST portal	AI-based error detection in return filing, specifically highlighting discrepancies based on previous period data		

## Perceptions by business size

Key themes	Above INR3,000 crore (~>US\$350 million – Very large corporate company)	Above INR500 crore up to INR3,000 crore (Above US\$60 million up to US\$350 million – Large corporate company)	Up to INR500 crore (~US\$60 million – MSME company)
<b>Challenges with the introduction of IMS</b>	Challenges in reconciliations due to a lack of alerts and notifications in case of changes in the saved records of suppliers	Challenges in reconciliations due to a lack of alerts and notifications in case of changes in the saved records of suppliers	Operational challenges of integrating the action on IMS with accounts payable and receivable of the company
<b>Key GST initiatives that benefited MSMEs</b>	Relaxation of thresholds and reduction of restrictions for availing of composition schemes	Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers	Quarterly returns with a monthly payment scheme rolled out to ease compliance for small taxpayers
<b>Relief measures for MSMEs under GST</b>	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements	Quarterly payment with the monthly upload of invoices for QRMP taxpayers	Eligibility to avail input tax credit based on receipt of invoice only and relaxation of matching requirements



# Thank you





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