

A Study On Challenges And Prospects Level Of Tax Payers Towards E-Filing Of Income Tax Return

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Abstract

On the basis of Recommendations made by the various Committees, a New Act of Income Tax had been passed during the year 1961 termed as the “Income – Tax Act, 1961. This Project contains a detailed study of Income Tax and Tax Filing. To know About the Exposure to learn about the Income Tax Returns and Online Transaction etc. In the present world day by day new technologies are introduced and improved very fast in all fields. Now new technology gifted to tax payers for filing their income tax return through online is E-filing. The E-filing is the new effective method of filing income tax return through online and make E-payment tax. It saves our golden time, energy, cost and also reduces our tension. So the tax payers are required to use E-filing facilities. This present study examine that the existing users are satisfied with the E-filing facilities and tax payers facing challenges while filing the income tax returns and opinion that the respondents are need to improvement and recommended to government sectors but most of the individual tax payers are satisfying the awareness in the minds of tax payers regarding E-filing of income tax.

Keywords: E-filing, Tax payers, Income tax, Technology, ITR Income Tax Return

Introduction:

E-filing program was first introduced by the US-IRS as a pilot project for the 1986 filing period with the primary objective of improving its efficiency in processing tax returns. Prior to the launching of the project, the IRS worked closely with tax-preparation software providers and tax professionals to ensure a successful launch of the program. During the test year, the IRS offered E-filing services in three cities and restricted the types of tax payers and the types of return that could be filed electronically. Ex: tax preparers were only allowed to file returns with nil balances. The pilot project was successful and IRS gradually expanded the program to other cities and states and by 1990 was able to offer E-filing of balance due returns, followed by e filing in 1992 and E-payment in 1996.

In India E-filing Income tax was introduced in September, 2004, initially on a voluntary usage basis for all categories of Income tax assesses. But from July, 2006 it was mandatory for all corporate firms to E-file their Income tax returns. Filing of Income tax return is a legal obligation of every person whose total Income for the previous year has exceeded the maximum amounts that is not chargeable for the Income tax under the provisions of the Income tax Act 1961. Income tax department has introduced a convenient way to file these returns online using the internet. The process of electronically filing Income tax returns through the internet is known as E-filing. It is mandatory for the companies and firms requiring statutory audit under section 44AB to submit the Income tax returns electronically. E-filing is possible with or without digital signature. Digital signature is mandatory for companies from assessment year 2010-11.

Meaning and Definition of E-filing:

The process of electronically filing Income tax returns through the internet is known as E-filing.

Definition:

E-filing is the transmission of tax information directly to the tax administration using the Internet Electronic filing options include;

- ❖ Online, self-prepared return, using a personal computer and tax preparation software, or
- ❖ Online submission of return using a tax professional's computer and tax preparation software.
- ❖ Electronic filing may take place at the taxpayer's home, a volunteer site, the library, a financial institution, the work place, malls and stores, or a tax professional's place of business.
- ❖ E-filing is defined as "The process of using a computer program to transmit information electronically to another party. This allows the user to complete and submit the information in a timely fashion. The electronic filing system prevents the user from making small mistakes by alerting them if something does not register correctly. A large majority of federal and state revenue departments offer citizens the ability to file yearly tax returns using an electronic filing system. The internal revenue service provides this service free of charge for federal tax returns".

Features of E-filing:

- ❖ Facility to demand per-filled.
- ❖ For new users, resend activation link feature-helpful if link not received or mail deleted earlier. User password can be changed now with digital signature verification also.
- ❖ Feedback option for user.
- ❖ User can register as a legal heir to do E-filing on behalf of the deceased. This is a new feature provided for individual user.
- ❖ Quick E-file for ITR-1(no need to download any utility, no requirement of any software).
- ❖ Just fill and submit like an online application form. Mobile services can be availed using the URL <https://Income tax India filing.gov.in/mobile>. Forms to be authorized by CA with digital signature and XML to be uploaded in E-filing portal (ITR 01, ITR02, ITR 03, ITR04, ITR05, ITR O6)
- ❖ Tax professional is a new user on this portal. They can E-file Income tax audit report forms (other than Income tax returns).
- ❖ In the new E-filing project there is deducted call centre and help disk to deal with any query or grievance related to E-filing.

