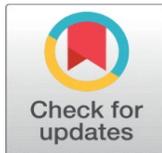


A STUDY ON INCOME TAX RETURN (ITR) FILING PROCESSES AND ORGANIZATIONAL EFFICIENCY AT KEYUR BHAYANI AND ASSOCIATES

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ABSTRACT

Income Tax Return (ITR) filing is a core component of India's direct taxation system, and professional Chartered Accountancy (CA) firms play an essential role in ensuring accurate compliance for individuals and businesses. This research paper evaluates the operational efficiency, process structure, and challenges associated with ITR filing within a mid-sized CA firm—Keyur Bhayani and Associates—based on empirical insights gained during an internship. The study analyzes workflow stages, client interaction mechanisms, documentation management, and bottlenecks in compliance processes. It also highlights industry trends, technological gaps, and opportunities for improvement. Using qualitative analysis of observations, practitioner inputs, and process mapping, the study concludes that while the firm demonstrates strong technical expertise, its operations rely heavily on manual processes, which creates delays in data collection and communication. Recommendations include workflow standardization, digital transformation, and structured client education mechanisms. This research contributes to understanding how CA firms can enhance efficiency and client satisfaction in the evolving taxation ecosystem.

Keywords: Income Tax Returns (ITR), Direct Tax Compliance, Chartered Accountancy Firms, Tax Filing Process, Documentation Management, Client Interaction, Digital Transformation, Workflow Efficiency, Accounting Industry.

1. INTRODUCTION

Income Tax Return (ITR) filing is a mandatory fiscal activity for individuals and organizations in India. With tax regulations evolving frequently, taxpayers depend on Chartered Accountancy firms for expertise, documentation accuracy, and timely filing. Keyur Bhayani and Associates, a 55-year-old CA firm in Panvel, Maharashtra, offers taxation, audit, accounting, and advisory services to individuals and SMEs. The firm handles large volumes of ITR filings annually, making its operational efficiency crucial for both compliance and client satisfaction.

This research paper studies the firm's ITR filing process, identifies challenges, reviews operational workflows, and examines opportunities for improving tax

compliance functions. The study is rooted in real-time practical exposure obtained through a structured internship within the organization.

2. OBJECTIVES OF THE STUDY

2.1. PRIMARY OBJECTIVE

- To critically analyze the end-to-end Income Tax Return (ITR) filing process at Keyur Bhayani and Associates and evaluate operational efficiency.

2.2. SECONDARY OBJECTIVES

- To study client interaction methods and communication effectiveness.
- To assess documentation and data management practices.
- To identify recurring issues and procedural inconsistencies in ITR processing.
- To understand the impact of manual processes on workflow efficiency.
- To recommend improvements in technology adoption, communication, and workflow structuring.

3. LITERATURE REVIEW

3.1. INCOME TAX COMPLIANCE IN INDIA

The Income [Government of India, Ministry of Finance \(1962\)](#) mandates accurate reporting of income and timely filing of returns. Studies show that taxpayers rely heavily on professionals due to the complexity of taxation laws, multiple income categories, and frequent amendments [TaxGuru \(n.d.\)](#).

3.2. ROLE OF CHARTERED ACCOUNTANCY FIRMS

CA firms provide services including:

- Tax computation
- Filing and verification
- Advisory and planning
- Assessment representation

Research highlights that small and mid-sized firms are crucial in supporting SMEs and individual taxpayers [\(ICAI Publications, 2022\)](#).

3.3. DOCUMENTATION CHALLENGES

Academic literature indicates that documentation delays contribute to over 40% of compliance inefficiency in Indian tax firms [TaxGuru \(n.d.\)](#). Missing documents, unorganized client submissions, and manual verification create major bottlenecks.

3.4. TECHNOLOGY IN TAXATION

Digitization initiatives such as e-filing, AIS/TIS integration, and faceless assessments indicate major technological shifts. However, many small CA firms lag in adopting automated solutions and client portals.

3.5. CLIENT BEHAVIOUR AND KNOWLEDGE GAPS

Studies find that typical client queries are concentrated around:

- Chapter VI-A deductions
- Capital gains calculation
- TDS mismatches

These recurring gaps highlight a need for structured client education frameworks.

4. HYPOTHESIS

H1:

Digital transformation and standardized workflow processes significantly improve efficiency in ITR filing within CA firms.

H0 (Null Hypothesis):

Digital transformation and workflow standardization do not have a significant impact on ITR filing efficiency.

