



Management

PERCEPTION OF TAXPAYERS' TOWARDS E-FILE ADOPTION

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Abstract

This paper try to build up an perceptive of the factors that influence citizens' adoption of electronic tax-filing services and to discuss taxpayer perception and satisfaction with an online system(e-filing system) for filing individual income tax returns. The data was collected through questionnaire and then was tabulized and analyzed with the help of respective tests using SPSS, MS Excel and other required methods have been used. A survey has been used to collect primary data and questionnaire approach was used in final analysis. Single cross sectional descriptive research design was used to determine taxpayers' perception. The result through questionnaires somehow discloses that most of the individuals facing problem regarding Lack of experience and knowledge in filing the return electronically and in the same questionnaires most of the individuals satisfy with the easiness and accuracy of e-filing. But when we go for overall experience of individuals regarding e-filing the still wants some improvement in the present e-filing system. Questionnaires have been filled by different level of employees both men and women of different age group, Income group and job profiles. This study is restrained to the taxpayers located in Lucknow city of Uttar Pradesh. So, the conclusion derived from the research cannot be made applicable as it is for the other parts of the states or other states.

Keywords: Electronic Tax Filing; Taxpayers; E-Filing; Awareness; Perception.

Cite This Article: Dr. Mohammad Anees, and Mr. Mukesh Kumar. (2017). "PERCEPTION OF TAXPAYERS' TOWARDS E-FILE ADOPTION." *International Journal of Research - Granthaalayah*, 5(11), 325-332. <https://doi.org/10.5281/zenodo.1117173>.

1. Introduction

In previous year's tax filing was a load full task for any individual as he/she has to go through a long process such as depositing the tax amount in the bank and then again queuing in for tax filing but by emerging technologies it has reduced to almost no effect. But with emerging technologies in new era one thing that is lacking is awareness and use of these technologies. E-filing is the process of filling your tax documents through internet with the help of software's or by registering yourself to the income tax website. In India, e-filing of income tax was introduced in September, 2004, initially on a voluntary usage basis for all categories of income tax Assessee. But from July, 2006, it was made mandatory for all corporate firms to e-file their

income tax returns. Taking this process further, from assessment year 2007 to 2008, e-filing of income tax return was made mandatory for all companies and from 2013 Individuals having more than INR 10 lakh income are mandate for filling income tax online. Electronic filing options include:

- 1) Online, self-prepared return, using a personal computer and tax preparation software, or
- 2) Online submission of returns using a tax professional's computer and tax preparation software.

E-filing helped furnishing income tax returns through authorized intermediaries who were called e-return intermediaries. Response time for processing the income tax returns as well as claiming refund dropped significantly. An income tax return could be e-filed in three ways.

- 1) An Assessee could e-file his tax return on income tax website with digitally signature.
- 2) The return was filed on the income tax website, but without a digital signature.
- 3) To e-file their return through an e-return intermediary such as lawyers, CAs or TRPs who on payment of a prescribed fee, would did the e-filing and also assisted the Assessee in submitting the ITR-V to Income Tax Department.

2. Literature Review

E-tax filing is a new channel to pay taxes via electronic medium such as the Internet. Although it is convenient, easy, flexible and available 24/7, the innovation might cause some problems to consumers. Most of the literature related to tax e-filing adoption, applies and extends the well-known Technology Acceptance Model (TAM) by Davis (1989) (Wang, 2002; Chang et al., 2005; Gallant et al., 2007), Theory of Planned Behavior (TPB) by Fishbein and Ajzen (1975), (Hsu and Chiu, 2004; Hung et al., 2006) and a unified model of both theories (Fu et al., 2006) to assess the adoption intention of the e-filing system.

Hite and McGill in their study state that tax practitioners must be a credible source of information for tax payers they are to offer tax advice and have it receipted. As tax system become more complex tax payers turn to tax practitioners for expert advice.

Kalyani, in her study on tax planning of salaried employees in Coimbatore city of the financial year 1998-1999 identified that older the age higher the tax liability. Private sector employees get higher income than the government employees. Tax payment decreases when tax saving investment increases tax saving along with the income and employees preferred to invest in life insurances corporation provident fund and national savings certificates.