Methods of E-filing Income tax returns:

There are four ways to file Income tax returns:

E-filing with digital signature:-

This option requires one to use a digital signature to sign the E-file. It is the most time saving method as it ensures we don't have to visit any department office again.

E-filing without digital signature: -

If we don't have a digital signature, we will need to print out the single page receipt cum verification form, called as ITR-V, after completing the E-filing process. The form ITR-V has to sent to the CPC Centre, either through ordinary or speed post, within 120days of uploading the electronically filed return.

Manual filing: -

People who are not comfortable with this online system may choose to use the traditional paper form option.

E-return intermediary: -

An E-return intermediary (PDF) file that opens in a new window is an agent, chartered accountant or firm that completes the E-filing process and submits the receipt cum verification form to the correct Income tax counter.

Pre-requisites:

- ❖ Valid TAN and PAN
- ❖ Internet banking account
- ❖ Good internet connection

In case TDS the amount of payment should be split based on:-**Types of Deductive:**

(i.e., deduction from companies and from non- companies)

- ❖ Nature of payment (i.e., for each section like 94e, 94j etc... for companies and non-companies separately).
- ❖ Sufficient balance in the bank to cover the amount of payment for immediate transfer.

Types of income tax:

1. Direct tax

2. Indirect tax

Direct tax:

A direct tax is a tax that a person or organization pays directly to the entity that imposed it. Examples include income tax, real property tax, personal property tax, and taxes on assets, all of which are paid by an individual taxpayer directly to the government.

Indirect tax:

Indirect tax is the tax levied on the consumption of goods and services. It is not directly levied on the income of a person. Instead, he/she has to pay the tax along with the price of goods or services bought by the seller.

Review of Literature:

JyothiArora, (2016)¹, “E-filing of Income Tax Return in India”, he analyzed in this study, deals with the benefits, process, trends and highlights (ITRs) of E-filing among the residents of country. In the current world new information technology is being introduced very fast in all fields. Due to the facet of time, researchers could not review more articles and books, but with the available literature, they found that a very few works have been done on the area of this topic earlier, hence, it's a small effort is put in to fill-up the literature gap.

Dr. Samir MazidbhaiVohra, (2015)² “E-filing; New Revolution in Taxation of India”. Analyzed that the Income tax department has introduced E-filing of Income tax returns to make the filing process easier for tax payers which will result into reduction of time and paper work. India is in the phase of revolutionary changes in information technology which ultimately gives more encouragement in E-filing of Income tax return. The study shows that the E-filing is the new effective method of filing Income tax return through online and make E-payment of tax.

BrahmbhattMamta, (2012)³, “Tax Payers Perception Towards E-file Adoption: Empirical Investigation”, this study attempts to develop an understanding of the factors that influence citizens adoption of electronic tax filing services and to discuss taxpayer perception and satisfaction with an online system for filling individual Income tax return. Mukesh Kumar and Mohammed Anees (2014), “E-filing Creating New Revolution in Taxation of India”, in their opinion that changing scenario in Income tax due to implementation of E-filing. India is in the phase of revolutionary changes in information technology which also gives great advancement in E-filing field of Income tax department.

Geetha R. and Sekar M. (2012)⁴, “E-filing of IncomeTax: Awareness and Satisfaction level of Individual Tax Payers in Coimbatore city, India”, This study reveals that the existing users are satisfied with the E-filing facilities but most of the individual tax payers are not awareness of the E-filing and E-payment procedures so sufficient steps are required to create more awareness in the mind of tax payers regarding E-filing of Income tax. Meenu Gupta, (2012), he analyzed that the acceptance of E-filing of Tax Returns is much better than traditional system of paying Income tax. The benefits of E-filing heads up the importance of technological advancement.