5. RESEARCH METHODOLOGY

5.1. RESEARCH DESIGN

The study follows a qualitative and descriptive research design based on:

- Direct observation
- Process documentation
- Interaction with professionals
- Analysis of client files and tax queries

5.2. DATA SOURCES

- **Primary Data:**

- 1) Internship observations
- 2) Interviews and discussions with senior accountants
- 3) Analysis of 50+ client queries
- 4) Workflow process documentation

- **Secondary Data:**

- 1) ICAI guidelines
- 2) Income Tax Act and Rules
- 3) Taxation-related publications (Taxmann, TaxGuru)
- 4) Industry reports

5.3. SCOPE OF THE STUDY

The study focuses on:

- ITR-1, ITR-2, ITR-3, ITR-4 filing processes
- Client communication workflow
- Documentation management

- Operational efficiency in the firm

5.4. LIMITATIONS

- Based on a 6-week internship duration
- Findings applicable primarily to small/mid-sized CA firms
- No quantitative performance metrics due to confidentiality

6. FINDINGS AND DISCUSSION

6.1. STAKEHOLDER MANAGEMENT

Strengths

- Direct client interaction through personalised calls
- Strong supervision by experienced accountants
- Quick clarification of client doubts

Weaknesses

- Call-heavy communication creates time burden
- Repetitive queries due to lack of written resources

6.2. DOCUMENTATION AND DATA MANAGEMENT

Observations

- Document collection is the largest bottleneck
- Multiple follow-ups required
- Inconsistent formats sent by clients
- Manual verification increases workload and error risk

Implications

- Process delays
- Higher staff dependency
- Increased chances of oversight

6.3. WORKFLOW ANALYSIS

The ITR processing workflow has defined stages:

- 1) Document collection
- 2) Data entry
- 3) Tax computation
- 4) Review by senior accountant
- 5) E-filing
- 6) E-verification

Strengths

- Strong review mechanism
- Skilled senior staff

Weaknesses

- Heavy manual data entry

- Tracking of case status is done manually (spreadsheets)
- No automated reminders or workflow software

6.4. ANALYSIS OF CLIENT QUERIES

From 50 recorded queries:

- 40% related to capital gains
- 20% related to basic ITR filing issues
- 22% TDS mismatch
- 14% refund status

Interpretation

Clients lack understanding of:

- AIS/TIS reconciliation
- Indexation and capital gains
- Proof requirements for deductions

This reinforces the need for client education resources.

6.5. INDUSTRY ALIGNMENT

The firm follows traditional CA firm structures.

However, compared to modern industry benchmarks, there is limited:

- Automation
- Client portals
- Cloud-based storage
- Workflow software

This slows down scalability.

7. CONCLUSION

The study concludes that Keyur Bhayani and Associates maintains strong technical expertise, professional credibility, and a well-structured ITR filing mechanism. However, significant reliance on manual processes restricts operational efficiency—especially during peak tax-filing seasons. The firm’s strengths lie in its experienced staff, personalized communication, and established market reputation. The major challenges include documentation delays, manual verification, repetitive client queries, and limited digital adoption.

The hypothesis H1 is supported:

Digital transformation and workflow standardization would significantly enhance operational efficiency.

Implementing modern tools such as client portals, cloud-based document management, automated reminders, and curated client education material would reduce bottlenecks and improve compliance accuracy.

8. RECOMMENDATIONS

8.1. IMPLEMENTATION OF DIGITAL TOOLS

- Adopt secure cloud-based document submission folders

- Use tax software features like bulk-import, auto-validation
- Explore dedicated client portals for document upload and tracking

8.2. STANDARDIZED DOCUMENTATION FRAMEWORK

- Mandatory use of a structured client document checklist
- Create internal workflow checklists for staff
- Ensure standardized naming conventions and folder structure

8.3. CLIENT EDUCATION ENHANCEMENT

- Introduce FAQs covering:
 - 1) Capital gains
 - 2) TDS
 - 3) Deductions
 - 4) E-verification
- Share these with clients via email before filing season

8.4. IMPROVE WORKFLOW TRACKING

- Implement workflow management tools (Trello/Asana/Zoho Projects)
- Categorize cases:
 - 1) Document pending
 - 2) Computation completed
 - 3) Review pending
 - 4) Filing completed
 - 5) Verification pending

8.5. STAFF TRAINING AND DEVELOPMENT

- Regular updates on new tax laws
- Encourage participation in ICAI webinars
- Hands-on training for new portal features

8.6. REDUCE FOLLOW-UP BURDEN

- Automated reminders for pending documents
- Template-based communication messages

CONFLICT OF INTERESTS

None.

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