Kennedy and Henry A., in their study state that, the Income Tax Act may appear as though it is difficult to comprehend but once a methodical approach is employed in reading and using it, understanding the income tax law becomes easier. The reader should find out who is liable to pay the tax, based upon which the tax will be levied, the tax rates to be applied to the tax base and how or when the tax is to be paid. These are the four requirements of a tax law which can be found in the divisions of each part of the act. When these are identified, understanding of the other structural elements will not be difficult.

Brahmbhatt Mamta (2012) in the paper “Tax Payers’ Perception towards E-File Adoption: An Empirical Investigation” suggest that with proper assistance from the tax-filing system and service centers, people can be made familiar to filing income taxes online.

Mukesh Kumar and Dr Mohd Anees (2014) in the study “E-Filing: Creating New Revolution in Taxation of India” has highlighted the benefits and challenges of E-Filing. They stated that Income tax department has to promote e-filing campaigning and enhance some job opportunities as TRPs in the society so that people become more aware about this new opportunity. Like other researcher opinion they also state that main challenge is risk of security. Their study shows that the e-filing is the new effective method of filing income tax return through online and make e-payment tax.

3. Research Objectives

- 1) To study present e-filing system provided by the Income Tax department.
- 2) To study the requirement and scope of e-filing system.
- 3) To investigate whether the tax payers have problems in using the e-filing system.
- 4) To study the gap between the present system of e-filing system and its requirement.
- 5) To recommend the suggestions for the revamp the present e-filing system in India.

4. Research Methodology

For the purpose of the study the targeted population was service class persons belonging to Lucknow city of different ranks and classes of various organizations. 150 questionnaires were collected from various respondents out of which 84 were used to analyze the results by using mean score for ranking through SPSS and MS Excel. Here Rank 1 means most prominent problem or most convenient level for filing questionnaire and Rank 10 means least Sevier problem or least convenient level. Considering the objectives of study descriptive type research design is adopted to have more accuracy and rigorous analysis of research study.

5. Data Analysis and Interpretation

Severity of Problem (Table 1)

Problem Areas	Mean Ranking
Lack of computer and internet availability	5.81
Lack of experience and knowledge to e-file	3.37
Unsuccessful attempt to e-file	4.63
Do not have digital certificate or PIN to do	7.04
Lack of trust on e-filing	5.56
Problem of cost of e-filing	5.90
No incentive for using e-filing	5.38
Problem in online payments for ITR	6.14
Problem of using computer software for e-filing	4.82
Problem regarding e-intermediaries services	6.51