Yi-shun Wang, (2002)⁵, “The Adoption of Electronic Tax Filing Systems: An Empirical Study”. He explained that the benefits, trends and highlights (ITRs) of E-filing among the residents of the country. E-filing Income tax return using internet is a gift to a tax payer. Using the Technology Acceptance Model (TAM) as a theoretical framework, this study introduces ‘perceived credibility’ as a new factor that reflects use of E-tax filing system. Dr. Sujeet Kumar Sharma, Dr. RajanYadav, (2011), “An Empirical Study on Tax Payer’s Attitude towards E-return Filing in India”, in their opinion that study employed factor analysis and multiple regression analysis to understand tax payers’ attitude towards E-filing. The study found that perceived ease of use, perceived usefulness, perceived credibility and computer awareness significantly influence the customer’s acceptance of E-filing.

Scope of the Study:

The proposed study intends to study the challenges and prospects of E-filing of income tax returns. For this purpose, it is proposed to study the various factors relating to E-filing and also its contribution to Economy.

Need For the Study:

Expense planning is neither duty shirking nor charge avoidance. It is the logical arranging of one's money related issues in such a way as to pull in least risk to expense or deferment of the assessment legitimate obligation regarding the resulting time frame by benefiting of various motivating forces, concessions, stipends, refunds and

reliefs provided for, inside the setting of current duty laws. “In fact, you must ideally record your return so that you can bring ahead the losses you've got incurred to set it off in opposition to the profits of the following years.”

Statement of the Problems:

Indian economy a developing stage and there in still more to come in every stage of its developments. Taxation plays a critical and pivotal role in the process of advancements and growth of any country. The income tax departments of the ministry of finance, governments of India are committed to provide world class services to the tax payers in the country. When Information and communication Technology is successfully intervening in so many fields, the income tax departments have launched the electronic filing of income tax returns. Even though the Governments of India has made it compulsory for majority of the individual tax payers, most of them are not competent to do it on their own. It is prominent issue to be tackled in popularizing this system. Keeping these objectives in mind, the present study measures the challenges and prospects level of tax payers. Along with this the study attempts to Identify the problems faced by them during the E-filing so that the authorities can modify the system accordingly.

Objectives of the Study:

The primary objective of the study is to assess the challenges and prospects of E-Filing of income tax returns. Based on this primary objective, other specific and detailed objectives are drawn as under:

1. To study the concepts and need for E-filing system of income tax.
2. To investigate whether the tax payers have problems while using E-filing system.
3. To give suggestions regarding the e- filing the income tax payers

Limitations for the Study:

- ❖ Personal bias of the respondent may affect the study
- ❖ The survey was conducted only limited for two months only and the results are arrived from this study may not be applicable to others areas
- ❖ Questionnaire as collected through only Structured interviews questions and also sending the Google forms through the online

Research Methodology:

The following paragraphs elucidate the methodology followed in this study:

Type of research: This study is an empirical in nature, conducted to know the proposed study intends to study the challenges and prospects of E-filing of income tax returns.

Research tool: This study is conducted through convenience sampling method.

Sample size: Sample size is 50 respondents. Respondents are scattered over interview is conducted only for the selected respondents of the study area.

Sources of Data: To data collected in two ways:

Primary data: Primary data is collected through structured questionnaire and personal interview with respondents.

Secondary data: Secondary data is collected through Journals, Books, E-Sources, and Reports etc.

Data analysis & Interpretation

Table No: 1 Table showing the respondents of Gender

S.No	Gender	No of Respondents	Percentages (%)
1	Male	27	54
2	Female	23	46
	Total	50	100

Sources: Primary Data

Interpretation:

Respondents Gender of the respondents. It is clear that, out of 50 respondents, 54 % of Respondents are male and remaining 46% are female. Here Interpreted that majority of respondent are males as they are earners and head of the family

Chart No 1: Diagram Showing the respondents of Gender

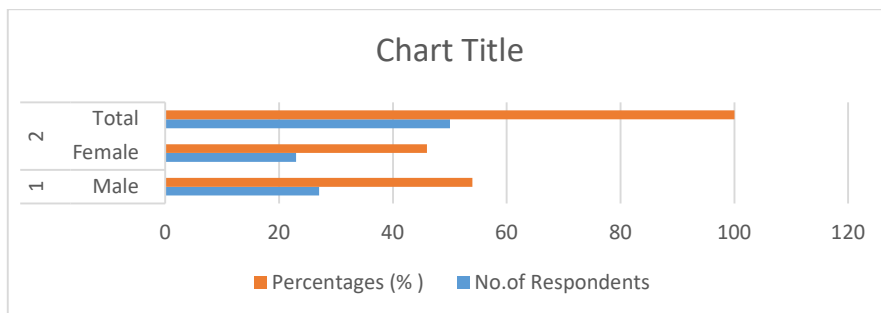


Table No: 2 Demographic Profiles - Age of the Respondents

SI No	Age	No. of Respondents	Percentage (%)
01	20-30	19	38.00
02	31-40	08	16.00
03	41-50	11	22.00
04	Above 51	12	24.00
	Total	50	100

Sources: Primary Data

Interpretation:

Out of 50 respondents 38% of respondents comes under the age group of 20-30 years, 16% are under 31-40 years, 22% are under 41-50 years and above 51 years are 24%. It is interpreted that majority of respondents who pay tax comes under the age group of 20-30 years 38% out of 100%. Because of youths are aware about E-filing Income tax.

Chart NO: 2 Showing the pie chart of Age of the Respondent

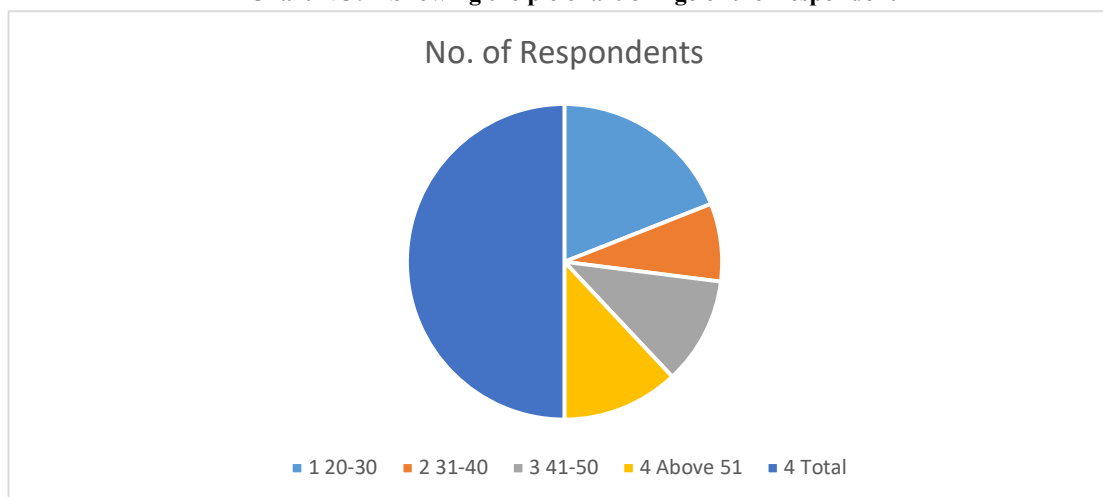


Table 3: Head of Income is Taxable

SI No	Particulars	No. of Respondents	Percentage (%)
01	Income from Salary	15	30.00
02	Income from House Property	05	10.00
03	Income from Business or Profession	22	44.00
04	Income from Capital Gain	02	4.00

05	Income from other sources	06	12.00
	Total	50	100

Source: Primary Sources

Interpretation:

Table No 1.6: shows that out of 50 respondents 30% are Income from Salary, 10% Income from House Property, 44% Income from Business or profession, 4% Income from Capital Gain and 12% Income from other Sources.