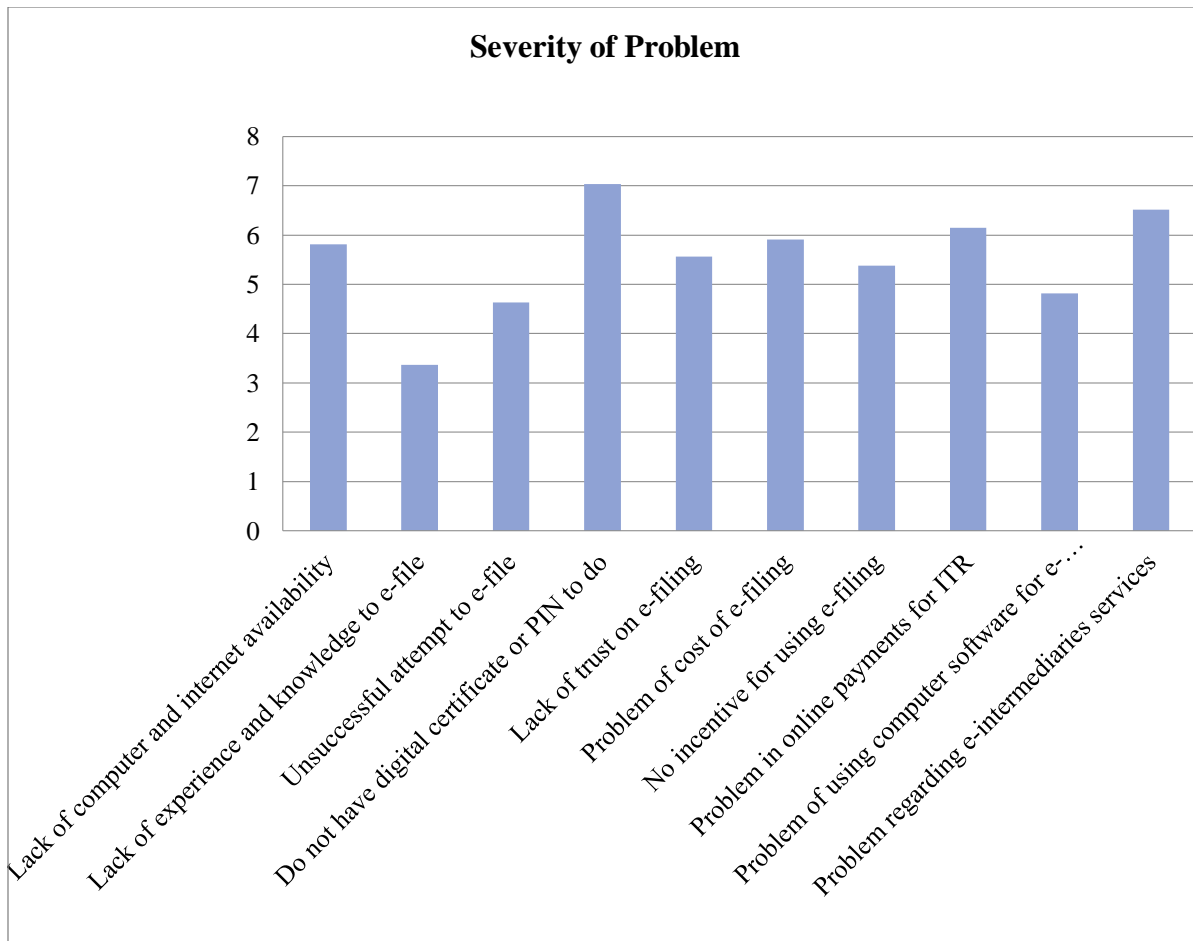


Figure 1:

The above table simply shows that from the given ten problems most of the assessee thinks that ‘Lack of experience and knowledge to e-file’ is the major problem for not filing income tax electronically, while Unsuccessful attempt to e-file, Problem of using computer software for e-filing, Problem regarding e-intermediaries services’ and ‘online payment of tax’ are also some major problems for not filing income tax electronically. Government has to provide proper guidelines and assistance to individuals for e-filing.

Convenience level of individual tax payers (Table2)

Various aspects of e-filing	Mean Ranking
Procedure of e-filing	3.04
Accuracy of e-filing	3.73
Easiness of e-filing	3.17
Safety in e-filing	5.50
Satisfied with e-filing fee	5.45
Satisfied with the functioning of e-filing website	6.02
Satisfaction with computer software for e-filing	6.68
Satisfaction regarding e-payment facility provided by bank	6.62
Satisfied with e-intermediaries services	4.67