Chart No 3 Showing the respondents of Head of the Income

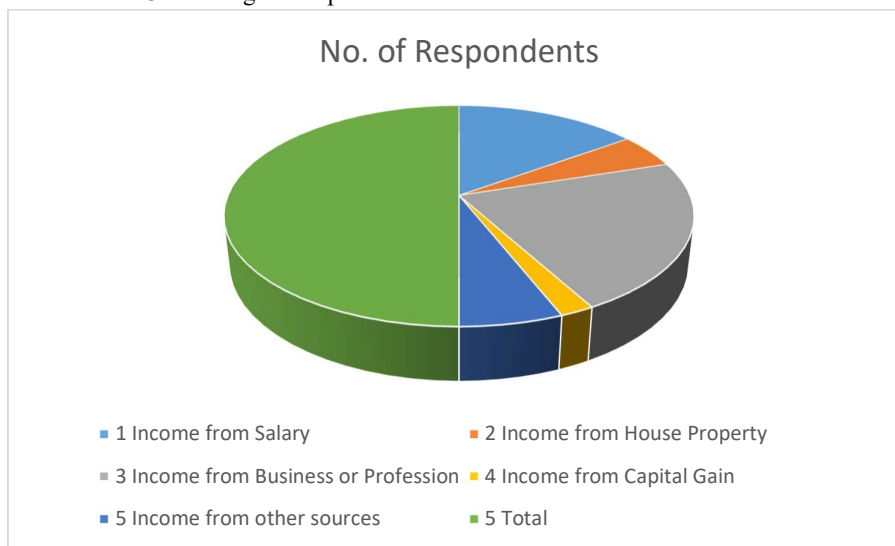


Table 4: Classification of Respondents on the basis of Reasons for Filing the Return

Sl No	Particulars	No. of Respondents	Percentage (%)
01	Regular provision	24	48.00
02	Refund claiming	08	16.00
03	Carry forward loss	08	16.00
04	Based on law	10	20.00
	Total	50	100

Source: Primary sources

Table No 4: shows that out of 50 respondents 48% respondents filing the return because, of regular provision, 16% is Refund claiming, 16% are carry forward loss and 20% are based on law. Here interpreted that majority of respondents who files the returns because of regular provision. If the Tax payers file the return it is easy to them get refund very fast.