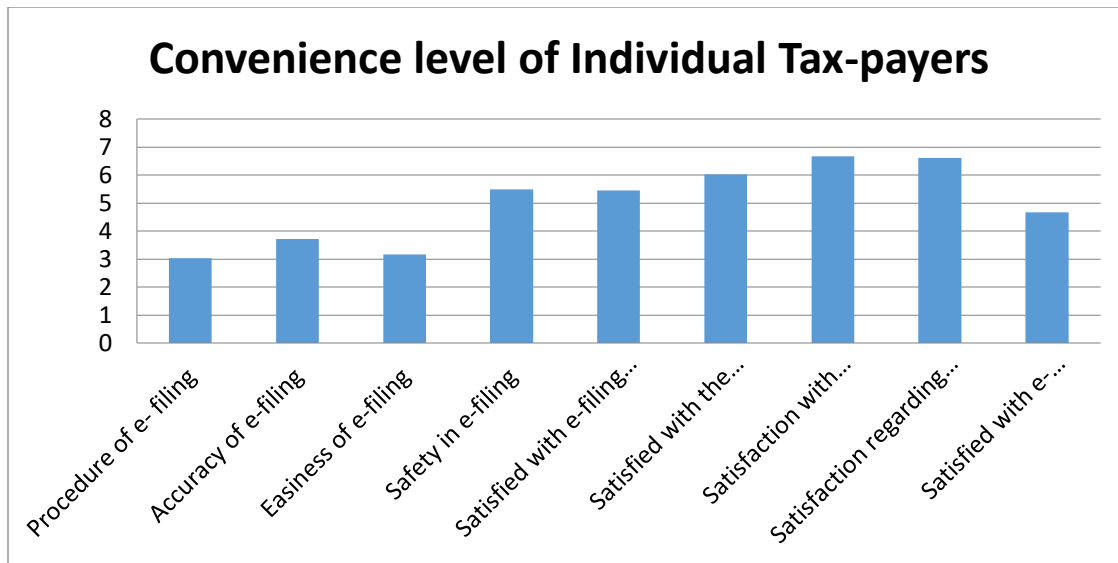


Figure2

The above table and figure2 simply shows that because of simple procedure and easiness of filing system most of the individuals adopted the e-filing system and the level of accuracy which is attained through e-filing is appreciable. On the other hand government should consider that individuals are not very comfortable in using computer software and e-payment of tax through net banking, so government should try to make it more easy and comfortable. The reasons for using e-file are summarized as follows.

Reasons for using e-file (Table3)

Parameters	Mean Ranking
For global requirement	3.286
To control tax evasion	3.048
To increase the tax revenue	1.952
To speed up the tax refund	2.381
To have the database available for research purpose	5.762
To make a user friendly taxation system	4.571

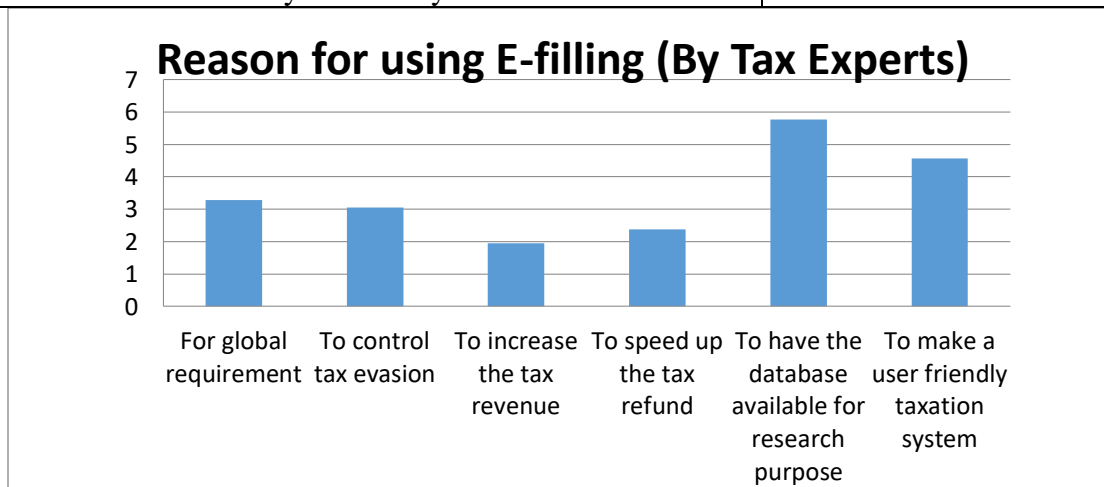


Figure3

With regards to reason for using e-file this table becomes more important and useful because this table and charts only covers those aspects of e-filing which is filled by tax experts only. Most of the experts think that the main reason to introduce e-filing is to increase revenue and to speed up the refund procedure. While the data collected through e-filing is also used for research purpose also. The overall experience of individuals who file return electronically is summarized in the following table and chart.

Overall experience of e-filers (Table4)

Parameters	Average Score of Parameters
Good & convenient	22
Need Improvement	62
Tedious and should be scraped	0

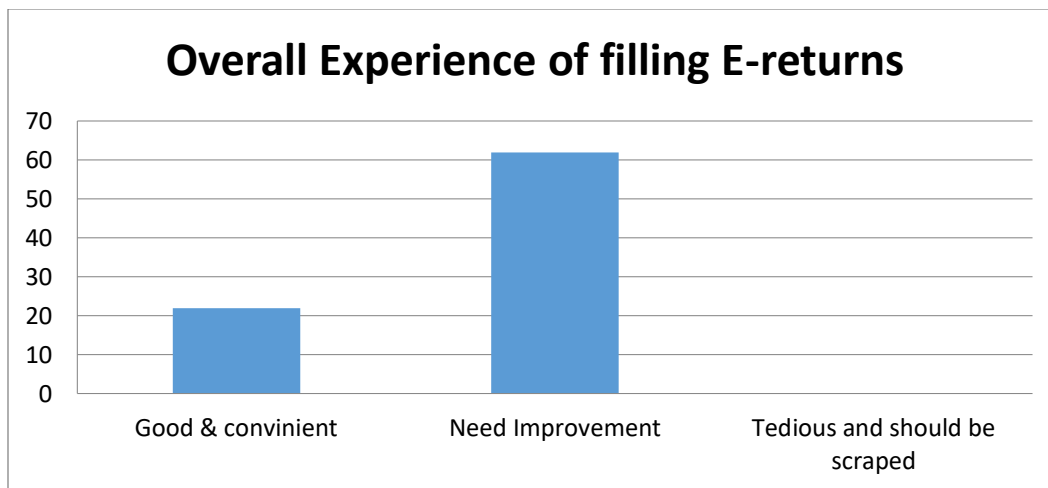


Figure4

Overall, it can be concluded that more than 74% of the e-filers agree to the fact that e-filing needs improvement. 26% of e-filers feel that e-filing is good and convenient. And a great thing hidden in this chart is that almost zero percent individual thinks that it is tedious and should be scraped.

6. Major Findings

This study simply reveals that more than 74% of the e-filers agree to the fact that e-filing needs improvement. 26% of e-filers feel that e-filing is good and convenient. From the survey we can accept that individuals have lack of computer and internet knowledge and they are also facing problem in using computer software for e-filing but as well as they feel comfortable with the procedure and easiness of e-filing. From the survey result it can also be said that most of the tax payers; have the positive perception on e-filing system. A majority of the tax payers have own enough facility to use e-Filing system at home as well as at their workplace.

7. Limitations

- 1) The survey was conducted only in Lucknow city. Hence the results arrived at from this study may not be applicable to other areas.
- 2) This study mainly focuses on assessing awareness and satisfaction level of tax payers about e-filing of income tax returns.

8. Conclusion

This study reveals that some users are less satisfied with the e-filing facilities but most of the individual tax payers are not aware of the e-filing and e-payment procedures so sufficient steps are required to create more awareness in the minds of tax payers regarding e-filing of income tax. Taxpayers should be encouraged to use e-filing as there are many benefits of this system (both to government and to Taxpayers). The number of Tax return Preparer's (TRPs) should be increased in not only in luck now but in all over India, so that they serve the individual at ground level with expert view. Government has been extensive advertisement in national news papers; this can be extended to local news papers and using radio stations and local channels through local languages. The awareness can be best spread by introducing the e-filing collage curriculum and provide some certification courses.

Thus, the tax authorities should have to develop marketing strategies to reduce and resolve the e-filing related issues. As Indian government take a bold step to introduce new technology to tax payers for filing their income tax returns through online is e-filing, so it's our responsibility to adopt it and spread it to others for saving everyone golden time, energy and cost and also reduces our tension.

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