Chart No: 4 Showing the Respondents of Filing the Returns

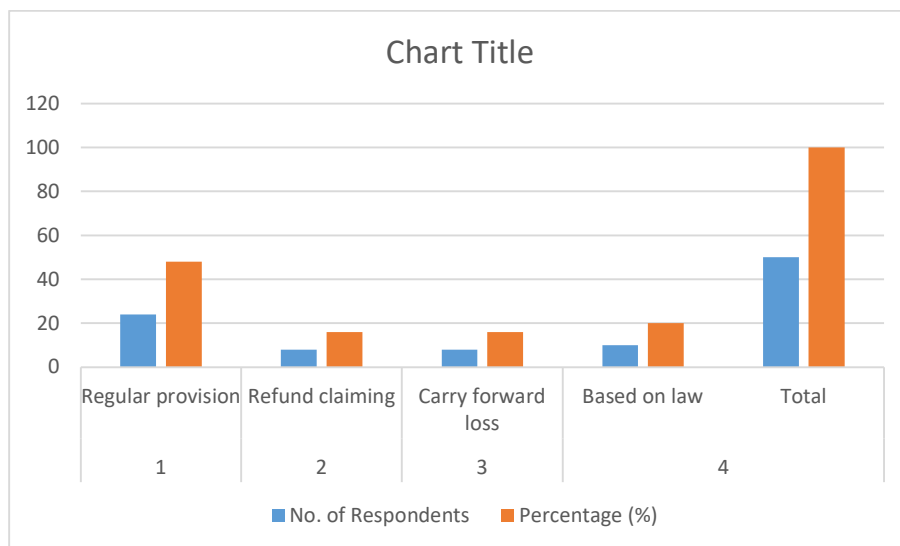


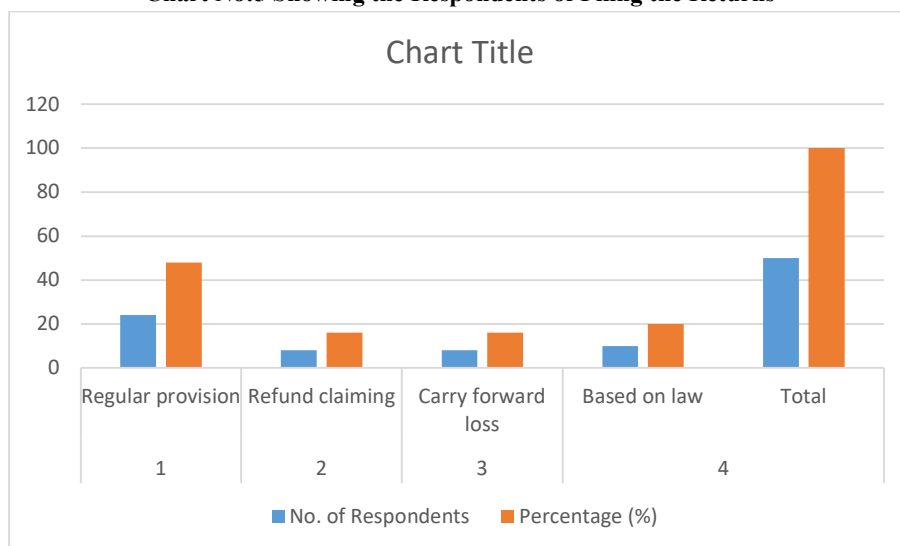
Table 5: Classification of Respondents based on Reasons for Filing the Return

SI No	Particulars	No. of Respondents	Percentage (%)
01	Regular provision	24	48.00
02	Refund claiming	08	16.00
03	Carry forward loss	08	16.00
04	Based on law	10	20.00
	Total	50	100

Source: Primary sources

Table No 1.7: shows that out of 50 respondents 48% respondents filing the return because, of regular provision, 16% are Refund claiming, 16% are carry forward loss and 20% are based on law. Here interpreted that majority of respondents who files the returns because of regular provision. If the Tax payers file the return it is easy to them get refund very fast.

Chart No:5 Showing the Respondents of Filing the Returns



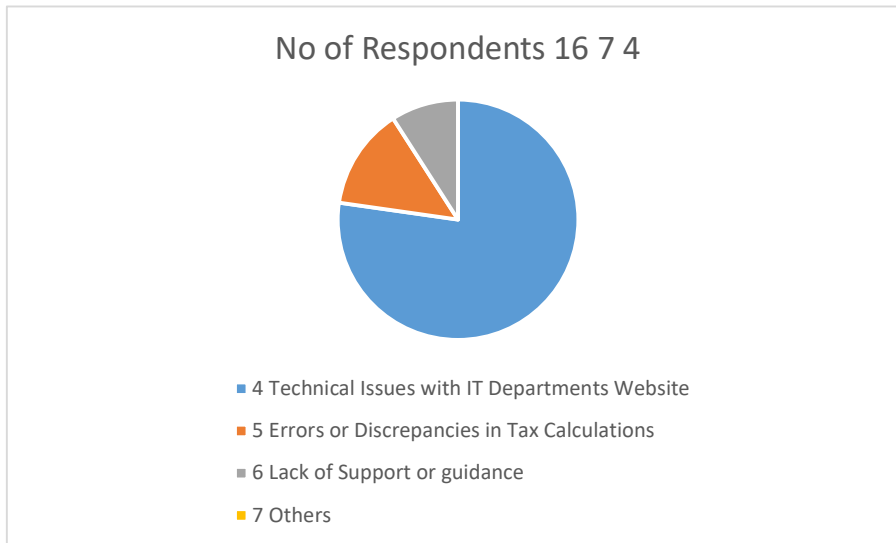
1.1 Table No:6 Shows that the Respondents are facing the major challenges while filling the income tax return in India

S.No	Major Challenges	No of Respondents	Percentages
1	Complexity of tax laws	16	32
2	Difficulty in Understanding the tax form	07	14
3	Delay in receiving Tax Refunds	04	08
4	Technical Issues with IT Departments Website	17	34
5	Errors or Discrepancies in Tax Calculations	03	06
6	Lack of Support or guidance	02	04
7	Others	0	00
	Total	50	100

Source: Primary Data

Table No 6: shows that out of 50 respondents 34 % of the respondents opined that the tax facing the technical Issues with IT Departments websites, 32% of the respondents opined that complexity of tax laws and remaining 14% of the respondents opined that the Difficulty in Understanding the tax forms

Chart No:6 shows that the Respondents are facing the major Challenges while filling the Income Tax return in India



Findings:

The following findings are drawn based on the study:

- ❖ The study shows that the individual tax payers are male, more tax payers are in the age group of 20-30 years and tax payers are businessman.
- ❖ Most of the respondents paid penalty and here the study finds, tax payers paid penalty because of their default more than the default made by the tax consultants.
- ❖ It is found that through newspaper has acquired as main source of awareness about E-filing system. The services provided in E-filing are better as per the respondents.
- ❖ Majority of respondents says that E-filing is the easiest mode for payment of tax return.
- ❖ It is found that E-filing system is a welcoming note and opined online system is acceptable.
- ❖ At the time of E-filing tax even if a single PAN number change means filing cannot be done.

- ❖ The study shows that protection given by the tax authority in E-filing return is average level of satisfaction.
- ❖ It is found that in-case of individual tax payers they have satisfied about E-filing procedure, safety, accuracy and easiness.
- ❖ The study finds firms and all companies using E-filing of income tax return was made mandatory.
- ❖ Electronic filing software and submission to be more confusing than paper filing tax filer is not technically efficient.
- ❖ Software glitches and internet issue cause unexpected problems for people who file electronically, if they wait until the last minute.

Suggestion:

- ❖ Increase awareness through extensive advertising on websites, radio stations, and local channels using local languages.
- ❖ Organize awareness programs in offices or workplaces.
- ❖ Design E-filing software to be user-friendly and personalized.
- ❖ Develop marketing strategies to highlight E-filing benefits and address related issues.
- ❖ Enhance the time and cost efficiency of the E-filing system.
- ❖ Motivate taxpayers with free training facilities provided by the tax department.
- ❖ Address network issues and PAN number-related problems with appropriate modifications.
- ❖ Encourage taxpayers to self-file their returns through proper training to avoid consultancy fees and penalties.
- ❖ Ensure the security of taxpayer information using updated technology for privacy and security.
- ❖ Simplify the E-filing procedure to make it accessible to more taxpayers.
- ❖ Program software to protect taxpayer information and bank details from viruses or malware.

Conclusion:

People's acceptance of E-filing is highly related to their level of technology readiness. Technology readiness is defined as people propensity to embrace and use new technology for accomplishing certain tasks. So more efforts must be made in this direction by Indian Income Tax Department then only they can achieve their mission "Technology in the service of Tax Payers". E-filing can be tremendous boom to revenue authorities in developing countries, reducing their administrative cost and error rates and improving their efficiency. Finally in this information communication technology era, every government is required to develop a reliable, fast and customized channel for service delivery under various E-governance initiatives. The present study is a systematic attempt in this direction to explore customer acceptance of one such input in the form of E-filing return.

Individuals' acknowledgment of E-documenting is very connected with their degree of innovation availability. Innovation availability is characterized as individual's inclination to grasp and utilize innovation for achieving certain undertakings. So, more Endeavour must be made during this bearing by Indian assessment Department then just they can ready to do their main goal. "Innovation inside the administration of Taxpayers". E-documenting is frequently enormous blast to income experts in creating nations, diminishing their managerial expense and blunder rates, and improving their productivity.

Whenever and from anyplace. Along these lines, the citizens are profited by utilizing use e-submitting and e-value administrations. In this manner, it is far glaring that e-tax collection clearly demonstrated a couple of dynamic final products and it is in all actuality going to make its total time place inside the Indian Tax framework.

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